

CANADA

DEBATES OF THE SENATE

OFFICIAL REPORT

(HANSARD)

THE HONOURABLE MURIEL McQUEEN FERGUSSON

SPEAKER

1973-74
FIRST SESSION, TWENTY-NINTH PARLIAMENT
21-22-23 ELIZABETH II

Volume II

(July 3, 1973, to February 26, 1974)

The Session was opened on January 4, 1973

and war prorogued on February 26, 1974

Queen's Printer for Canada, Ottawa

The Speaker

THE HONOURABLE MURIEL MCQUEEN FERGUSSON

The Leader of the Government

THE HONOURABLE PAUL MARTIN, P.C.

The Leader of the Opposition

THE HONOURABLE JACQUES FLYNN, P.C.

THE MINISTRY

According to Precedence

February 26, 1974

The Right Honourable Pierre Elliott Trudeau	Prime Minister
The Honourable Senator Paul Joseph James Martin	Leader of the Government in The Senate
The Honourable Mitchell Sharp	Secretary of State for External Affairs
The Honourable Allan Joseph MacEachen	President of the Queen's Privy Council for Canada
The Honourable Charles Mills Drury	President of the Treasury Board
The Honourable Jean Marchand	Minister of Transport
The Honourable John Napier Turner	Minister of Finance
The Honourable Jean Chrétien	Minister of Indian Affairs and Northern Development
The Honourable Donald Stovel Macdonald	Minister of Energy, Mines and Resources
The Honourable John Carr Munro	Minister of Labour
The Honourable Gérard Pelletier	Minister of Communications
The Honourable Jack Davis	Minister of the Environment
The Honourable Jean-Eudes Dubé	Minister of Public Works
The Honourable Stanley Ronald Basford	Minister of State for Urban Affairs
The Honourable Donald Campbell Jamieson	Minister of Regional Economic Expansion
The Honourable Robert Knight Andras	Minister of Manpower and Immigration
The Honourable James Armstrong Richardson	Minister of National Defence
The Honourable Otto Emil Lang	Minister of Justice and Attorney General of Canada
The Honourable Herb Gray	Minister of Consumer and Corporate Affairs
The Honourable Robert Stanbury	Minister of National Revenue
The Honourable Jean-Pierre Goyer	Minister of Supply and Services
The Honourable Alastair William Gillespie	Minister of Industry, Trade and Commerce
The Honourable Stanley Haidasz	Minister of State
The Honourable Eugene Francis Whelan	Minister of Agriculture
The Honourable W. Warren Allmand	Solicitor General of Canada
The Honourable James Hugh Faulkner	Secretary of State of Canada
The Honourable André Ouellet	Postmaster General
The Honourable Daniel Joseph MacDonald	Minister of Veterans Affairs
The Honourable Marc Lalonde	Minister of National Health and Welfare
The Honourable Jeanne Sauvé	Minister of State for Science and Technology

PARLIAMENTARY SECRETARIES

Léopold Corriveau	To Minister of Agriculture
Pierre De Bané	To Minister of Consumer and Corporate Affairs
Herb Breau	To Minister of Energy, Mines and Resources
William Rompkey	To Minister of the Environment
J.-Roland Comtois	To Minister of Finance
Len Marchand	To Minister of Indian Affairs and Northern Development
Raynald Guay	To Minister of Industry, Trade and Commerce
Gilles Marceau	To Minister of Justice
Charles Turner	To Minister of Labour
Mark MacGuigan	To Minister of Manpower and Immigration
Leonard Hopkins	To Minister of National Defence
Norman A. Cafik	To Minister of National Health and Welfare
John M. Reid	To President of the Privy Council
Maurice Foster	To President of the Privy Council
Marcel Prud'homme	To Minister of Regional Economic Expansion
Joseph-Philippe Guay	To Minister of Transport
Ian Watson	To Minister of State for Urban Affairs

SENATORS OF CANADA

ACCORDING TO SENIORITY

February 26, 1974

Senators	Designation	Post Office Address
THE HONOURABLE		
Salter Adrian Hayden	Toronto	Toronto, Ont.
Norman McLeod Paterson	Thunder Bay	Thunder Bay, Ont.
Léon Mercier Gouin	De Salaberry	Montreal, Que.
George Percival Burchill	Northumberland-Miramichi	Nelson-Miramichi, N.B.
Michael G. Basha	West Coast	Curling, Nfld.
Muriel McQueen Fergusson (Speaker)	Fredericton	Fredericton, N.B.
Sarto Fournier	De Lanaudière	Montreal, Que.
John J. Connolly, P.C.	Ottawa West	Ottawa, Ont.
Donald Cameron	Banff	Banff, Alta.
David A. Croll	Toronto-Spadina	Toronto, Ont.
Fred A. McGrand	Sunbury	Fredericton Junction, N.B.
Donald Smith	Queens-Shelburne	Liverpool, N.S.
Harold Connolly	Halifax North	Halifax, N.S.
Florence Elsie Inman	Murray Harbour	Montague, P.E.I.
Hartland de Montarville Molson	Alma	Montreal, Que.
William Albert Boucher	Prince Albert	Prince Albert, Sask.
J. Eugène Lefrançois	Repentigny	Montreal, Que.
Joseph A. Sullivan	North York	Toronto, Ont.
Lionel Choquette	Ottawa East	Ottawa, Ont.
Frederick Murray Blois	Colchester-Hants	Truro, N.S.
John Michael Macdonald	Cape Breton	North Sydney, N.S.
Josie Alice Dinan Quart	Victoria	Quebec, Que.
Louis Philippe Beaubien	Bedford	Montreal, Que.
J. Campbell Haig	River Heights	Winnipeg, Man.
M. Grattan O'Leary	Carleton	Ottawa, Ont.
Allister Grosart	Pickering	Toronto, Ont.
Edgar Fournier	Madawaska-Restigouche	Iroquois, N.B.
Frank C. Welch	Kings	Wolfville, N.S.
Jacques Flynn, P.C.	Rougemont	Quebec, Que.
David James Walker, P.C.	Toronto	Toronto, Ont.
Rhéal Bélisle	Sudbury	Sudbury, Ont.
Paul Yuzyk	Fort Garry	Winnipeg, Man.
Orville Howard Phillips	Prince	Alberton, P.E.I.
Maurice Bourget, P.C.	The Laurentides	Lévis, Que.
Louis P. Gélinas	Montarville	Montreal, Que.
Romuald Bourque	De la Vallière	Outremont, Que.
Azellus Denis, P.C.	La Salle	Montreal, Que.
Eric Cook	Harbour Grace	St. John's, Nfld.
Daniel Aiken Lang	South York	Toronto, Ont.
John B. Aird	Toronto	Toronto, Ont.
William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora, Ont.
Alexander Hamilton McDonald	Moosomin	Moosomin, Sask.
Earl Adam Hastings	Palliser-Foothills	Calgary, Alta.
Harry William Hays, P.C.	Calgary	Calgary, Alta.
James Harper Prowse	Edmonton	Edmonton, Alta.
Charles Robert McElman	Nashwaak Valley	Fredericton, N.B.
Douglas Keith Davey	York	Don Mills, Ont.
Jean-Paul Deschatelets, P.C.	Lauzon	Montreal, Que.

Senators	Designation	Post Office Address
THE HONOURABLE		
Hazen Robert Argue	Regina	Kayville, Sask.
Alan Aylesworth Macnaughton, P.C.	Sorel	Montreal, Que.
J. G. Léopold Langlois	Grandville	Quebec, Que.
Paul Desruisseaux	Wellington	Sherbrooke, Que.
Chesley William Carter	The Grand Banks	St. John's, Nfld.
James Duggan	Avalon	St. John's, Nfld.
Thomas Joseph Kickham	Cardigan	Souris, P.E.I.
Douglas Donald Everett	Fort Rouge	Winnipeg, Man.
Maurice Lamontagne, P.C.	Inkerman	Aylmer, Que.
Andrew Ernest Thompson	Dovercourt	Kendal, Ont.
Keith Laird	Windsor	Windsor, Ont.
Herbert Orville Sparrow	The Battlefords	North Battleford, Sask.
Richard James Stanbury	York Centre	Toronto, Ont.
Hervé J. Michaud	Kent	Buctouche, N.B.
William John Petten	Bonavista	St. John's, Nfld.
Raymond Eudes	De Lorimier	Montreal, Que.
Paul Martin, P.C.	Windsor-Walkerville	Windsor, Ont.
Louis de Gonzague Giguère	De la Durantaye	Montreal, Que.
Ernest C. Manning, P.C.	Edmonton West	Edmonton, Alta.
Gildas L. Molgat	Ste. Rose	Winnipeg, Man.
Eugene A. Forsey	Nepean	Ottawa, Ont.
William C. McNamara	Winnipeg	Winnipeg, Man.
Paul C. Lafond	Gulf	Hull, Que.
Ann Elizabeth Haddon Heath	Nanaimo-Malaspina	Nanaimo, B.C.
Edward M. Lawson	Vancouver	Vancouver, B.C.
H. Carl Goldenberg	Rigaud	Westmount, Que.
George Clifford van Roggen	Vancouver-Point Grey	Vancouver, B.C.
Sidney L. Buckwold	Saskatoon	Saskatoon, Sask.
Renaude Lapointe	Mille Isles	Montreal, Que.
Mark Lorne Bonnell	Murray River	Murray River, P.E.I.
Guy Williams	Richmond	Richmond, B.C.
Michel Fournier	Restigouche-Gloucester	Pointe Verte, N.B.
Frederick William Rowe	Lewisporte	St. John's, Nfld.
George James McIlraith, P.C.	Ottawa Valley	Ottawa, Ont.
Margaret Norrie	Colchester-Cumberland	Truro, N.S.
Henry D. Hicks	The Annapolis Valley	Halifax, N.S.
Bernard Alasdair Graham	The Highlands	Sydney, N.S.
Martial Asselin, P.C.	Stadacona	La Malbaie, Que.
Arthur Laing, P.C.	Vancouver South	Vancouver, B.C.
John James Greene, P.C.	Niagara	Niagara Falls, Ont.
Joseph Julien Jean-Pierre Côté, P.C.	Kennebec	Longueuil, Que.
Joan Neiman	Peel	Caledon East, Ont.
Raymond Joseph Perrault	North Shore-Burnaby	Vancouver, B.C.
John Morrow Godfrey	Rosedale	Toronto, Ont.
Maurice Riel	Shawinigan	Mount Royal, Que.
Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Ottawa, Ont.
Daniel Riley	Saint John	Saint John West, N.B.

SENATORS OF CANADA

ALPHABETICAL LIST

February 26, 1974

Senators	Designation	Post Office Address
THE HONOURABLE		
Aird, John B.	Toronto	Toronto, Ont.
Argue, Hazen	Regina	Kayville, Sask.
Asselin, Martial, P.C.	Stadacona	La Malbaie, Que.
Basha, Michael G.	West Coast	Curling, Nfld.
Beaubien, L. P.	Bedford	Montreal, Que.
Bélisle, Rhéal	Sudbury	Sudbury, Ont.
Benidickson, W. M., P.C.	Kenora-Rainy River	Kenora, Ont.
Blois, Fred M.	Colchester-Hants	Truro, N.S.
Bonnell, M. Lorne	Murray River	Murray River, P.E.I.
Boucher, William A.	Prince Albert	Prince Albert, Sask.
Bourget, Maurice, P.C.	The Laurentides	Lévis, Que.
Bourque, Romuald	De la Vallière	Outremont, Que.
Buckwold, Sidney L.	Saskatoon	Saskatoon, Sask.
Burchill, G. Percival	Northumberland-Miramichi	Nelson-Miramichi, N.B.
Cameron, Donald	Banff	Banff, Alta.
Carter, Chesley W.	The Grand Banks	St. John's, Nfld.
Choquette, Lionel	Ottawa East	Ottawa, Ont.
Connolly, Harold	Halifax North	Halifax, N.S.
Connolly, John J., P.C.	Ottawa West	Ottawa, Ont.
Cook, Eric	Harbour Grace	St. John's, Nfld.
Côté, Joseph Julien Jean-Pierre, P.C.	Kennebec	Longueuil, Que.
Croll, David A.	Toronto-Spadina	Toronto, Ont.
Davey, Keith	York	Don Mills, Ont.
Denis, Azellus, P.C.	La Salle	Montreal, Que.
Deschatelets, Jean-Paul, P.C.	Lauzon	Montreal, Que.
Desruisseaux, Paul	Wellington	Sherbrooke, Que.
Duggan, James	Avalon	St. John's, Nfld.
Eudes, Raymond	De Lorimier	Montreal, Que.
Everett, Douglas D.	Fort Rouge	Winnipeg, Man.
Fergusson, Muriel McQueen (Speaker)	Fredericton	Fredericton, N.B.
Flynn, Jacques, P.C.	Rougemont	Quebec, Que.
Forsey, Eugene A.	Nepean	Ottawa, Ont.
Fournier, Edgar	Madawaska-Restigouche	Iroquois, N.B.
Fournier, Michel	Restigouche-Gloucester	Pointe Verte, N.B.
Fournier, Sarto	De Lanaudière	Montreal, Que.
Gélinas, Louis P.	Montarville	Montreal, Que.
Giguère, Louis de G.	De la Durantaye	Montreal, Que.
Godfrey, John Morrow	Rosedale	Toronto, Ont.
Goldenberg, H. Carl	Rigaud	Westmount, Que.
Gouin, L. M.	De Salaberry	Montreal, Que.
Graham, Bernard Alasdair	The Highlands	Sydney, N.S.
Greene, John James, P.C.	Niagara	Niagara Falls, Ont.
Grosart, Allister	Pickering	Toronto, Ont.
Haig, J. Campbell	River Heights	Winnipeg, Man.
Hastings, Earl A.	Palliser-Foothills	Calgary, Alta.
Hayden, Salter A.	Toronto	Toronto, Ont.
Hays, Harry, P.C.	Calgary	Calgary, Alta.
Heath, A. E. Haddon	Nanaimo-Malaspina	Nanaimo, B.C.

Senators	Designation	Post Office Address
THE HONOURABLE		
Hicks, Henry D.	The Annapolis Valley	Halifax, N.S.
Inman, F. Elsie	Murray Harbour	Montague, P.E.I.
Kickham, Thomas J.	Cardigan	Souris, P.E.I.
Lafond, Paul C.	Gulf	Hull, Que.
Laing, Arthur, P.C.	Vancouver South	Vancouver, B.C.
Laird, Keith	Windsor	Windsor, Ont.
Lamontagne, Maurice, P.C.	Inkerman	Aylmer, Que.
Lang, Daniel A.	South York	Toronto, Ont.
Langlois, Léopold	Grandville	Quebec, Que.
Lapointe, Renaude	Mille Isles	Montreal, Que.
Lawson, Edward M.	Vancouver	Vancouver, B.C.
Lefrançois, J. Eugène	Repentigny	Montreal, Que.
Macdonald, John M.	Cape Breton	North Sydney, N.S.
Macnaughton, Alan A., P.C.	Sorel	Montreal, Que.
Manning, Ernest C., P.C.	Edmonton West	Edmonton, Alta.
Martin, Paul, P.C.	Windsor-Walkerville	Windsor, Ont.
McDonald, A Hamilton	Moosomin	Moosomin, Sask.
McElman, Charles	Nashwaak Valley	Fredericton, N.B.
McGrand, Fred A.	Sunbury	Fredericton Junction, N.B.
McIlraith, George, P.C.	Ottawa Valley	Ottawa, Ont.
McNamara, William C.	Winnipeg	Winnipeg, Man.
Michaud, Hervé J.	Kent	Buctouche, N.B.
Molgat, Gildas L.	Ste. Rose	Winnipeg, Man.
Molson, Hartland de M.	Alma	Montreal, Que.
Neiman, Joan	Peel	Caledon East, Ont.
Norrie, Margaret	Colchester-Cumberland	Truro, N.S.
O'Leary, M. Grattan	Carleton	Ottawa, Ont.
Paterson, Norman McL	Thunder Bay	Thunder Bay, Ont.
Perrault, Raymond J.	North Shore-Burnaby	Vancouver, B.C.
Petten, William J.	Bonavista	St. John's, Nfld.
Phillips, Orville H.	Prince	Alberton, P.E.I.
Prowse, J. Harper	Edmonton	Edmonton, Alta.
Quart, Josie D.	Victoria	Quebec, Que.
Riel, Maurice	Shawinigan	Mount Royal, Que.
Riley, Daniel	Saint John	Saint John West, N.B.
Robichaud, Louis-J., P.C.	L'Acadie-Acadia	Ottawa, Ont.
Rowe, Frederick William	Lewisporte	St. John's, Nfld.
Smith, Donald	Queens-Shelburne	Liverpool, N.S.
Sparrow, Herbert O.	The Battlefords	North Battleford, Sask.
Stanbury, Richard J.	York Centre	Toronto, Ont.
Sullivan, Joseph A.	North York	Toronto, Ont.
Thompson, Andrew	Dovercourt	Kendal, Ont.
van Roggen, George	Vancouver-Point Grey	Vancouver, B.C.
Walker, David, P.C.	Toronto	Toronto, Ont.
Welch, Frank C.	Kings	Wolfville, N.S.
Williams, Guy	Richmond	Richmond, B.C.
Yuzyk, Paul	Fort Garry	Winnipeg, Man.

SENATORS OF CANADA

BY PROVINCES

February 26, 1974

ONTARIO—24

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Salter Adrian Hayden	Toronto	Toronto.
2	Norman McLeod Paterson	Thunder Bay	Thunder Bay.
3	John J. Connolly, P.C.	Ottawa West	Ottawa.
4	David A. Croll	Toronto-Spadina	Toronto.
5	Joseph A. Sullivan	North York	Toronto.
6	Lionel Choquette	Ottawa East	Ottawa.
7	M. Grattan O'Leary	Carleton	Ottawa.
8	Allister Grosart	Pickering	Toronto.
9	David James Walker, P.C.	Toronto	Toronto.
10	Rhéal Bélisle	Sudbury	Sudbury.
11	Daniel Aiken Lang	South York	Toronto.
12	John B. Aird	Toronto	Toronto.
13	William Moore Benidickson, P.C.	Kenora-Rainy River	Kenora.
14	Douglas Keith Davey	York	Don Mills.
15	Andrew Ernest Thompson	Dovercourt	Kendal.
16	Keith Laird	Windsor	Windsor.
17	Richard James Stanbury	York Centre	Toronto.
18	Paul Martin, P.C.	Windsor-Walkerville	Windsor.
19	Eugene A. Forsey	Nepean	Ottawa.
20	George James McIlraith, P.C.	Ottawa Valley	Ottawa.
21	John James Greene, P.C.	Niagara	Niagara Falls.
22	Joan Neiman	Peel	Caledon East.
23	John Morrow Godfrey	Rosedale	Toronto.
24			

QUEBEC—24

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Léon Mercier Gouin	De Salaberry	Montreal.
2	Sarto Fournier	De Lanaudière	Montreal.
3	Hartland de Montarville Molson	Alma	Montreal.
4	J. Eugène Lefrançois	Repentigny	Montreal.
5	Josie Alice Dinan Quart	Victoria	Quebec.
6	Louis Philippe Beaubien	Bedford	Montreal.
7	Jacques Flynn, P.C.	Rougemont	Quebec.
8	Maurice Bourget, P.C.	The Laurentides	Lévis.
9	Louis P. Gélinas	Montarville	Montreal.
10	Romuald Bourque	De la Vallière	Outremont.
11	Azellus Denis, P.C.	La Salle	Montreal.
12	Jean-Paul Deschatelets, P.C.	Lauzon	Montreal.
13	Alan Aylesworth Macnaughton, P.C.	Sorel	Montreal.
14	J. G. Léopold Langlois	Grandville	Quebec.
15	Paul Desruisseaux	Wellington	Sherbrooke.
16	Maurice Lamontagne, P.C.	Inkerman	Aylmer.
17	Raymond Eudes	De Lorimier	Montreal.
18	Louis de Gonzague Giguère	De la Durantaye	Montreal.
19	Paul C. Lafond	Gulf	Hull.
20	H. Carl Goldenberg	Rigaud	Westmount.
21	Renaude Lapointe	Mille Isles	Montreal.
22	Martial Asselin, P.C.	Stadacona	La Malbaie.
23	Joseph Julien Jean-Pierre Côté, P.C.	Kennebec	Longueuil.
24	Maurice Riel	Shawinigan	Mount Royal.

NOVA SCOTIA—10

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Donald Smith	Queens-Shelburne	Liverpool.
2	Harold Connolly	Halifax North	Halifax.
3	Frederick Murray Blois	Colchester-Hants	Truro.
4	John Michael Macdonald	Cape Breton	North Sydney.
5	Frank C. Welch	Kings	Wolfville.
6	Margaret Norrie	Colchester-Cumberland	Truro.
7	Henry D. Hicks	The Annapolis Valley	Halifax.
8	Bernard Alasdair Graham	The Highlands	Sydney.
9			
10			

NEW BRUNSWICK—10

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	George Percival Burchill	Northumberland-Miramichi	Nelson-Miramichi.
2	Muriel McQueen Fergusson (Speaker)	Fredericton	Fredericton.
3	Fred A. McGrand	Sunbury	Fredericton Junction.
4	Edgar Fournier	Madawaska-Restigouche	Iroquois.
5	Charles Robert McElman	Nashwaak Valley	Fredericton.
6	Hervé J. Michaud	Kent	Buctouche.
7	Michel Fournier	Restigouche-Gloucester	Pointe Verte.
8	Louis-J. Robichaud, P.C.	L'Acadie-Acadia	Ottawa, Ont.
9	Daniel Riley	Saint John	Saint John West.
10			

PRINCE EDWARD ISLAND—4

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Florence Elsie Inman	Murray Harbour	Montague.
2	Orville Howard Phillips	Prince	Alberton.
3	Thomas Joseph Kickham	Cardigan	Souris.
4	M. Lorne Bonnell	Murray River	Murray River.

MANITOBA—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	J. Campbell Haig	River Heights	Winnipeg.
2	Paul Yuzyk	Fort Garry	Winnipeg.
3	Douglas Donald Everett	Fort Rouge	Winnipeg.
4	Gildas L. Molgat	Ste. Rose	Winnipeg.
5	William C. McNamara	Winnipeg	Winnipeg.
6	.....	.....	.....

BRITISH COLUMBIA—6

	THE HONOURABLE		
1	Ann Elizabeth Haddon Heath	Nanaimo-Malaspina	Nanaimo.
2	Edward M. Lawson	Vancouver	Vancouver.
3	George Clifford van Roggen	Vancouver-Point Grey	Vancouver.
4	Guy Williams	Richmond	Richmond.
5	Arthur Laing, P.C.	Vancouver South	Vancouver.
6	Raymond Joseph Perrault	North Shore-Burnaby	Vancouver.

SASKATCHEWAN—6

	THE HONOURABLE		
1	William Albert Boucher	Prince Albert	Prince Albert.
2	Alexander Hamilton McDonald	Moosomin	Moosomin.
3	Hazen Robert Argue	Regina	Kayville.
4	Herbert Orville Sparrow	The Battlefords	North Battleford.
5	Sidney L. Buckwold	Saskatoon	Saskatoon.
6	.....	.....	.....

ALBERTA—6

	THE HONOURABLE		
1	Donald Cameron	Banff	Banff.
2	Earl Adam Hastings	Palliser-Foothills	Calgary.
3	Harry William Hays, P.C.	Calgary	Calgary.
4	James Harper Prowse	Edmonton	Edmonton.
5	Ernest C. Manning, P.C.	Edmonton West	Edmonton.
6	.....	.....	.....

NEWFOUNDLAND—6

	Senators	Designation	Post Office Address
	THE HONOURABLE		
1	Michael G. Basha	West Coast	Curling.
2	Eric Cook	Harbour Grace	St. John's.
3	Chesley William Carter	The Grand Banks	St. John's.
4	James Duggan	Avalon	St. John's.
5	William John Petten	Bonavista	St. John's.
6	Frederick William Rowe	Lewisporte	St. John's.

THE SENATE

Officers and Chiefs of Principal Branches

Clerk of the Senate and Clerk of the Parliaments	Robert Fortier, Q.C., B.A., LL.B.
Law Clerk and Parliamentary Counsel	E. Russell Hopkins, B.A., LL.B.
First Clerk Assistant	Alcide Paquette, B.A.
Gentleman Usher of the Black Rod	A. G. Vandelac, M.C., C.D.
Director of Committees	Pierre Godbout, Q.C., B.A., LL.L.
Director of Administration and Personnel	J. Walter Dean
Editor of Debates and Chief of Reporting Branch	T. S. Hubbard
Chief of Minutes and Journals (English)	Mrs. Jean F. Sutherland
Chief of Minutes and Journals (French)	Miss Madeleine Ouimet
Assistant Gentleman Usher of the Black Rod	Alfred Fortier, E.D., C.D.
Postmaster	Harold King
Supervisor of Stenographic Service (English)	
Supervisor of Stenographic Service (Bilingual)	Mrs. Jocelyne Latrémouille
Chief of Stationery Branch and Furniture Control Officer	
Chief of Joint Distribution Office	J. E. Levesque
Chief of Protective Service	W. Maheux
Manager of Parliamentary Restaurant	W. Pentecost

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H. D. Griffith (*Associate Editor and Senior Reporter, English*),
J. R. Langlois (*Associate Editor and Senior Reporter, French*),
Aurèle Chenier, Lorcan OhUiginn,
W. J. Culleton, G. K. Hubbard, D. L. Sellers,
A. A. Gallagher, L. R. Powis, H. C. Warburton

Assistant Parliamentary Reporters

Maurice Bolduc, N. C. Keeley

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Associate Parliamentary Librarian	Gilles J. C. Frappier, B.A., B.Ph., B.L.S.

THE SENATE

Tuesday, July 3, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Unemployment Insurance Commission for the year ended December 31, 1972, pursuant to section 130(2) of the Unemployment Insurance Act, 1971, chapter 48, Statutes of Canada, 1970-71-72.

Report of Canadian Arsenals Limited, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of the National Librarian for the fiscal year ended March 31, 1973, pursuant to section 13 of the National Library Act, chapter N-11, R.S.C., 1970.

Report of the Atomic Energy Control Board of Canada for the fiscal year ended March 31, 1973, pursuant to section 20(1) of the Atomic Energy Control Act, chapter A-19, R.S.C., 1970.

Copies of Statistics outlining, by area and by species, Canadian allocations for 1973 and 1974, together with the total allowable fish catch for all countries in the Northwest Atlantic, issued by the Department of the Environment.

Report of the Standards Council of Canada for the fiscal year ended March 31, 1973, including its financial statement certified by the Auditor General, pursuant to section 20 of the Standards Council of Canada Act, chapter 41 (1st Supplement), R.S.C., 1970.

Report of the Canadian Radio-Television Commission for the fiscal year ended March 31, 1973, pursuant to section 31 of the Broadcasting Act, chapter B-11, R.S.C., 1970.

Report of Canadian Overseas Telecommunication Corporation, together with its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 16 of the Canadian Overseas Telecommunication Corporation Act, chapter C-11, and sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Copies of Government of Canada review of the Canadian Transport Commission decision of March 30, 1973 on Bell Canada's application "A", issued by the Department of Communications.

Copies of a document entitled "An Energy Policy for Canada, Phase 1, Volume I—Analysis, Phase 1, Volume II—Appendices" issued by the Department of Energy, Mines and Resources.

Copies of a series of staff papers, prepared by the Department of Regional Economic Expansion as a contribution to federal-provincial consultations on regional development policy in Canada, relating to the following areas—Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Quebec, Saskatchewan, Atlantic Region, Western Northlands and Western Region.

Report of the President of the National Research Council for the fiscal year ended March 31, 1973, pursuant to section 16 of the National Research Council Act, chapter N-14, R.S.C., 1970.

Report of Canadian Patents and Development Limited for the fiscal year ended March 31, 1973, including its accounts and financial statements certified by the Auditor General, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

AIRCRAFT REGISTRY BILL

THIRD READING

Hon. Renaude Lapointe moved the third reading of Bill S-9, to enable Canada to comply with a Convention on the International Recognition of Rights in Aircraft.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE AND NATIONAL DEFENCE ACT (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Flynn, P.C., for the second reading of the Bill S-8, intituled: "An Act to amend the Criminal Code and the National Defence Act (total abolition of capital punishment)".—(Honourable Senator McIlraith, P.C.).

Hon. Mr. McIlraith: Stand.

Hon. Mr. Flynn: May I ask whether this order is going to stand for very long? I am surprised that Senator McIlraith, with his experience and knowledge of the matter, should delay further the debate on this very important piece of legislation.

Hon. Mr. McIlraith: Honourable senators, I think the answer to the question posed by the Leader of the Opposition has to be a simple and direct, "Yes, it will stand for a considerable time."

I see no other way of having a proper debate on this important subject than by delaying it until we know better the progress of the bill on this subject now before the other place. It seems to me that to have a debate on this matter running concurrently in both houses would be most chaotic, and conducive only to a poor result on the rather clear proposition embodied in this order. If we do not wait until the other place has dealt more fully with this subject, we will get into a situation where honourable senators will be forced to take a position for or against abolition, for partial aboliton or for partial retention, which would be most confusing for them and would only be an obstacle to our obtaining in the law the result we desire, whatever that may be.

It seems to me that to have two debates on this subject running concurrently would be a quite wrong usage of our rights in Parliament. For that reason, I ask that the order stand, and I expect to ask the forbearance of honourable senators when it is called again to have it stand until we know better what is happening with the bill before the other place.

Hon. Mr. Flynn: Do you not think we can make up our minds on a subject such as this before it is dealt with in the other place?

Hon. Mr. McIlraith: Yes, I am sure we can. However, I do not think any useful purpose would be served in so doing. I do not see any sense in the Senate making a decision on this bill, and the other place making a decision on the bill before it. I think that would result in a situation that would be most harmful to the best determination of this whole matter.

Order stands.

NATIONAL PARKS ACT

BILL TO AMEND—REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill S-4, to amend the National Parks Act, which was presented on Thursday, June 28, 1973.

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, moved that the report be adopted.

Hon. Mr. Macdonald: Honourable senators, before the report is adopted I wonder if I might ask the sponsor whether any consideration has been given to having the notice of intention to issue a proclamation published in a local newspaper as well as in the *Canada Gazette*? The *Canada Gazette* is not a publication which is widely read by the general public.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I am not the sponsor of this bill, but perhaps, as acting chairman of the committee I can say to Senator Macdonald that that is certainly not included in the amendment. Senator Macdonald is aware that the amendment originated in the fertile mind of the Leader of the Opposition and was, for that reason, considered to be a fairly thoroughgoing amendment. Publication of the notice is restricted to the *Canada Gazette*.

Report adopted.

[Hon. Mr. McIlraith.]

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Connolly (Ottawa West) moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (2010)

THE CONSTITUTION

FEDERAL DISALLOWANCE OF PROVINCIAL STATUTES—DEBATE CONCLUDED

The Senate resumed from Wednesday, June 27, the adjourned debate on the inquiry of Senator van Roggen, calling the attention of the Senate to an urgent constitutional matter.

Hon. H. Carl Goldenberg: Honourable senators, the constitutional matter raised by Senator van Roggen last week is one of major significance. I listened to his presentation with great interest. As a good lawyer—and I am sorry he is not here to hear me say what I want to say—he quoted from precedents and cited authorities, many of whom I know or have known personally. I make exception, of course, of the barons who signed Magna Carta.

Senator van Roggen was followed by Senator Manning, to whom we must pay heed in these matters, because his long experience with the issues involved is almost unequalled. Then we heard Senator Forsey who, notwithstanding his humility and the deference he shows to others, remains one of our great and, fortunately, articulate constitutional authorities. His contributions in this area make him a national asset.

Hon. Senators: Hear, hear.

Hon. Mr. Goldenberg: Senator van Roggen drew the attention of the Senate to Bill 103 of the last session of the British Columbia Legislature, and, more particularly, to clause 14 of that bill, which declares void and unenforceable leases or other agreements entered into by the board of the Pacific National Exhibition unless these leases or agreements expire before December 31, 1975, subject, however, to approval and ratification or amendment by a new board. There is apparently no provision in the bill for compensation. The bill received third reading on April 18 of this year, but, according to Senator van Roggen, has not yet been presented to the Lieutenant-Governor for royal assent.

Honourable senators, that is all we have been told about the measure and nothing more. I for one am therefore not in any position to judge it. I know nothing about the leases or agreements affected by the bill or the considerations that led the Government of British Columbia to act as it did. As Senator Manning reminded us:

> . . . in issues of this kind the argument is never wholly one-sided. No government, provincial or federal, introduces legislation without some reason which, rightly or wrongly, it considers a valid reason for so doing.

I agree with Senator Manning. Accordingly, while in principle I object to what may be expropriation without just compensation, I take no stand on the measure in the

present case because I have no facts. Whatever I say tonight is therefore based on neither approval nor disapproval of the bill in question.

In his opening remarks Senator van Roggen quoted extensively from newspaper reports of a criticism of the bill by Senator Lawson. Unfortunately, the senator was not here at that time. I am glad to see that he is here tonight, because I am sure he did not mean what he is reported to have said. It was that if the clause voiding the contracts is proclaimed, he would recommend to the Teamsters Union that they void their contracts. Surely the fact that a person or a group objects to a law that has been duly passed does not justify violation of another law by which they are governed. That way lies anarchy, and I know that Senator Lawson is not an anarchist. In fact, I do not think that an anarchist has ever been called to the Senate!

Hon. Mr. Smith: Not knowingly.

Hon. Mr. Croll: There are some who do pretty well.

Hon. Mr. Goldenberg: Honourable senators, what is Senator van Roggen proposing? This is what he says:

> I am advocating today that the federal government, through the medium of the Governor in Council, which is the federal cabinet, disallow this provincial legislation.

I find this rather confusing because the Governor in Council can only disallow an act of the legislature, and Senator van Roggen has told us that the bill has not yet been presented to the Lieutenant-Governor for his assent. It is therefore not legislation and there is nothing as yet to disallow. Nonetheless we must assume that the Lieutenant-Governor will in due course assent to the bill. It is only then that the matter of disallowance becomes relevant.

The powers of disallowance and reservation of provincial legislation are found in sections 55, 56, 57 and 90 of the British North America Act. They are unusual powers. The Governor General in Council—the act actually says "the Governor General" but the interpretation is that it must be "the Governor General in Council"—may disallow any provincial act within one year after it has been received from the Lieutenant-Governor of the province concerned. An authentic copy of all bills which have been assented to by the Lieutenant-Governor must be forwarded to the Secretary of State of Canada.

Disallowance is an executive act. It is not exercised by the Parliament of Canada but by the Governor in Council. It is not a function of Parliament. There is even controversy as to whether Parliament is competent to call upon the government to exercise or not to exercise the power of disallowance with respect to a particular provincial act.

Hon. Mr. Forsey: But it has done so.

Hon. Mr. Goldenberg: I know that Senator Forsey has expressed the view that Parliament has the power to advise on executive acts—I accept that—but, as Edward Blake said in 1890, in a debate on this very subject in the other place, it is "a power to be exercised with reserve."

The power of disallowance was one of the compromises worked out by the Fathers of Confederation at the Quebec Conference of 1864. It was a compromise between the advocates of legislative union and those who favoured a federal constitution. It has remained a part of our Constitution to this day. Since Confederation, 112 provincial acts have been disallowed. It is significant—and I want honourable senators to note this—it is significant that of these 112 acts, 96 were disallowed in the first 50 years of Confederation and only 16 in the following 50 years. The last time an act was disallowed was in 1943, that is, thirty years ago.

What provincial legislation did the Fathers of Confederation consider subject to disallowance? I am sure that both Senator van Roggen and Senator Forsey would agree to accept Sir John A. Macdonald as an authority on this point. He was not only the first Prime Minister of Canada but also the first Minister of Justice. On June 8, 1868, he reported to the Governor General in Council on the manner in which the duty of the federal government of examining provincial statutes should be fulfilled. This is a rather lengthy quotation, but I think it important for us to bear in mind what Macdonald set out right at the beginning. This is what he said:

● (2020)

> In deciding whether an Act of a provincial legislature should be allowed or sanctioned, the government must not only consider whether it affects the interests of the whole Dominion or not; but also, whether it be unconstitutional, whether it exceeds the jurisdiction conferred on local legislatures, and in cases where the jurisdiction is concurrent, whether it clashes with the legislation of the general Parliament.
>
> As it is of importance that the course of local legislation should be interfered with as little as possible, and the power of disallowance exercised with great caution, and only in cases where the law and the general interests of the Dominion imperatively demand it, the undersigned recommends that the following course be pursued:
>
> 'That on receipt, by your Excellency, of the Acts passed in any province, they be referred to the Minister of Justice for report, and that he, with all convenient speed, do report as to those Acts which he considers free from objection of any kind, and if such report be approved by your Excellency in Council that such approval be forthwith communicated to the provincial government.
>
> 'That he makes a separate report or separate reports, on those Acts which he may consider:—
>
> 1. As being altogether illegal or unconstitutional;
>
> 2. As illegal or unconstitutional in part;
>
> 3. In cases of concurrent jurisdiction, as clashing with the legislation of the general parliament;
>
> 4. As affecting the interests of the Dominion generally.
>
> 'And that in such report or reports he gives his reasons for his opinions.'

These were the classes of acts set out by Sir John A. Macdonald for consideration in relation to the exercise of the power of disallowance. Edward Blake, who was Minister of Justice in the eighteen-seventies, stated his position on the matter in these words:

> I inquire only as to this: is the law passed by the local legislature within the exclusive competence of

> that legislature and not materially affecting Dominion interests? If so, the Ottawa Cabinet have no right to touch it. I admit—and I rejoice—that there is an appeal from the power that made that law, but that appeal is from the legislature which passed the law to the people who elected the legislature and who can elect another to their minds.

That was Blake's position.

On the history of the exercise of the power of disallowance, Dr. Gerald V. La Forest, now Assistant Deputy Attorney General of Canada, is our leading authority. In his comprehensive study on disallowance and reservation he divides that history into five periods. Applying the tests for disallowance set out by Macdonald, he shows that in the earlier periods the principal ground was that the legislation was *ultra vires* the provincial legislature and, in some cases, also affected dominion interests or policies. In due course and particularly after the amendment of the Supreme Court Act in 1891 to provide for references to that court, the practice developed of leaving the matter of *ultra vires* to the determination of the courts. The principal ground for disallowance thereafter was conflict with the interests of the dominion generally or with the operation of federal legislation.

Senator van Roggen now calls for disallowance of a measure on the ground of injustice in that it allegedly violates private property rights. Dr. LaForest shows that the power of disallowance on this sole ground was exercised in a number of cases but only in the period from 1881 to 1896.

Hon. Mr. Forsey: What about the *MacNeil* case?

Hon. Mr. Goldenberg: That was a special case. The law was disallowed because it overruled the decision of the Supreme Court. I think I am correct in that.

However, as I was saying, it was in the period from 1881 to 1896—and I shall bow to Senator Forsey and say there may have been one or two cases later, but no more—it was in that period that disallowance on this sole ground, that is injustice because of violation of private property rights, that the power was exercised.

Macdonald, having been returned to office with a resounding majority in 1878, became less concerned than he had previously appeared to be with the rights of the provinces. The government, in a change of policy, then gave heed to a number of petitions for disallowance on the ground of interference with private rights. The result was resentment by, and bitter controversy with, the provinces. Even Sir John Thompson—another eminent lawyer, who was later Prime Minister of Canada—as Macdonald's Minister of Justice appeared to disagree with this new policy. Thus, reporting in 1886 on an Ontario act which had been petitioned against as being a direct interference with private rights, he said:

> Without expressing any opinion as to whether the Act is a just measure or not, the undersigned is of opinion that it is within the undoubted legislative authority of the legislature of that province, and, therefore, respectfully recommends that it be left to its operation.

The practice of disallowing statutes for injustice, in this sense, did not continue for long. It definitely ended, with perhaps one or two exceptions, with the coming into power of Sir Wilfrid Laurier's government in 1896. Let me cite the opinions of two great lawyers who occupied the Justice portfolio in that government.

David Mills, who later became a Justice of the Supreme Court of Canada, dealing with a petition to disallow an Ontario statute in 1901, declared:

> The undersigned conceives that Your Excellency's government is not concerned with the policy of this measure. It is no doubt *intra vires* of the Legislature, and if it be unfair or unjust or contrary to the principles which ought to govern in dealing with private rights, the constitutional recourse is to the Legislature, and the acts of the Legislature may be ultimately judged by the people. The undersigned does not consider, therefore, that Your Excellency ought to exercise the power of disallowance in such cases.

Sir Allen Aylesworth, later a distinguished member of the Senate, speaking on disallowance as Minister of Justice in March 1909, said:

> The large measure of principle which was presented for consideration was simply whether or not the provincial legislature has the power, without control, to take one man's property and give it to another and to take away from the person injured any right of redress in the courts.

● (2030)

Remember, Sir Allen Aylesworth was not a subversive. He went on to say:

> I entertain in all honesty and sincerity the view that it is of vital consequence to the well-being of this Dominion that the rights of the provinces to legislate within the scope of their authority should not be interfered with, and that every provincial legislature, within the limits prescribed for it by the terms of the British North America Act, is and ought to be supreme. I believe that this is a principle of greater importance to the welfare of this Dominion as a whole than even the sacredness of private rights or of property ownership.

May I also quote the Right Honourable C. J. Doherty, who was Minister of Justice in the government of Sir Robert Borden. Before that he was a distinguished member of the bench of the Superior Court of Quebec. Refusing to recommend disallowance of two Ontario statutes which, it was charged, intended to take away or prejudice rights acquired by a company under its contract to which the province was in effect a party, he reported that:

> —the undersigned, while he does not hesitate to express strong disapproval of legislation which is intended to break down or take away legitimate contract rights without compensation, is not prepared to recommend this consideration as a ground for the exercise of the power of disallowance in the circumstances of this particular case. The legislature is directly responsible for the policy, merits and justice of the legislation. Its powers are plenary and exclusive within the limits by which they are confined, and although doubtless they must be exercised subject to the control of the Governor General in Council, that

> control cannot in the opinion of the undersigned be constitutionally exercised upon the principle of substituting the judgment of the Dominion Executive for that of the local legislature, in relation to matters which are strictly confined to the field of local self-government.

The Honourable Ernest Lapointe, the last Minister of Justice to recommend a series of disallowances, shared the opinions I have cited. In 1938 he said:

> As I said last year, touching the question of unfairness or injustice, I share on this point the views expressed by Sir Allen Aylesworth when he was Minister of Justice. It is for the electors of the province to decide whether the legislation is unfair or unjust and to vote against the government that enacts such legislation.

To prove to you that I do not really belong to ancient times because of the dates of my citations, I will come closer to our own times. The Right Honourable John Diefenbaker, speaking as Prime Minister on the refusal of the government to disallow a Newfoundland statute said, in 1960:

> Whatever one's feelings with respect to legislation passed by provincial legislatures may be, however much one may dislike it, the gradual development has been that the federal government, through the Governor General in Council, does not exercise that power where there is on the face of it an apparent conformity with the legislative authority of the legislature which passes it.

Honourable senators, considering the evolution in the exercise of the power of disallowance and the opinions of the men responsible for that exercise over the years, I submit that Senator van Roggen cannot say to the federal government that there is a "clear duty imposed upon it by the B.N.A. Act"—those were his words—to disallow the measure to which he objects. If it affects purely local property rights and does not affect the rights and interests of people outside the province, I submit that disallowance would be contrary to the evolving conventions of our Constitution. Moreover, as Senator Manning pointed out, the cost in terms of disruption of federal-provincial relations would be excessive.

Now, I have said that the power of disallowance has not been exercised for 30 years. The last time it was exercised was on the recommendation of the Right Honourable Louis St. Laurent in the matter of Alberta legislation affecting the sale of land to "Enemy Aliens and Hutterites". That is how the legislation read. But, the fact that it has not been exercised does not mean that it is no longer a part of the Constitution. Of course it is still a part of the Constitution.

In the absence of enforceable constitutional guarantees, disallowance may at some time be necessary to protect fundamental civil liberties or minority rights. It may be necessary to protect the rights of residents of other provinces who have no political remedy against the government responsible for the legislation. It might also have to be used in a case where provincial legislation interferes seriously with the operation of federal legislation and policy and the problem cannot be solved by intergovernmental compromise. I submit, however, that, if used at all, it must be only in the most unusual circumstances. Otherwise, in the words of Professor D. V. Smiley, a student of Canadian federalism, it "would almost inevitably inhibit the kinds of federal-provincial collaboration that are necessary if the federal system is to operate in a tolerably effective manner." This, honourable senators, is a risk we cannot afford to take.

Hon. Mr. Forsey: I wonder if the Honourable Senator Goldenberg, to whom I apologize for my interruptions, would mind answering one question. What would he say about the possibility of the exercise of, or the desirability of exercising, the power of disallowance in case of a provincial legislature extending its own life for a prolonged period which, of course, it can perfectly well do within its powers? In fact, provincial legislatures have repeatedly done this, though not, I admit, for any prolonged period. Would he consider it desirable that the power should be exercised if the legislature in effect took away from the electors of the province their power of dealing with the legislature?

Hon. Mr. Goldenberg: It might be desirable, but I think it might also be dangerous. Of course, this was one of the possibilities for which we wished to provide in the political rights section of the Victoria Charter, which was rejected. There was a specific provision. As I say, it might be desirable but I think it would be highly dangerous unless, of course, a province decided to abolish elections.

Hon. Mr. Forsey: Surely if the legislature were to extend its own life for a prolonged period it might be necessary to protect the rights of the electors to elect a new legislature within a reasonable time.

Hon. Mr. Flynn: What about the federal Parliament? It did it once. What is the remedy?

• (2040)

Hon. Mr. Forsey: Oh yes, but we have a constitutional provision for that, in section 91, head 1.

Hon. Mr. Laird: I am still confused. I received the impression from Senator van Roggen that there was machinery available, presumably in the B.N.A. Act, to, in effect, disallow a bill even though it had not received royal assent. That is the impression that I received. Is there any such machinery?

Hon. Mr. Goldenberg: I think that Senator van Roggen had in mind the power of reservation. The Lieutenant-Governor does not give his assent but reserves it for the Governor General in Council to decide whether or not it should be assented to. The Governor in Council can assent in lieu of the Lieutenant-Governor, or do nothing, and the legislation, in the latter case, would be inoperative.

Hon. Edward M. Lawson: Honourable senators, I think I should speak to this very briefly, since it appears that I was somewhat responsible for causing this mini-political storm which took place in British Columbia.

I want at the outset to thank Senator Goldenberg for his crash course on the Constitution and on the subject of disallowance, because it is something about which I am totally unfamiliar. I did not have the benefit of any legal authorities, or the excellent material that we have had before us this evening. I was simply relying on my know-

ing the difference between right or wrong, and my reaction on the panel was a matter of instinct. We were discussing what was going to happen in the year 1980 on the collective labour-management scene. What about contracts? What pressures would take place, and so on? I was trying to illustrate or dramatize, and perhaps overdramatize, the seriousness that would take place in the collective market place if the government philosophy of contempt of contract were to prevail throughout the whole of the community. In effect, the legislation, as I knew and understood it, simply cancelled out, or terminated, or declared null and void, long-term contracts.

I had the advantage, or disadvantage, of having some time prior been involved in negotiations of one of those contracts for a football club. These were not unconscionable contracts that were made privately or secretly under the table where the legislature was compelled to correct an injustice. The terms and conditions of the football club contract were as tough, from the point of view of the penalties imposed on the football club, as any in Canada.

Regarding the contract that the Vancouver Canucks Hockey Club had with the Pacific National Exhibition, the terms imposed on the hockey club were probably as tough or tougher than the top five in Canada. The arrangement with the jockey club, with the racing commission, was a long-term contract, a lease granted in lieu of the principals of the B.C. Jockey Club, or whatever its official title is, putting up $3 million or $4 million of its own money in exchange for the long-term lease. And very quickly, on third reading one day, the day before the Legislature was to prorogue, there came an amendment that upon proclamation declared null and void all of these contracts.

My concern was the fact that this could be done and, more importantly, the philosophy, if it were allowed to permeate in the community, of contempt of contracts and no respect for contracts.

My point is: If this were to take place, what would stop our trade unions from adopting the same philosophy? What kind of chaos would develop as a result of that? What would happen with the banks? Should banks provide money under long-term mortgages at 5, 5¼, or 5½ per cent, and have to pay more to obtain money than they are receiving? Why could they not cancel out their long-term contracts and raise the rates to recover?

That is a terrible philosophy to permeate throughout the whole of society. It is a philosophy of no respect for contracts. I was pointing this out somewhat with tongue in cheek, but I was not unmindful of the seriousness of the principle involved.

I went on to say, in predicting what would happen in 1980 and the chaos that would result if they proclaimed cancellation of these contracts, that they would be replaced in 1980 by a right wing reactionary government which would take away the right to strike, would impose binding arbitration, would take over trucking companies and make them a public utility, and make the drivers civil servants, and we would live happily ever after. But they did not point out that part. The press only pointed out on the front pages the threat to void all contracts.

I knew immediately I was in trouble for two reasons: first, because of the fact that the newspapers would editorially be in support of any senator and, secondly, because one of them was even so bold as to call for the need of a Senate in British Columbia, saying this could not have happened had there been an active Senate in British Columbia, that Parliament here would not have allowed that kind of legislation to go through unchallenged. So I knew that I was in trouble there.

I do think it is a very important principle. The fact that it has been so dramatized in the press, that so much concern has been expressed, that Senator van Roggen chose to raise it in this chamber, and was sufficiently concerned to do so—and we did have a brief discussion prior to his doing that—that the comments of Senator Forsey have received wide public dissemination, and that Senator Goldenberg and others have expressed their views—all this has served its purpose and had its effect.

I had occasion in the last 10 days to have a meeting with the Attorney General for the Province of British Columbia, and the Premier, to discuss very briefly the concerns that were expressed. The Attorney General is a man of principle, and I hold him in high regard for that. The Premier of British Columbia, in addition to being a man of principle, is also a fair man. Now that they are more aware, as a result of the attention focused on the matter, of the seriousness of their attack on the principle, I am satisfied that the right and fair thing will be done, and it will be unnecessary to go so far as to ask the government to impose disallowance.

One amusing sidelight is that the legislation, if proclaimed, would force a renegotiation, presumably by the PNE, of the contracts with all these other parties.

One other thing they overlooked is that the PNE lives and exists as a result of the long-term lease it has with the City of Vancouver. Upon proclamation it may not even have the status to do anything. I think that a serious principle was involved. Sufficient public concern has been expressed, and the Senate has discharged its responsibility by expressing its concern for principle. In view of the assurance I have personally received from the Premier and the Attorney General of British Columbia, the matter should be left to rest there.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate, the inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 4, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HARBOUR COMMISSIONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-21, to amend the Harbour Commissions Act (Nanaimo Harbour Commission).

Bill read first time.

Hon. Donald Cameron moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Order in Council P.C. 1972-1611, dated July 27, 1972, amending class 8 in schedule B to the income tax regulations.

Copies of the Report of the Anti-Dumping Tribunal respecting the effects of footwear imports on Canadian production of like goods, dated April 1973.

Copies of a directive from Treasury Board to deputy heads of departments and heads of agencies on the language requirements of positions in the Public Service, together with copies of Public Service Bulletin No. 73-12 respecting the staffing of bilingual positions, both dated June 29, 1973.

NATIONAL PARKS ACT

BILL TO AMEND—THIRD READING

Hon. John J. Connolly moved the third reading of Bill S-4, to amend the National Parks Act.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE AND NATIONAL DEFENCE ACT (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Flynn, P.C., for the second reading of the Bill S-8, intituled: "An Act to amend the Criminal Code and the National Defence Act (total abolition of capital punishment)".—(Honourable Senator McIlraith, P.C.).

Hon. Mr. McIlraith: Stand.

Hon. Mr. Flynn: Honourable senators, I rise on a point of order. Senator McIlraith has asked that this item stand. I have read what he said last evening in this connection and I am somewhat puzzled by the words he uttered. I should like to have clarification, either from Senator McIlraith or from the Chair, as to the exact purport of his remarks.

I asked Senator McIlraith last evening whether this order was going to stand for very long, and his reply was:

> Honourable senators, I think the answer to the question posed by the Leader of the Opposition has to be a simple and direct, "Yes, it will stand for a considerable time."

His reply suggests that it is within his own discretion to decide whether or not this order should stand indefinitely. I am not too sure whether that is what he meant. Of course, I have to agree that at the end of his remarks he said:

> For that reason, I ask that the order stand, and I expect to ask the forbearance of honourable senators when it is called again to have it stand until we know better what is happening with the bill before the other place.

That seems to be a tempering of his previous remarks. I would not want to let the comment of the Honourable Senator McIlraith stand on the record as meaning that it is within the discretion of any honourable senator to adjourn a debate indefinitely. I know that some years ago authorities expressed the opinion that it was within the discretion of any honourable senator who had moved the adjournment of a debate to keep the item on the Order Paper indefinitely, whether or not the Senate as a whole or any honourable senator wanted to continue the debate. I have never felt that that was a satisfactory interpretation of our rules.

I do not know if that is what the honourable senator meant. If he did not—and I am suggesting that he probably did not—I would like the Chair to give a ruling on this eventually. He may have good reason for moving the adjournment of the debate to three weeks from now, and if the house is in agreement, very well. However, to say that it is within his own discretion to delay debate indefinitely, whatever may be his reason, and whatever validity there may be in his reasoning, is a principle I doubt we should agree with.

Hon. Mr. Choquette: One could block any bill if this were the case.

Hon. Mr. McIlraith: Honourable senators, I am very glad to have the opportunity to clear up any misunderstanding any remarks of mine may have caused in the

mind of the honourable Leader of the Opposition. With great respect and deference to him, may I read the record of yesterday's *Hansard*. I think it is important that we should read it.

Hon. Mr. Flynn: I did read it.

Hon. Mr. McIlraith: The item was called and I said, "Stand." It goes on:

> HON. MR. FLYNN: May I ask whether this order is going to stand for very long?

That was the form of his question. It was not whether the proponent or the one in whose name the debate stood adjourned was going to ask it to stand, but ". . . whether this order is going to stand for very long?" I replied—

Hon. Mr. Flynn: Continue with what I said.

Hon. Mr. McIlraith: I listened attentively to the honourable senator, but may I—

Hon. Mr. Flynn: What I am suggesting is that you read everything I said before you continue.

Hon. Mr. McIlraith: May I continue my remarks in an uninterrupted way?

Hon. Mr. Flynn: Go ahead.

Hon. Mr. McIlraith: I listened with great care and considerable interest to the honourable senator, and I claim the same right, at least, to be allowed to continue without interruption in my reply to his remarks, which indicated a misunderstanding of what I said last night. My reply to his inquiry, "May I ask whether this order is going to stand for very long?" was:

> Honourable senators, I think the answer to the question posed by the Leader of the Opposition has to be a simple and direct, "Yes, it will stand for a considerable time."

I then went on at considerable length—some might say too long—to explain why I thought it appropriate that this order stand for a considerable time. I concluded my remarks as quoted by the honourable senator today:

> For that reason, I ask that the order stand, and I expect to ask the forbearance of honourable senators when it is called again to have it stand until we know better what is happening with the bill before the other place.

I hope the remarks read in that way are perfectly clear. I do not for one moment suggest, nor claim any right, to have it stand as of right at the say-so of myself. Such arrogance is quite contrary to my nature. I do, however, respectfully suggest to this honourable body that it may be necessary to stand it from time to time for a considerable length of time, until we know what happens with the government bill before the other place on a similar subject to the bill now before this house. I hope I made it clear that I make no claim whatever to have it stand as of right, and I think my reference to asking the forbearance of honourable senators made that very clear.

● (1410)

Hon. Mr. Grosart: Honourable senators, on the point of order, I am delighted that Senator McIlraith has cleared up what would appear to be a misunderstanding. I agree that the Leader of the Opposition was perfectly within his rights in taking the meaning he took from the very clear answer that Senator McIlraith gave to the question. Senator Flynn had asked whether this order was going to stand for very long, and the answer from the senator who moved the adjournment was, "Yes, it will stand for a considerable time." The assumption there was the right of an honourable senator, in adjourning a debate on a motion, to hold it up indefinitely.

I suggest that this goes much beyond the present case. We all know that the mere device of an adjournment has been used in this place to stand debate for a long long time.

On the point of order, I would ask that there be a ruling from Her Honour as to the meaning of an adjournment of the debate and the rights that may or may not flow to the senator who adjourns the debate. I would point out that our rules are not awfully clear on this. As a matter of fact, under our rules there is no such thing, *ipso facto*, as "adjournment" of the debate; it is officially a "postponement" of the debate. Honourable senators will find this in rule 46(c), which provides for the postponement of a debate to a certain day. Under rule 36(2) a motion to adjourn a debate shall be deemed to be a motion to postpone that debate to the day specified in the motion or, if no day is so specified, to the next sitting day.

It is clear, therefore, that our rules merely say that they will regard a motion to adjourn a debate as a motion coming under rule 46 to postpone the debate to the next sitting, if no date is named.

It so happens that on the Order Paper now there is a motion of mine relating to a bill. It has been postponed for months, because the adjournment is in the name of Senator Molgat. I understand his reasons, but the situation has been that here by practice if a senator adjourns a motion we are powerless to do anything about it. It comes up, and what will happen? If I wish to speak on the motion which Senator McIlraith adjourned, I ask honourable senators what would be my position if I rose. Senator McIlraith would move, as he moved yesterday, that the adjournment be continued. That is what "stand" means; it means "I move the motion that the debate be adjourned." If he has a motion before the house, I presume I would be entitled to rise and say I wish to speak on the motion. What position would the Senate take on that?

Therefore, I suggest this should be clarified and we should have a ruling from Her Honour, if this is Her Honour's interpretation of the practice and procedure of this place, that the motion to adjourn does not give the right to any senator indefinitely to hold up a bill.

Senator McIlraith has expressly said this was not his intention, but the words as they stand here might indicate that that was the interpretation held by certain senators. Certainly, the practice of the management of the house has been to hold up indefinitely debate on certain motions—and I am not saying improperly, but it has been the practice to do so—by using this device of an adjournment in the name of a certain senator.

For that reason, honourable senators, I would ask that there be a formal ruling on this so that we will be quite clear in the future what the situation is when a debate on a motion is adjourned, and a senator wishes to speak, even

though the senator who moved the adjournment does not wish to speak.

Hon. Mr. Martin: Honourable senators, I had not intended to take part in this discussion, but it seems to me that Senator Grosart's observations do call for some recognition.

I have no difficulty in understanding what Senator McIlraith intended yesterday, when he asked in these words:

> For that reason, I ask that the order stand, and I expect to ask the forbearance of honourable senators when it is called again to have it stand until we know better what is happening with the bill before the other place.

These words clearly indicate what Senator McIlraith had in mind and what his attitude with regard to the primacy of his position in this matter was.

I am sure that if anyone had said to him yesterday, "Well, notwithstanding the fact that the motion is in your name and notwithstanding the fact that you are asking that it stand further, in view of the fact that I wish to speak, will you give way?", he would have given way.

Hon. Mr. Flynn: No, no.

Hon. Mr. Grosart: What happens if he does not?

Hon. Mr. Martin: May I just finish? I think the practice in all our debates since I have been here is that when a motion is standing or when a matter is standing in the name of a particular senator and is called, if he is not ready to go on and another senator wishes to speak, the senator in whose name the matter stands always gives way to the person who would like to take part in the debate. I do not think that any of us are under any misapprehension on this point. Surely that has been our practice. Surely it does not require a formal ruling.

Hon. Mr. Flynn: Why not?

Hon. Mr. Martin: Surely we all recognize that that is the rule. And Senator McIlraith, who himself is no mean authority on procedure, even though it may be in another place, would, I am sure, be the first to understand this. He was trying clearly to indicate why he thought that he should not go on in view of the fact that another bill on this matter was before the other house in one of its committees and that he would prefer to deal with the matter before this house—

Hon. Mr. Flynn: And nobody else should go on?

Hon. Mr. Martin: —only after—

Hon. Mr. Flynn: Nobody should?

Hon. Mr. Martin: —only after that matter in the other place had been disposed of. But not that nobody else should.

Hon. Mr. Flynn: Oh, sure! Read the rest of what he said.

Hon. Mr. Martin: I have read it.

Hon. Mr. Flynn: No, you did not read it.

Hon. Mr. Martin: Well, my honourable friend says that, no, I did not. He knows what I have done better than I know myself what I have done, obviously.

Hon. Mr. Choquette: Oh, come on!

Hon. Mr. Flynn: That is easy for you to say.

Hon. Mr. Martin: But it is clear that if someone said today to Senator McIlraith, in whose name this motion still stands, "I would like to speak on the bill standing in the name of Senator John Macdonald," there is no doubt that Senator McIlraith would give way, as we all would.

Hon. Mr. Choquette: What if he says no?

Hon. Mr. Martin: Under our practice he must—

Hon. Mr. Choquette: What if he says no?

Hon. Mr. Martin: If I may finish—

Hon. Mr. Choquette: What if he says no? You are getting away from the question. We are asking for a ruling in the event that in a similar case the senator would not yield. Here you are going around in circles, telling us how nice the senators should be and how nice you think they will be in such an event. I would like you to bring your argument to bear on item 9.

Hon. Mr. Martin: I would like to finish, if I may.

Hon. Mr. Choquette: Yes, but before you finish, look at item No. 9 on the Orders of the Day. That has been going on for some time now.

Hon. Mr. Martin: I have allowed Senator Choquette to intervene by way of a question but not to comment. However, I do not object. I am sure I have stated the situation correctly.

Hon. Mr. Choquette: No, you have not.

Hon. Mr. Flynn: No!

Hon. Mr. Martin: If there is any honourable senator who wishes to speak on the bill standing in the name of Senator John Macdonald, that is his privilege and he has the right to ask that he be allowed to do so now. I would think, personally, for the reason Senator McIlraith gave, that that would not be a wise course—

Hon. Mr. Flynn: Oh, oh!

Hon. Mr. Martin: —in view of the importance of the measure covered by this bill and in view of the importance of the measure covered by the bill which is now in the other place and which ultimately will come to us. So there is no real confusion here.

Hon. Mr. Flynn: It was done before you started to speak.

Hon. Mr. Martin: Will my honourable friend allow me to continue? He continually, he persistently interrupts. He never gives anyone a chance.

Hon. Mr. Flynn: I am trying to keep you on the track.

Hon. Mr. Martin: There he is again! This motion is in the name of Senator McIlraith. If anyone wishes to speak on it now, then, in my judgment, it is quite clear that he would have the right to do so, and the senator should yield. As to whether this would be a wise course, or not, that is another matter. I do not think there is any difficulty; I think we all understand the practice very well. Certainly there was no intention on Senator McIlraith's part to hold up—

• (1420)

Hon. Mr. Flynn: Why do you speak for Senator McIlraith? He can speak for himself.

Hon. Mr. Martin: —any legitimate discussion of this matter. I speak for Senator McIlraith because it has been suggested that he had an ulterior motive, and I know that Senator McIlraith has no such ulterior motive in this matter; he conforms to the rule, and I do not think there is any difficulty in our understanding what the practice and the tradition is.

Hon. Mr. Choquette: Are you giving the ruling that the Honourable Senator Grosart asked should be given by the Speaker?

Hon. Mr. Martin: If I did not like Senator Choquette, I would think that he was serious in his question.

Hon. Mr. Flynn: It follows your comment.

Hon. Mr. Grosart: Honourable senators, because my remarks have been misunderstood, I think I have the right to speak a second time to clarify my remarks. I did not suggest any ulterior motive on the part of Senator McIlraith. I am not greatly concerned with the particular case presently before us, but I am concerned with the principle. The remarks we have just heard from the Leader of the Government make it perfectly clear that he does not have the whole situation in his mind, because he used the phrase "that leave would be given," if a senator rose and said, "I wish to speak." Now, "leave" means unanimous consent, and that is the whole point I am making. His phrase was, "that leave would be given." If we have to depend upon leave being given, then clearly the right exists for a senator to hold up the debate indefinitely, because he himself, as one senator, could refuse leave. Perhaps the Honourable Leader of the Government has not read the rules lately—

Hon. Mr. Flynn: He has never read them.

Hon. Mr. Grosart: —and maybe that is not what he meant to say, but that is what he did say, that it would require leave for a senator to assert the right to speak on such an occasion.

I therefore repeat my request for a ruling on this matter so that there will be no problem about it in the future. I think it is essential.

The Leader of the Opposition referred to an opinion that had been given earlier, and I am sure he is referring to the fact that a former Clerk of the Parliaments did, at least verbally if not in writing, express the opinion that the senator who had moved the adjournment had the right indefinitely to control the debate. I say that because the Honourable Senator Martin was not here. I did not hear the former Clerk say it, but it was repeated to me by one of our officials as a statement he had made. I am not personally sure that he did make it.

But because of that conclusion I repeat my request for a ruling from Her Honour.

Hon. Mr. Prowse: Honourable senators, on the point of order, I doubt very much if the ruling is necessary. Nevertheless, if it is requested, I am sure Her Honour the Speaker will be glad to give it.

But it seems to me, honourable senators, that people as well versed in the rules as the members on the other side, who are raising the objection, should realise that a very simple motion that is seldom used—that is, "the previous question"—can certainly put an end to any obstruction of this kind and force a vote on a matter. If I were to stand now and say, "I move the previous question," that could be debated. Nothing else could be debated. There would then, I presume, be a division on it, and then there would be a vote on the main motion without further debate.

Hon. Mr. Grosart: That is exactly what we are trying to avoid.

Hon. Mr. Prowse: Yes, but the point is you had this. As far as the further debate is concerned and on the point of order, let me say in this regard as far as the principle is concerned that no member under our rules at the present time, as has been alleged, can keep the house from voting, which is the important aspect. I am not too sure that the debates change the minds of many, but simply give us the chance to express our own personal opinions. I wish, however, to speak on this question when it is before us and it is the proper time to do so. I wish to support the motion, as I am also aware that in the other place there will be a motion similar to this in the amendments to the bill which is being debated in committee. If it has not been returned from the committee it will be returned. There are other items attached to that which do not appear here, which are probably important and on which I would wish to speak. I do not wish to weary the house by speaking on this motion at this time and then being faced with the necessity, in order to deal with the other matters, to again impose myself upon the house within a very brief period of time. Naturally, it seems to me that the proper procedure should be that when we find out what the other house has said we deal with it in whatever manner we wish. We would then refer this bill to committee after such debate as we deem to be expedient. Out of committee we would bring such legislation as contains the best of their bill and that of the Honourable Senator Macdonald. In the meantime, if we feel we are being frustrated and prevented from voting, which is the important point, the Leaders of the Opposition and the Government, together with the Honourable Senator Grosart, who are more familiar with these rules than I—at least they regularly hold themselves out as being experts on the rules—must be aware of the fact that the provision regarding "the previous question" is there and always protects our right to a vote.

Hon. Mr. Benidickson: Honourable senators, I wish simply to speak with regard to two points. One is that I have no objection to having a ruling on this question. I wish to point out, however, that Senator Grosart himself rose without asking leave to speak a second time. During the short time that I have been here I have found that by courtesy there are very few objections when there may perhaps be contraventions of the formal rules, including this one of providing the courtesy—

Hon. Mr. Grosart: Could I ask the honourable senator a question? Is he aware that under our rules a senator may rise without asking leave when he considers that he has been misinterpreted? Read the rules.

Hon. Mr. Benidickson: May I say that the senator did not say that he was misinterpreted.

Hon. Mr. Grosart: I did.

Hon. Mr. Benidickson: He simply said he assumed courtesy of the house—

Hon. Mr. Grosart: I didn't say anything of the kind.

Hon. Mr. Benidickson: —to speak a second time. He did not rise, as I think he should have if he wanted to be formal, and say, "I speak on a point of privilege," or "in contravention to something that was improper to have been said against me." I have never in my experience seen a situation in which a senator desiring to take precedence over the adjourner of a debate has not been given that privilege. That is the courtsey of this chamber, which is not extraordinarily controversial. I was impressed by Senator Prowse pointing out our opportunities in the event we feel controversial or aggrieved or that we should depart from the normal courtesy of this house. My other point is that the Leader of the Opposition did not rise, but he did say in interrupting the comments of the admirable Leader of the Government that everyone on this side supports him at all times. That again has not been my experience in this chamber. On this point I perfectly agree with Senator Grosart. If he wants clarification of the ruling, that is a proper request to be made to Madam Speaker, and I support him in that request. The practical point is: who wants to speak at this time? I am sure that my colleague, Senator McIlraith, would make it possible for him to speak.

● (1430)

Hon. Mr. Croll: Honourable senators, it is obvious from what has already been said that the Chair has not much choice. An opinion should be forthcoming. Is it a matter of right, or is it a matter of courtesy? It is as simple as that. The Chair should consider the request and let us have an opinion in due course.

The Hon. the Speaker: Honourable senators, this is a point on which I am certainly not prepared to make any ruling at the present moment. I would have to do a good deal of research, as I am not as familiar as other honourable senators with the opinion which apparently has been expressed and which was referred to by Senator Flynn and Senator Grosart.

I should like to look into these matters. I propose to consider the request for a ruling, and, after making a thorough investigation and reading any debates on the subject which may be in existence, decide whether or not a ruling is necessary. I shall advise honourable senators accordingly.

This is a matter on which I should perhaps be more familiar than I am. I would therefore welcome from honourable senators any further opinion which might help me to reach a decision.

Hon. Mr. Choquette: Exclude the courtesy question, otherwise you may have 15 speeches like those we have heard.

Hon. Mr. Benidickson: Is that a speech?

Hon. Mr. Choquette: No, it is a suggestion.

Order stands.

BRITISH NORTH AMERICA ACTS, 1867 TO 1965

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Grosart, seconded by the Honourable Senator O'Leary, for the second reading of the Bill S-3, intituled: "An Act to amend the British North America Acts, 1867 to 1965 (Yukon and Northwest Territories Senate representation)".—(Honourable Senator Molgat).

Hon. Mr. Molgat: Honourable senators, I should like this matter to stand. I have had further discussions with Senator Grosart. I have no objection if other senators wish to speak.

Hon. Mr. Flynn: It is not the same situation as that applying to Senator McIlraith.

Order stands.

THE SENATE

NEED FOR REFORM—DEBATE CONTINUED

The Senate resumed from Tuesday, June 19, the adjourned debate on the inquiry of Senator Croll calling the attention of the Senate to the urgent public need in Canada for Senate reform now.

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, after only nineteen months of participating in the work of the Senate, it seems daring of me to enter this debate, particularly after listening recently to such a thorough account by Senator Langlois. Having first taken care to highlight the numerous accomplishments and various merits of this house, Senator Langlois then outlined the proposed reforms before mentioning those he considers desirable, and my views on these reforms are almost identical with his.

Since the voice of parliamentary and constitutional experience has also been heard in the sound speeches made by several of our eminent colleagues, I shall restrict myself to a few modest, down-to-earth remarks which may appear naïve and impertinent to you, as they are aimed at reforming senators rather than the Senate. They have to do mainly with regular attendance at sessions and with the work spirit which we should all strive to display if we are to restore the good name of the Senate in the eyes of our colleagues in the other place as well as of the general public.

Everyone is aware of the scornful character of the attacks the honourable member for Winnipeg North Centre, Mr. Stanley Knowles, launches regularly when he proposes the abolition of the Senate. The journalists are then far more eager to call attention to his words than they are to the worthiest speeches made in the Upper House. By the way, it must be pointed out that this year, a woman, the honourable member for Louis-Hébert, Mrs. Morin, was the first to come to the defence of the Senate, followed by another French-Canadian member, the honourable member for Nipissing, Mr. Blais. But, as witnessed at the time of the negative vote held in January last on the participation of the Senate in the special committee of inquiry on food costs, we have a good many detractors in the other place, among others Mr. Diefenbaker, who gave vent yesterday to disgraceful critcism of the Upper House,

and that in the very area where the Leader of the Government in the Senate lives.

As for those who shape public opinion, they seldom give us their support. Going over the most recent newspaper clippings concerning the Senate, I was struck, once again unpleasantly, by the superciliously ironical tone of most of the thirty or some editorials which followed the resounding speech of Senator Croll. That acrimony was obviously not directed against him—for he must be, and was largely, congratulated for having belled the cat and having brought up the matter anew—but against the Senate generally.

Once more, my former journalist colleagues—mainly English-speaking—have used their acute sense of periphrasis to stigmatize in vitriolic terms the Upper Chamber and its occupants:

> Politic infirmary, garbage dump, useless appendage, rubber stamp, undemocratic anachronism, old gentlemen's club, house of patronage and sinecure, constitutional aberration, lush pasture for old political warhorses, graceful way of cleaning deadwood from a P.M.'s cabinet,

and, finally, the least cruel and most sincere:

> a featherbed secretly desired by many who criticize it.

As another reporter recently wrote:

> The very intensity of these attacks seems to be an important element in the fashioning of a senatorial togetherness.

It is therefore as a reaction to those attacks and to try and correct—maybe more in surface than in depth—such a regrettable situation that I make these few remarks which I hope will be well taken by everyone.

As regards sitting attendance, it is to be regretted that some colleagues are behaving like school truants. Some come here just to have their name down on the book and disappear after 10 or 15 minutes, while others, for the same reason, arrive only at the end of the sittings. Also, some colleagues disappear for several weeks and are to be seen only on great occasions and justify their absence by explanations whose value or credibility stretches the imagination.

You can imagine what impression is felt by the public when only 20 to 25 senators are seen in attendance and sometimes as few as 12 or 13 during certain speeches, particularly when they threaten to be rather lengthy. The public can also see that quite often the rules of courtesy are violated when six or seven private conversations are taking place during a colleague's speech, and sometimes loudly enough to inconvenience the speaker. I admit with you that we do not all command the same degree of skill to hold the attention and that the matters discussed are not equally interesting. However, we should make an effort to be present, to remain silent and patient, to avoid falling asleep if only to show to visitors a better image than is traditionally linked with a dignified dozing old man.

It is indeed quite seldom that our sittings are unduly long. It even happens that they are rather too short and that they hardly justify the staging and trips which they require. This unfortunately can provide valid reasons for those who would rather not bother for so little.

Attendance at the meetings of the various standing committees sometimes leaves room for improvement. While the membership of each committee has been reduced to 20, several chairmen cannot rely on more than six or seven faithful participants, since the others are satisfied with seeing their name appear on the list as they never take part in the proceedings and are very seldom present.

Devotion to work is obviously related to the interest shown in the sittings of the Senate as well as those of the standing committees. Here is one example drawn from my own brief experience. In the Committee on Legal and Constitutional Affairs, the inquiry on the parole system led to the presentation of more than 120 briefs, many of which were very informative although rather dry. They required hours of reading on the part of those who wished to ask relevant questions of the authors of those briefs subsequently called upon to give evidence before the committee. Too few members set their heart on doing that. It would be surprising if such failings never had to be deplored in other committees.

On another level, Senate members are invited to various provincial or national caucuses and to all special caucuses during which a minister states his policy on whatever bill he intends to introduce, or on such or such difficulties calling for advice or solutions. As a member of the Liberal party, I must say that, except for the Wednesday national Liberal caucus, where the Senate representation is usually satisfactory, senators seldom attend their provincial caucus—I refer to the Quebec caucus of course—or the special caucuses which, nevertheless, give plenty of first-hand information and allow us to understand the core of problems.

Contrarily to what the honourable member for Crowfoot, Jack Horner, said on January 26, when he recommended that no senator should have the right to take part in a caucus of any party, I believe the attendance at those caucuses, most of which since the advent of the minority government, have to take place from seven to eight and may last until nine o'clock, sets much sounder and much friendlier bonds with our colleagues of the other place who generally appreciate deeply our presence. I am in a position to realize that since I consider it a duty to attend those meetings as regularly as possible. Those meetings are a great help to newcomers, specially those who, like me, have no parliamentary experience, as they help them understand the bills to be introduced and make them aware of the numerous objections such bills may give rise to outside, as well as among the members. I believe indeed that it is wrong to act as if we were divorced when, on the contrary, anything that is done over there should concern us. Is the situation the same on the opposition side? If it is better in terms of attendance at meetings, we would be pleased to find out.

Another one of my remarks has to do with the meager attendance at the royal assent of bills, which is not too edifying and makes us the object of well deserved gibes. There again, in the name of a certain respect for decorum, several senators, particularly from Quebec and Ontario, could delay their departure by a few hours without in any way spoiling their long weekend. It is, however, obvious that if these ceremonies took place on either Tuesday or

Wednesday instead of late Thursday afternoon, more seats would be occupied.

● (1440)

[*English*]

This, perhaps, would not please the Montreal *Gazette* for, according to that paper, which is decidedly allergic to the Senate, an empty Senate would be easier to reform or abolish than would a full one.

But first we should define "senatorship," having first asked our honourable colleague Senator O'Leary whether he was serious or whether he was joking 30 years ago when he uttered this now famous sentence, "A senatorship is not a job; it is a title." What he did afterwards certainly does not fit with his definition, for he performed well and is still doing a fine job.

Hon. Senators: Hear, hear.

Hon. Miss Lapointe: For my part, I have been asked to come and work here, and the one who asked me to do so was not joking.

The trouble is that for many of us a senatorship is a part-time job, with the main occupation sometimes preventing a fuller dedication to the secondary one. This leads me to think that a mandate of about seven years, as was suggested by the Honourable Senator Manning, should be introduced, that mandate being renewable or not renewable by an impartial jury of honourable senators, according to the production and merits of the candidate. This would appear to me to be a logical and efficient way of maintaining a spirit of alertness among the recruits who, naturally, should be young enough to contemplate a second, third, and even a fourth active term of office.

Another of our shortcomings resides in the fact that the public—and here I am not only referring to the illiterate public; far from it—is kept amazingly unaware of the kind of work the Senate has to perform. We soon realize that that is the case when we are invited to address even a select audience.

[*Translation*]

Have we ever considered carrying out a discreet but effective campaign during which all of us would accept as many invitations as possible to speak about the Senate before social clubs and other important organizations, either early or late in the week?

And we all know that a single television exposure to tell the people about the Senate is worth more than 10,000 words! I have had this experience on a number of occasions and I must say that the people's reaction has always been more than sympathetic.

Would it not be possible either through interviews, panel discussions on radio or TV to inform Canadians of the usefulness of the Senate, what it is doing and what it could do, and to ask the public what they would like it to be? Moreover, why not suggest to our respective political organizations that one of us be invited once in a while to speak to the public within the scope of "The Nation's Business" or other such politically-oriented programs.

● (1450)

[*English*]

Apart from our own publicity, another role in which we are said to be notoriously bad, according to Senator Stanbury, is that of communicators with our constituencies. How right he is. Not five per cent of the Canadian people know the name of their senator. There are some notable exceptions, of course, adds Senator Stanbury, but he admits that most of us, including himself, have left the job of communication of government programs and relevant political activities to the members of Parliament and other elements of the party organization. For example, the policy of bilingualism could be explained perhaps more freely, in a more relaxed manner, by senators than by M.P.s, and some of our colleagues rightly suggested that.

It is true that every one of us—Liberals, Conservatives or Independents—could do much better about establishing some liaison with the people, in demystifying the image and function of a senator which is too closely linked with that of a millionaire playing golf or dozing in his red leather armchair. Another useful thing for the Senate to do would be to keep a monthly list of the commitments of every senator on outside duty. We generally ignore the whereabouts of our colleagues in that respect, and I feel that we should be kept informed of these activities. It would help us to counteract vicious propaganda.

[*Translation*]

With regard to the rules and procedure, I leave it to the parliamentary veterans to suggest changes which they deem appropriate. There was something, however, which was puzzling me—the debate just ended has partially replied to my question—the fact that topics for discussions are on the order paper for months and months without any further attention being paid to them. I was wondering if this was due to procrastination as Senator Croll once suggested or if such inertia was caused by the lack of preparation on the part of those who moved the adjournment of this or that debate. Either way, these items on the order paper or these notices of inquiry remaining many months in the Minutes of the Proceedings smell terribly of dust.

No doubt I will shock many by suggesting that time has come to drop the title of honourable which to the ears of an important segment of the population sounds a little too pompous and dignified, thus antagonizing many. What we would lose in prestige we would gain no doubt in popularity.

Another comment about an altogether different issue. So as to restore better balance between two languages, which is now tipped at least 90 per cent in favour of English, it would be advisable if French-speaking senators were to express themselves more often in French. I take this opportunity to congratulate and thank the bilingual English-speaking senators for their occasional contribution and I add that such contribution is greatly appreciated.

I would also consider the possibility of holding more sittings during the same week, even if that meant a possibility of no sittings during the following week—which would save time and money.

At the outset of my remarks, I said that I support most changes which Senator Langlois approved among those proposed by Senator Croll. Let me list a few, including, for instance, representation in this house from the Northwest Territories and Yukon as well as a larger representation from western provinces, as advocated also in the report of the Joint Committee on the Constitution. I would also approve increased representation from various political parties and minority cultural groups, as well as the setting up of a Senate standing committee on Canadian affairs.

I agree with the joint committee's other suggestion that the Senate might deal with more bills and inquiries and that it might, in a way, serve as an agent between the people and the government on contentious issues. I would also endorse the abolition of restrictions imposed on Quebec senators, the abolition of the 30-year age limit and the abolition of requirements relating to property qualifications.

Finally, I also agree with the principle that the Prime Minister might consult the leader of the federal opposition or premiers of provinces or specific ethnic groups before making his final selection of Senate candidates.

I am somewhat cautious about the concept of changing the Senate into a house of provinces, in a similar way as the West German Bundesrat, a concept that was put forward by political expert E. D. Briggs—whom you undoubtedly know—as a means of rehabilitating the Canadian Senate. I leave to my elders in this house the duty of discussing that matter.

However, I think in summary that considerations that are essential to any attempt at reform, listed in 1963 by famous professor Robert Mackay in his book entitled *The Unreformed Senate*—which was revised in co-operation with Senator Croll—are still quite the same.

Those considerations are the following: First, that the assembly of senators better reflect the trends of public views in this country; second, that the Senate carry some degree of representation if it is to have the moral authority necessary to draw respect and attention across the country; third, that its autonomy be preserved and if possible strengthened; fourth, that the reform not be drastic enough to prejudice the efficient operation of parliamentary government as it has developed in Canada.

According to those esteemed colleagues who spoke before me in this debate, it seems that some of Senator Croll's 12 recommendations would considerably upset the mechanisms of our parliamentary system.

Professor Mackay was no doubt thinking about those possible upsets when he wrote ten years ago:

> Canadian authorities can continue to consider it surer and easier to leave again that problem unsolved, as is the case with several other political problems.

Still according to him, I conclude by suggesting that the Senate, if it were given the opportunity, could certainly play a more dynamic and useful part in Canada's political life. But I join with the authors of the report of the Joint Committee on the Constitution in saying:

> If Canadian governments in the past have paid only lip service to Senate reform, the Senate itself in recent times has made great efforts to improve itself.

[Hon. Miss Lapointe.]

Personally I have but one more wish to make: that it continue in that direction, spurred first by the awakeners who sit in this house.

[*English*]

Hon. Edward M. Lawson: Honourable senators, in adding the views of an Independent in this chamber on Senate reform, my remarks will be somewhat shortened because of the excellent presentation we have just heard. However, I do want to comment, because this is one of the few occasions on which the call for Senate reform has a valid base. It is a call by one of our fellow senators.

I have been concerned about a tendency in this chamber always to be on the defensive, to allow ourselves to be intimidated, almost, by members of the other place, and by people throughout the country from time to time, who consider that if there is nothing else newsworthy then ideally they can take a shot at abolishing the Senate, or kicking the Senate.

With that in mind, I am pleased to pay my respects to Senator Croll for raising this issue so that we can make an objective analysis here. Having said that kind thing about Senator Croll, I hasten to take issue with some of the points he made.

First, I do not agree with the suspensive veto. It seems to me that before we hurry to change the power of veto that we have, we must agree it should be only as a result of abuse by this chamber in exercising it. Surely, if there is any criticism it is that it has been exercised too few times, not too often. It has never been abused, and, in my view, a suspensive veto would simply weaken the effectiveness of this chamber. Surely it is far better to have something with meaning and substance that we can use when the situation is so desperate as to demand its use, then it would be to have a suspensive veto that, in my view, would be a meaningless thing and would have a tendency to weaken our relationship as a part of the parliamentary system.

Senator Croll's second point about additional distribution of senators and greater representation from the West has already been commented on adequately. I support that as being of considerable merit.

The third point that Senator Croll made, that the supporters of any one political party should not comprise more than two-thirds of the membership of the Senate at any one time, has merit. One of the things desperately needed here is to have at least this side of the chamber loaded with more Conservatives, or more Opposition members. I think there should be more balance. That greater balance in the house would make for a better discharge of our duties in the committees, for the quality of debate, and for the working and effectiveness of the Senate. So certainly I endorse the proposal to have more Opposition members—either Conservatives or members of any other party. I should be more careful, and not say the Senate should be "loaded with more Conservatives."

I am not sure that I totally agree with Senator Croll on the question of a compulsory retirement age. We could have retirement at 70 years of age, but that should be optional, with mandatory retirement at 75.

I do not agree with the suggestion that to be named to any position, such as that of leader or chairman of a

committee, a senator should be under 65. It would be sheer folly, from the point of view of perhaps a younger member of this chamber, to deny ourselves and the country the competence, skill, wisdom and experience that senators who have passed the age of 65 can bring to bear on particular problems—and here I am thinking of Senator Croll himself, Senator Hayden, Senator O'Leary, and others.

I had the privilege a few years ago to serve on a royal commission, two members of which were over the age of 70. They were two of the youngest minds it has been my privilege to serve with. I do not think youth has any monopoly on wisdom. I have found old men of 40 and young men of 75, and I take issue with that proposal, as I do not think it is in the best interests of the Senate or the country to support it.

Honourable senators, I do not agree with Senator Croll's view that the Speaker, the Government leader and the Opposition leader should be elected by the members of this house. This is an appointed chamber, and I find it inconsistent to talk about electing these officers. The Leader of the Government in the Senate should be the choice of the government. He should be someone in whom the government has confidence. We should have a relationship or liaison with the Cabinet by which we can express our concerns and views, and the senator who performs that function and that of transmitting information back to us must have the confidence of the cabinet. I have mixed views on whether the government leader should have the support of another member of this chamber as a member of the cabinet, but we should do everything we can to make the Senate a more effective body.

I do not agree with the view that the Government leader and the Opposition leader should serve for only one Parliament, and not be eligible for re-election. They should serve for the Parliament, but then should be eligible for re-election. A determination should then be made on their competence, their work, and their performance. If they are worthy of re-election, they should be entitled to re-election.

I am afraid I do not agree with Senator Croll's eighth suggestion, that the Government leader in the Senate should not be a member of the Cabinet. It is very important that he should be a member of the Cabinet, and we should not fall into the trap of promoting further isolation, further removal, of the Senate as a part of the parliamentary system. There are two houses, but a single Parliament. We should maintain very strong ties and should not allow any separation in that regard.

Senator Lapointe made a point about minority groups being under-represented in the Senate. That is true, and there is need for a broader input of Canada as we know it from the various sections. When I look around I do not see very many—I was going to say "working men," but there are many working men here—trade union representatives in the chamber. There are other groups also that are under-represented and it would make for a chamber more reflective of the Canadian people if that very valid point were implemented.

Senator Croll suggested that the chairmen of standing committees should not be eligible for re-election. I agree that they should serve for one Parliament, but on merit they should certainly be eligible for re-election. We should not deny ourselves the competence and calibre of such people with proven records of ability and understanding of the committee function.

The final recommendation in Senator Croll's list of twelve is that there should be constituted a standing Senate committee on miscellaneous Canadian affairs to deal with various matters such as he enumerates. It is my opinion that that has considerable merit and is something that should be considered.

What troubles me is our tendency to allow ourselves to be intimidated. We have almost fallen into the trap of "going along," and one subject no one likes to talk about is that of salaries. I think it was a mistake on the part of this chamber to agree that there should be a different scale of either salary or expenses from that of the other house. I do not accept the view that constituents in the various parts of the country we represent are concerned only with going to MPs, and that the costs or expenses of MPs are greater than those of members of the Senate.

I do not know how this affects other senators, but I presume their experience is the same as mine. I receive many complaints, grievances and problems of a federal nature that people in my community want me to raise in Ottawa. It would be easy for me to tell them to go and see their MP, but have I the right to do that? Is it not my responsibility to deal with those problems on their behalf when I have the opportunity to do so? It is not a question of dollars as such but it is a question of eroding the prestige of this body and lessening its function. A case can be made for equal pay for equal work. Perhaps it is of a different style or different form, but we should not allow ourselves to fall into the trap of agreeing to any lesser salary or expense schedule than that which applies to the other house.

I have read in recent weeks, as I am sure everyone has, about the possibility of establishing constituency offices at an additional cost of $6,000 or $8,000 a year. If that should be proposed, then as good a case can be made for members of this house to have offices of a similar type established. Perhaps this is the weak link. We are talking about communication with constituents, and we should be more readily available to hear and deal with their problems. A constituent's problem may very well be a matter for referral to his or her elected member of Parliament, but there are matters that we can properly deal with and for which we have a responsibility.

On the question of salaries, the honourable senator who spoke just ahead of me talked about its being somewhat of a part-time job to be here. Yes, it is, but many people would find that they simply could not afford to live totally on the salary of a senator. If this is to be a full-time job then we must think in terms of substantially raising the salaries in both houses and making it possible for a parliamentarian to devote the whole of his time to his duties, although I do not particularly share the view that this should be a full-time job.

It is important that members of this chamber should represent involvement throughout the community and in all the various facets of the economy—the professions, labour and management. It is important that members of this chamber should have been involved on a day-to-day

basis in what is happening in the community as a whole. A membership such as that, plus some who after long experience have retired, would make this a very up-to-date chamber. So it is important that we should not allow the status of the Senate to be eroded in any way.

There is one thing that we have allowed to happen, and I am troubled by it although I have seen a marked improvement in the last couple of years. Not only have we been subjected to some criticism from members of the other house from time to time, but the attitude of the press towards us has been extremely bad. I really think that, to a large degree, is our own fault. I know that when we conducted the last major study of tax reform we received extremely bad press coverage. Those of us who took issue with the press and criticized them for not being here to know and understand what we had done, for not attending the committee meetings to know what had taken place there, found that when we made the position clear and said, "You are simply not telling the truth in the way you are reporting this," there followed a marked improvement in the calibre of reporting.

This is certainly the case in British Columbia. The Vancouver *Sun* and the Vancouver *Province* are to be highly commended for the kind of reporting that is now appearing in their pages. I think that is the direct result of our saying to them, "No, we are not going to be intimidated by your criticism. We accept that you have the right to make valid criticism, but you also have the responsibility to report the efficiency of, and the excellent work done by, the Senate and its committees. All we are asking for is fair treatment." When we take that position we seem to improve our press relationships and our communications with the people.

● (1510)

The most recent thing that is heard from time to time is almost a plea or a hope that we could have Senate committees of the nature of the showcase in the United States. Well, the Senate committee there is a showcase. The people can see senators in action, asking tough questions and going through the whole process, and so on. I do not know how to go about initiating a scandal so that we can have a showcase to bring the television in here. I do not think there would be many members of this house, if any, who would want to be a party to a kind of Watergate scandal. Perhaps we would get more volunteers if we suggested the British-type scandal. It seems that there is a need—and perhaps we should be talking to the CBC—to have some of the committee meetings properly televised.

A press reporter for whom I have great regard was telling me a few weeks ago why he attended a Senate committee meeting. When I saw him I asked, "Why are you here?" He replied, "It is simple. When I really want to get to the guts of an issue or the thrust of a piece of legislation, to know what is really intended, I go to a Senate committee. That is where I hear questions put that go to the root of the legislation and I get a better understanding of what is behind it." I think that was a very fine compliment to pay to committees of the Senate. I also think that it is the kind of thing that should be more widely known.

I received a letter from a school in Kitimat, British Columbia, saying that they thought the Senate should have committees and that they should work on all kinds of problems; that they should help the members of Parliament. They had no knowledge or understanding whatever of the role or function of the Senate and its committees. I took the precaution of getting some of the fine pieces of work which Senator Croll prepared on poverty, which Senator Lamontagne prepared on science policy, as well as Senator Davey's report on the mass media, and I bundled these up and sent them to the school. I said, "Let me know when you have read all this, and I will send you some more."

But, really, in retrospect, whose fault is it? Is it the school's fault for not being aware of what is taking place? Is it the teacher's fault? Or is it perhaps our fault for not making what takes place in our committees well enough known?

I think any committee report which is printed and published in book form should be made available to, and even sent to, all of the schools across the country so that they can know and understand what we are doing. I would not be a bit interested in hearing somebody say that that would be terribly expensive. I would not be concerned about that. Perhaps we should get an Opportunities for Youth grant, or a special grant of some kind, and spend it on making Canadians, especially young Canadians, aware of what their Houses of Parliament are doing, what this chamber is doing, what its committees are doing, the role it is playing, and our hopes for the future.

In spite of all the criticism, I would mention that in a serious and heated debate in the provincial legislature—and, Senator Croll, I think this will please you somewhat—in which members of four different parties were involved, they all used as authority for their very valid points Senator Croll's report on poverty. Is it not interesting that a defunct, non-functioning body of people sleeping in red chairs, somehow produced a report which those members of the provincial legislature quoted as their supreme authority for the points they were making? I think that is a fine commentary on the calibre of performance of the committees of this house.

I am somewhat troubled by the question of reform. I think one honourable senator made the point a couple of weeks ago by saying that if you move one part, perhaps all the other parts do not necessarily fall into place. We need to be very careful in the way we go about Senate reform. Perhaps there is a greater need for reform of senators and our attitudes than there is for reform of the chamber or its role. We need to be far more aggressive. If we were being rated as a football club is, we would have a weak offence and no defence. Really, with what is performed by this chamber and its committees, with the kind of raw material available to us, we should go on the offensive; we should be far more aggressive in dealing with criticisms made of this chamber. We should adopt suggestions such as that made by Senator Lapointe, that we should be more involved throughout the community as a whole, and should point out our accomplishments, our role and our function.

We should be very cautious, in my view, in changing the rules. I think we should go slowly, because many of the rules we are talking about changing have never been operated at full speed. And so a word of caution. I think

that apart from the few points I have made, the basic structure is sound. As to matters that we are concerned about as individual senators, well, I know that in my own case there are many things that I have not initiated or done but which it is possible for me to have done under the rules. Until we have exhausted all our rights and privileges—and perhaps even obligations—here under the present machinery, we should proceed cautiously and slowly about changing old or adopting new machinery.

Hon. Mr. Molgat: Honourable senators, if no other senator wishes to speak, I will move the adjournment of the debate.

Hon. Mr. Croll: Honourable senators, I have no objection, but I assume that until such time as a ruling is brought down we will proceed in accordance with the suggestion made today that any honourable senator who would like to speak will have the right to do so, not by leave.

Hon. Mr. Flynn: Hear, hear.

Hon. Mr. Molgat: I wish to make it very clear, honourable senators, that the reason I moved the adjournment of the debate is that I understand there are other honourable senators who wish to speak but who are not here. Rather than have them lose their opportunity, I moved the adjournment.

Hon. Mr. Flynn: You said they would yield to the Leader of the Government, if he wished to speak. I have been waiting for him.

Hon. Mr. Molgat: And they would yield to the Leader of the Opposition as well.

On motion of Hon. Mr. Molgat, debate adjourned.

EXPORT DEVELOPMENT CORPORATION

CONSIDERATION OF REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE

The Senate proceeded to consideration of the Report of the Standing Senate Committee on Banking, Trade and Commerce on the structure, policy and operations of the Export Development Corporation, which was tabled on Thursday, June 14.

Hon. Salter A. Hayden: Honourable senators, the report itself has been tabled and, in my view, is clear and complete. I do not propose, therefore, to discuss the details of it.

However, I do intend to tell you that the president of the corporation, Mr. Aitken, appeared before us in the course of our examination of this reference from the Senate. He has also appeared before us on previous occasions when amendments were being dealt with. It is the wish of the committee that I should report to the Senate our view that the corporation is under excellent management and direction, and that the person we have as administrator of the corporation's affairs is very capable. He is fully aware of the problems, purposes and responsibilities of this corporation, and I think the country is fortunate to have such an able administrator in charge of such a responsible job.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this order is considered as having been debated.

Hon. Mr. Flynn: I thought the idea was to adopt the report.

The Hon. the Speaker: There was no motion.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 5, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

INCOME TAX ACT (No. 2)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-192, to amend the Income Tax Act (No. 2).

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Tuesday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

First Annual Report of the National Farm Products Marketing Council, including a statement of expenses, for the fiscal year ended March 31, 1973, pursuant to section 16 of the Farm Products Marketing Agencies Act, chapter 65, Statutes of Canada, 1970-71-72.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON ADVANCE EXAMINATION OF BILL C-192, TO AMEND THE INCOME TAX ACT (No. 2) TABLED AND PRINTED AS AN APPENDIX

Hon. John J. Connolly: Honourable senators, on behalf of the Chairman of the Standing Senate Committee on Banking, Trade and Commerce, I desire to table a report of the committee on Bill C-192, to amend the Income Tax Act (No. 2), pursuant to order of the Senate of June 14, 1973, authorizing the committee to examine any bill based on budget resolutions in advance of its coming before the Senate.

Honourable senators, I would ask that the report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, pp. 835-837.*)

[*Later:*]

Hon. Mr. Flynn: Honourable senators, I am not clear as to what is intended with regard to the report tabled by Senator Connolly (Ottawa West) on Bill C-192. I thought it would be moved that the consideration of that report take place at the same time as we examine the bill on third reading. Is that the intention?

Hon. Mr. Langlois: That should be the intention.

Hon. Mr. Flynn: No motion was made.

Hon. Mr. Langlois: No motion was made.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, July 10, 1973, at 8 o'clock in the evening.

Honourable senators, before this motion is put, I should like to give a preview of what is in store for us next week.

We now have before us Bill C-192, to amend the Income Tax Act (No. 2), dealing with corporate income tax. Senator Hayden will move second reading of this bill on Tuesday evening. As honourable senators know, the Standing Senate Committee on Banking, Trade and Commerce has examined this bill in advance of its coming before us, and Senator Connolly (Ottawa West) has just tabled the committee's report on its findings. The same procedure has been followed with Bill C-193, to amend the statute law relating to income tax (No. 3) dealing with personal income tax, and Senator Hayden will table the report on that bill on Tuesday evening also. It is expected that Bill C-193 will pass the other place today or tomorrow, so we shall have both income tax bills before us next week.

The Standing Senate Committee on Banking, Trade and Commerce will sit on Wednesday and Thursday of next week, and my information is that Senator Hayden will be in a position to table the report on direct foreign investment in Canada on Wednesday next.

On Thursday Senator Aird will table the report of the Standing Senate Committee on Foreign Affairs respecting that committee's study of the expanded European Communities.

The Standing Senate Committee on Transport and Communications will meet on Tuesday, Wednesday and Thursday to examine the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada. As senators will recall, this examination was authorized by the Senate on May 24 and the committee hopes to have the report thereon ready for presentation to the Senate before Parliament adjourns for the summer.

In addition to the foregoing, there is Bill C-21, to amend the Harbour Commissions Act (Nanaimo Harbour Commission), on the Order Paper for second reading on Tues-

day. This is a public bill by a private member. Also, debate will continue on Senator Croll's inquiry respecting Senate reform.

I am not in a position to say definitely what other legislation will reach us next week, but we should have Bill C-197, to amend the Immigration Appeal Board Act, and perhaps one or two others.

Motion agreed to.

THE SENATE

TELEPHONE SERVICE DELAYS—QUESTION

Hon. Donald Cameron: Honourable senators, I should like to ask the Leader of the Government if he could initiate some steps to have something done about the most unsatisfactory situation with respect to the long distance telephone service, certainly as far as Western Canada is concerned. I apologize for not giving him notice of this, but there is no rush about it.

For example, on Tuesday, July 3, at 11.13 in the morning, I tried to get through to Calgary. I rang 151 and that phone rang from 11.13 to 11.30, with no answer from the local operator in Ottawa. I complained to the supervisor and she said the operators were busy. At 5.41 p.m. on that same day I tried to get the same call through. The phone rang consistently from 5.41 until 6 o'clock, at which time I hung up.

That is the sort of thing that has been going on. Whenever one picks up the telephone and dials 151 to get to Western Canada, it takes from 3 to 7 minutes—and the other day it was 17 and 19 minutes—before anyone answers. They say they are busy, so there must be something seriously wrong with Bell Canada's operation. I think it is high time something was done about it.

Hon. Mr. Martin: Honourable senators, Bell Canada is in the private sector, of course, but I will certainly do what I can to accommodate Senator Cameron who, I know, is a sincere and devoted user of the telephone system.

Hon. Mr. Benidickson: Honourable senators, I am not a great user of the telephone service. I am an Ottawa resident most of the time, and a part-time resident of Kenora-Rainy River, and I think you will be interested in my experience. This very morning I spoke to Mrs. Carrière, the representative of Bell Canada, and I told her that we as a Senate do not want second-class service. I will leave it at that.

● (1410)

[*Translation*]

VIETNAM

DISAPPEARANCE OF TWO CANADIAN OFFICERS ATTACHED TO INTERNATIONAL COMMISSION OF CONTROL AND SUPERVISION—QUESTION

Hon. Mr. Asselin: Honourable senators, to get back to the question period, I have a question for the government leader.

I would like to know what the government is doing about the search for the Canadian members of the control commission being held prisoners by the Viet Cong? Have there been any further developments? Has the government succeeded in locating their whereabouts?

Hon. Mr. Martin: There has been no news since yesterday's statement to this House, but I think that I will have something to say on the matter later in the day, and if I have the opportunity I will then answer the question more fully.

[*Later:*]

Hon. Mr. Martin: Honourable senators, with the permission of the house may I return to the question period?

Some Hon. Senators: Agreed.

Hon. Mr. Martin: In reply to the question put to me by Senator Asselin at the beginning of the sitting, I have received the following information: We are encouraged by recent events. Though in the last five days we have had no new information on the actual whereabouts of Captain Patten and Captain Thomson, the discussions being held between the ICCS and the representatives of the PRG in Saigon, are now showing promise that their return can be arranged. The Canadian delegation is vigorously continuing its efforts, both within the ICCS and in direct contacts with the PRG representatives. An ICCS team is now being organized with a view to recovering the two officers, and we are awaiting news about this. For the moment we have no further information. We shall inform this house as soon as the government has received any more news.

[*English*]

COMMUNICATIONS

LAUNCHING OF ANIK II OF TELESAT CANADA—DEBATE CONCLUDED

The Senate resumed from Wednesday, May 23, the adjourned debate on the inquiry of Senator Grosart calling the attention of the Senate to the launching of Anik II of Telesat Canada at Cape Kennedy, Florida, on Friday, 20th April, 1973.

Hon. Gildas L. Molgat: Honourable senators, it had been my intention to speak in glowing terms about communications within Canada, but when I heard Senator Cameron's initial comments a moment ago, I thought I might have to revise my speech for the afternoon. However, I find that Senator Cameron's complaint is really one about government service or Bell Canada service of an internal nature, and not one concerning Anik II or the very fine accomplishments of Telesat and of Canada in the communications field.

[*Translation*]

I would like to add a few words to those of Senator Grosart, my leader Senator Martin, and Senator Buckwold. Their contributions to this debate are very important, for communications are a matter of major importance for the well-being of our country. Geographically, ours is the second largest country in the world, and with a small population scattered across the country, it is essential that we have an excellent system of communications. I would like to congratulate Senator Grosart for proposing this debate, which has allowed us to study the matter and to see how Canada has, in fact, taken the lead in this field.

[*English*]

Senator Grosart has covered in detail just what Anik II has accomplished in order to provide a better communica-

tions system throughout our country. I believe Canadians have reason to be proud of what has been done in this field.

Important as it is to Canada, I think that we have really done more in this area than could have been expected in a short period of time. It was only in 1966 that Canada established the first earth station to pick up the Intelsat communications—the International Communications Network, the first station of which was established at Mill Village, Nova Scotia. It picked up from the international satellite the communications of importance to Canada.

Following on that, we proceeded to a purely Canadian development in the satellite field—not in the communications field, it is true, but nevertheless in the satellite field—and in a very successful way with the first Canadian satellite, Alouette I, which in turn was followed by Alouette II and Isis. Here again Canada achieved a remarkable record. Alouette I is still in orbit, and while it is true that it was taken out of service last fall, on the anniversary of its tenth year in orbit, we should keep in mind that this is a satellite which was designed for one year of service. Nevertheless, after 10 years it was still in service, and could have continued in service if its information had been of further value. I understand it can be put back into service at any time, if desired. This outstanding success led then to further developments in Canada.

Following this, there was a report in 1967 by Mr. John H. Chapman, dealing with upper atmosphere and space programs in Canada. Shortly after that, the Prime Minister's task force on satellites was established. That task force published a report in March 1968, of which I believe all honourable senators have copies. Following this, and at a very rapid pace, the government proceeded to establish a joint enterprise composed of government and the various bodies in Canada concerned with communications. This followed directly on the recommendation of the task force which had stated:

> —a domestic satellite communications system is of vital importance for the growth, prosperity and unity of Canada, and should be established as a matter of priority.

Many of us may sometimes feel that where governments are concerned matters of priority do not seem to be dealt with very quickly. However, I am pleased to say that this one was, and as early as June 1969 the bill incorporating Telesat was introduced in the House of Commons. On September 1, 1969, Telesat started its operations. Within a very few months a contract was signed with Hughes Aircraft to proceed with the development of the Anik satellite.

The Anik satellite is interesting, honourable senators, in that while it is not a Canadian design—it is a Hughes Aircraft design, since they are leaders in the communications field—it has a substantial Canadian content. The agreement made with Hughes provided that there would be substantial Canadian content in the three satellites in the Anik series ordered by Canada, and in addition that if Hughes succeeded in selling any further Anik satellites to other countries, up to a maximum of 15, the Canadian participation would continue to the same extent up to that number. It is interesting to note that to date Hughes Aircraft have been able to sell six of the series to other nations, and there is a likelihood that more will be sold, largely as a result of the highly successful operation of both Anik I and Anik II. So Canadian scientists who, by the way, participated in the re-design of Anik I, have carved out an important segment of economic and scientific activity for Canadians.

● (1420)

The success of Anik I, which was launched on November 9, 1972, was immediate. It is interesting to note also, by the way, that the whole of the Telesat program was completely on time, in spite of the very narrow timings from September 1, 1969. The projection at that time was to put the first satellite in space in November of 1972, which goal was achieved. The satellite launching was delayed, in fact, because of a small malfunction for two hours, but that was the only delay and Anik I went into space. Anik II, to which Senator Grosart referred, was a back-up for Anik I. It also was launched successfully and both satellites are now in operation. I understand from the experts in the field that once the satellite is launched and it functions on the first day the likelihood is that it will continue to function throughout its life.

The designed life for the Anik series is seven years. The reason for this set timing is that in order to perform its function the Anik series must be in a permanent position. That is, its orbit must be at the same speed as the rotation of the earth so that it maintains a position above the equator. It is interesting, by the way, to note that in the original plans of Telesat it was expected that the location from a longitudinal standpoint would be roughly directly south of Winnipeg. As it turns out, Anik I is directly south of Calgary and Anik II is directly south of Saskatoon, above the equator. In order to maintain their positions, the Aniks must consume fuel which is expected to last for seven years. The purpose of Anik II is really a back-up to Anik I in order to ensure and guarantee to the users that they will have constant use, even if a mulfunction occurs in one of the units.

It is also interesting to note that this is a Canadian first and, in fact, a world first. It is true that there are international communications satellites, but Canada is the first nation to have put into space a domestic satellite. No other nation is anywhere near us in this regard. It is obviously to the credit of the Telesat group that these satellites should function in such a remarkably precise manner, and to the credit of the Canadian scientists involved.

It is with some regret that I agree with Senator Grosart that Canadians have not been made sufficiently aware of this magnificent achievement, something of which we have every reason to be proud and which is so important to many regions of our country.

One needs only to travel through northern Canada to appreciate the importance of good communications. A visit to an isolated community in the Northwest Territories makes one realize how important good, dependable and steady communications are. I recall that during my trips to the North my first expectation was to find that the inhabitants desired access by road, better air service, and so on. The greatest concern I found was for good television, which was much more important to them in many cases because of the long winter nights. Such daily com-

munication with the outside world for those isolated communities is something which can be provided by Anik.

On a temporary basis Anik has a second advantage for us, in that we have been able, because of surplus channels, to rent a part of that space to the Americans. So there is added revenue for the time being, but this, of course, will be temporary. International satellite communications are in the hands of Intelsat, and the Anik series is concerned purely with domestic communications. As soon as the American domestic satellites are in place, they will be using their own, and we shall revert to using Anik exclusively for ourselves. But temporarily the present arrangement is both interesting and useful. It is economically beneficial to us, and also interesting that a Canadian satellite should be providing communications for our American neighbours, whom we normally consider to be far ahead of us in the scientific field. In this case, Canada is ahead.

● (1430)

Where do we go from here? What are the next likely steps? My understanding is that the production of a satellite, from the stage of design to that of putting it into space, involves roughly a three-year period. Canada at the moment has a contract for a third Anik satellite. The likelihood is that it will be launched, at the earliest, in 1975. Contract negotiations are presently in process with NASA and, depending on failures in the present Aniks, changes in communication demands, or commercial changes, there is the likelihood of a launch in mid-1975.

There has been co-operation with the Americans in connection with the launching. A wise decision was made by Canada at the outset not to attempt to develop its own launch vehicle, which is a very expensive process, but to agree to depend on the Americans who had rockets and bases in place, which were effective and which could be used without our being involved in any capital expenditure. At the moment, there are only three pads in North America from which launchings can take place. There are two at Cape Kennedy and one in California. I understand that for the next year those launch pads will be in complete use. One launch per month is scheduled as the American program comes to fruition. There is the likelihood at the moment that Canada may not need to launch Anik III as early as anticipated, because of the outstanding success of Anik I and Anik II.

Canadians can look at this achievement with a great deal of pride. It is something uniquely Canadian. It is something in which we have been a world leader. It is a field in which we can look forward to economic benefits. Because of the technology developed in Canada, and the fact that the whole process has been so successful, it will likely mean that other nations—some are dealing with us now—will be looking to Canada for further scientific help in this field.

I am pleased that Senator Grosart was able to represent us at the launching of Anik II, and that he initiated this inquiry. I hope that more Canadians will look into this program and understand its importance to our nation, and will appreciate how much we owe to those individuals who have been involved in it.

The Hon. the Speaker left the Chair.

Hon. John M. Macdonald in the Chair.

The Hon. the Acting Speaker (Hon. Mr. Macdonald): Honourable senators, as no other senator wishes to participate in the debate, this inquiry is considered as having been debated.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

FIFTEENTH MEETING—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Aird calling the attention of the Senate to the Fifteenth Meeting of the Canada-United States Interparliamentary Group, held at Washington, D.C., and White Sulphur Springs, West Virginia, from 4th to 8th April, 1973.— (*Honourable Senator Molgat*).

Hon. Paul Martin: Honourable senators, when the debate on this order was adjourned, it was done so in the expectation that some honourable senators would be interested in pursuing the discussion. It now seems that this debate has been exhausted, and I consequently ask that it be removed from the Order Paper.

The Hon. the Acting Speaker (Hon. Mr. Macdonald): As no other honourable senator wishes to speak on this item, it will be considered as having been debated.

VIETNAM

VISIT OF CANADIAN PARLIAMENTARY MISSION—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Cameron calling the attention of the Senate to the recent Canadian Parliamentary Mission to Vietnam.—(*Honourable Senator Molgat*).

Hon. Paul Martin: Honourable senators, the remarks I just made with respect to the previous order also apply to this one. I would ask that it, too, be removed from the Order Paper.

The Hon. the Acting Speaker (Hon. Mr. Macdonald): Honourable senators, as no other senator wishes to speak on this order, it will be considered as having been debated.

CEASE-FIRE AGREEMENTS—CANADA'S ROLE IN INTERNATIONAL COMMISSION OF CONTROL AND SUPERVISION—MOTION WITHDRAWN

On the Motion of the Honourable Senator Martin:

That this House welcomes the conclusion of the Agreements on ending the War and restoring peace in Vietnam and notes the provision for an International Commission of Control and Supervision as part of the cease-fire arrangements, in which Canada has agreed to participate for the initial period of 60 days as provided for in the Note, dated January 27, 1973, from the Secretary of State for External Affairs to the four Parties to the Vietnam cease-fire.—(*Honourable Senator Molgat*).

Hon. Paul Martin: Honourable senators, as there has been no indication by any honourable senator of his intention to speak to this motion, I would ask that it be withdrawn.

The Hon. the Acting Speaker (Hon. Mr. Macdonald): Is it agreed, honourable senators?

Hon. Senators: Agreed.

Motion withdrawn.

HUNGARY

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE ADJOURNED

Hon. Muriel McQueen Fergusson rose pursuant to notice:

> That she will call the attention of the Senate to the visit of Canadian Parliamentarians to Hungary, 25th to 30th April, 1973.

She said: Honourable senators, as you know, since I have been honoured by my appointment as Speaker of the Senate, I have not addressed honourable senators from the floor of this chamber. However, I should like to make an exception today because I wish to report to this house on a trip to Hungary made during the Easter recess by a Canadian parliamentary group at the request of the Hungarian Parliament which, as your Speaker, I was privileged to lead.

Before doing so, I should like to take this opportunity to congratulate the Honourable Senator Eugene Forsey on the honour he received at the recent convocation of Mount Allison University in Sackville, New Brunswick, at which he was granted an honorary Doctor of Civil Law degree. It seems a very appropriate degree to confer on him because, although he may never have been admitted to the Bar, we certainly have reason to know that he is "learned in the law," particularly regarding constitutional law.

Hon. Senators: Hear, hear.

Hon. Mrs. Fergusson: My reason for making this report to you is because I believe most deeply in the importance of parliamentary visits between countries. There is no doubt that personal contact between representatives of different nations makes for smoother relations.

In common language, the name of the game may be trade and commerce, but the players on both sides are people. When people of different countries do not know each other, and do not understand or really cannot understand each other, we do not have trade, commerce or cultural exchange. Indeed, we do not have any human progress at all.

I should like to take a moment to refresh your memories about Hungary. Hungary is a small country, approximately two-thirds the size of New Brunswick and Nova Scotia put together. But it has, in that area, 10 million citizens. The first language is Magyar and the second is German. Many Hungarians also speak English, and our hosts provided us with excellent interpreters, particularly Dr. Ferenc Lippenyi from the Institute for Cultural Relations, who was with us continuously. With these interpreters we did not feel any language barrier and were not conscious of any communication problems whatsoever.

[Hon. Mr. Molgat.]

As honourable senators know, the capital of Hungary is Budapest. Budapest, in some ways, reminds one of Ottawa-Hull. Originally it was two cities, Buda and Pest, separated by a river, the Danube. Contrary to the belief we held because of our familiarity with Strauss's "Beautiful Blue Danube Waltz," we were surprised to find that the Danube is not blue at all. However, it is a very busy and a very important means of communication and transportation. One hundred years ago these two cities of Buda and Pest joined to form the city of Budapest, a city which now has a population of 2 million people.

Another resemblance between the two capitals is that Hungary's magnificent, really awesome Parliament Buildings are on the banks of a river, as are our Parliament Buildings. Budapest has many very old buildings which have been almost totally destroyed by wars. They are trying very hard to restore them to their original beauty, and deserve much commendation for the research, work and, particularly, the money which they are putting into this restoration program. We also found that their climate is similar to ours.

Hungary, of course, is a communist country. It is a member of the United Nations, the Warsaw Pact and the Interparliamentary Union, of which we also are a member. Their National Assembly has 11 commissions actively participating in the Interparliamentary Union. They also told us that they have many bi-national groups in their Parliament and, as an illustration of this, they mentioned the Japanese-Hungarian organization which has 42 members in the Hungarian branch and also a branch in Japan, although they did not mention the number of members.

Hungary has an armed force of 95,000, and four Russian divisions are stationed within the country. It lies on the main east-west invasion routes of Central Europe. They say her people occasionally feel isolated in a sea of Slavs.

We had been told that her people are reputed to be the most hot-blooded in Central Europe. I should point out to honourable senators that I was unable to do any personal verification, as I might have had the trip been made 50 years ago.

Parliament in Hungary is a single-chamber legislative body called the National Assembly. There are 349 deputies, of which 84 are women.

The deputies elect the 21-member Presidential Council from their ranks. This council is headed by Mr. Pal Losonczi, who has two deputies. President Losonczi received our group and spent an hour in conversation with us, which, as was pointed out, was recognition of the importance attached to our visit.

We also visited Mr. Peter Valyi, vice-president of the council. Some honourable senators, like myself, may have met Mr. Valyi when he visited Canada in March of this year. Mr. Valyi pointed out that in a number of international forums, such as the United Nations, our two countries agree on many things. He thought parliamentary visits promoted mutual "getting acquainted with each other," and mentioned that he felt there are "no black clouds on the sky of our co-operation."

The National Assembly elects the Council of Ministers, the Supreme Court and the Attorney General. It also approves plans for the economy and the budget.

Elections are held every four years, and the voting age is 18. There is a single political party, which is the Hungarian socialist workers' party, and it controls the National Assembly. The head of the party, the first secretary, is Janos Kadar.

● (1440)

The Speaker of the Hungarian Parliament is Mr. Antal Apro, my opposite number, and our official host. He is an intelligent, charming man, 60 years of age, a most gracious host with a delightful wife, who made the women of our group feel very welcome indeed. Mr. Apro's personal political history goes back to the age of 16. He was an anti-Fascist guerrilla fighter in World War II. Amongst other things, he is a devoted philatelist, and I am pleased to say he seemed to appreciate very much the Canadian first day of issue stamps we carried with us and presented to him.

Mr. Apro has the assistance of two deputies—a woman, Mrs. Gabor Varga, and a man, Miklos Beresztoczy—both elected members of the National Assembly. During our visit they were both very helpful to Mr. Apro and very kind to us. The thought certainly occurred to me that it might be an improvement in our chamber if there were deputy speakers, or even one deputy speaker, to assist the Speaker. Also, I think a church dignitary, whether assistant to the Speaker or not, would certainly add prestige to our chamber, as it does to the Hungarian Parliament.

During our visit we learned that in centuries past Hungary has been a remarkable country indeed. Her people were forced out of Asia in the 10th century and finally settled in the Danube Basin. For centuries after that the Kingdom of Hungary was one of the largest in Europe, second only to France.

In 1919, after World War I, Hungary's size was cut in half. It lost half its people and half its land, and, in addition, its access to the sea. It was, in short, beset upon by traditional enemies. Romania invaded. Budapest was looted. There was the bloody dictatorship of Bela Kun. In the twenties and the thirties Hungary was drawn into the Axis sphere of influence, because the alternative seemed to be annihilation. Finally, Hungary became an extension of the Third Reich. As the Germans collapsed in World War II, the Russians conquered. At the end of the war, in 1945, the communists won 15 per cent of the free vote, and it was not long before they gained control.

In 1949 a constitution modelled in theory and convention after that of the Soviet Union was introduced. We were told that there has been a slow but steady liberalization of the Hungarian society since its internal convulsion was settled by the Soviet Union in 1956.

We were each presented with a copy of the consolidated text of the Constitution of the Hungarian People's Republic, which was passed by Parliament in April 1972. The foreword states that this constitution embodies the fundamental changes that have taken place in the life of the country and the historical results of the struggle for social progress and the building of the country.

We found the Hungarian officials and citizens whom we met to be universally friendly. They were anxious for better trade relations with us, and they seemed eager to accomplish this. They are full of good humour, and they delight in making their points with small appropriate jokes. I am reminded that they were also amused by us, as you will see by an incident which I will refer to later.

You will be interested in the composition of our group. From the Senate there was Senator and Mrs. Welch and myself. From the House of Commons there was Mr. and Mrs. Thomas H. Lefebvre of the Liberal Party, Mr. and Mrs. Gerald W. Baldwin of the Progressive Conservative Party, and Mr. and Mrs. William G. Knight of the New Democratic Party. We were accompanied by Mr. J. W. Dean, Director and Administrator of Personnel of the Senate, and Mr. A. Gilbert, Executive Assistant to the Speaker of the House of Commons, who looked after all arrangements for our Canadian group extremely well.

Hon. Mr. Martin: As a matter of record, I think honourable senators would want to have it noted that Your Honour was chairman of the delegation.

Hon. Mrs. Fergusson: Thank you. Although we had an agenda, our delegation was not strictly bound to any particular subjects of discussion with our hosts. However, it was a serious hard-working group, interested and anxious to learn about the history, culture and economics of our host country, and we found our hosts more than willing to give us information about anything that interested us.

I have travelled considerably with various groups, and it seemed to me the members of our party were very compatible and got along unusually well with each other, perhaps because the group was small. I want to state—because there has been some question about this with other groups—that in my opinion the presence of the wives of the delegates did much to help to bring about the rapport that was established with our hosts.

By way of background to the story I propose to tell, I should explain—I have perhaps been helped in saying this by Senator Martin's interjection—although at our first meeting I spoke at some length, at subsequent meetings, after an address by the person on whom the group was calling, I usually made a few general remarks and then called on some member of the group, who had previously agreed to do so, to reply on behalf of the group, following which there was a general discussion by both sides.

Once, when I called upon Mr. Knight to do this, he began his remarks by saying frankly that it was the policy of his party, the New Democratic Party, to abolish the Senate. I was rather startled, but have thought since that perhaps nothing could have demonstrated more clearly to our hosts that the members of our group were free to speak for themselves. Subsequently, during the discussion, Senator Welch made an excellent contribution supporting the Senate, and I used that occasion to point out to our hosts that our group of parliamentarians did not represent the government, or speak for government policy on the subject of Senate reform, or indeed any other matter. I stated also that we were present as representatives of various parties and that we held individual opinions, as they could very well see, and a variety of views. I think there is no doubt that all this worked to the benefit of more understanding between our two countries.

If Hungarians do not share our ways completely, not just in the matter of not having a Senate of their own,

they are much like us in many things. They serve excellent foods and wine. We were privileged to eat many real Hungarian dishes, and to sample a formidable list of their moderate and delightful wines. We were presented with flowers, both men and women, on very many occasions, and we all thought it was an enchanting custom. In short, we were treated with the utmost friendliness and cordiality.

Our visit was highlighted by some lengthy discussions with senior officials. At the time, they were concerned very much about the International Commission of Control and Supervision in Vietnam. We had not expected to discuss this. But, since events have superseded any discussion we had, and since Canada is shortly scheduled to end its International Commission of Control and Supervision participation, I will not dwell on that subject at present.

Reference was made also to the forthcoming conference on European Cooperation and Security, now taking place in Helsinki, and the hope was expressed by both sides that it would be successful. The Canadians expressed satisfaction that the Hungarian Ministry of Foreign Affairs has been co-operating in implementing the terms of the 1964 Exchange of Notes, which dealt with reunification of families and applications by dual nationals living in Hungary to return to Canada, and we expressed satisfaction that we can count on a re-examination by the Hungarian authorities of difficult cases on the basis of humanitarian considerations, as was agreed in 1964.

It was clear to me at the time of our visit that the Hungarians attached considerable political importance to our visit, both in terms of détente and in the context of Canadian-Hungarian bilateral relations. In the case of the latter, I would like to note simply that there are no negotiations being considered in the areas of aviation and tourism, and also in the area of cultural, scientific and technical exchanges.

Perhaps our warm welcome and the evident interest of the Hungarian parliamentarians and Hungarian people stemmed partly from the fact that we were the first Canadian parliamentary delegation ever to visit Hungary, and only the third parliamentary delegation to Hungary from a non-socialist country. Accordingly, we benefited from a surprisingly frequent and broad coverage from press and television. The cameras and reporters followed us everywhere and while there we appeared practically every day in the press and every evening on the television news.

● (1450)

One outstanding experience was a visit to one of the giant industrial bases of Hungary. This is the Csepel Iron and Metal Works Trust. It is on an island in the Danube. It is a vertical manufacturing giant. It takes the raw materials through complete processing to turn out a variety of products from transformers to bicycles. We saw many bicycles that were to be sent to Canada. We were particularly interested in this, and learned that 260,000 bicycles were being manufactured, as well as component parts, that 40 per cent of these were for export, and that 25 per cent of the total exports were going to Canada. However, only 5 or 6 per cent of the total production of Csepel is bicycles and sewing machines. These are two items that Canada purchases from Hungary. We were pleased when they told us that they consider Canada to be a very fair and correct trading partner.

Honourable senators, I might digress for a moment to say that at one time I found myself seated on one of the bicycles—pedalling. I did not realize, when I got on, that it was an exercise bicycle sample. I have wondered since then if they were politely trying to tell me something.

Csepel's divisions include steel pipes and tubes, metal-based chemical materials for non-ferrous foundries—such as converter copper, lead and tin alloys—and aluminum products. It also has a machine tool plant, a motorcycle assembly plant, and an industrial design institute.

What was particularly interesting to me was Csepel's activities on behalf of its workers. There is, by the way, a shortage of labour and 60 per cent of women work in industry of some kind. I did not find that the workers seemed to be down trodden, with noses to the grindstone, as we in the West often think they are. Rather, I found that workers seem to do well and consideration of worker welfare holds a surprisingly high priority, as I have also found it often does in Japan.

Csepel workers have new housing on the factory island. They have nurseries, kindergartens, technical schools and skilled worker training schools. In addition there is factory sponsorship of amateur artistic groups, special clubs, a theatre, a library, and even a modern audio-visual language laboratory. There are also sports fields and recreation grounds. The Csepel Works sports club competes in national and international events and we were told it has won Olympic gold medals.

Show place it may be—and I am old enough to know what I am looking at, and to be able to assess what is being told to me—but it may be that our own industrialists should take a look at Csepel to discover whether all that might be done in our own plants and factories is in fact being done to increase both productivity and worker benefits.

We were also greatly impressed by the visit to the City of Cegled and the agricultural co-operative farm there, and by our visit to the vice-president of the Central Planning Board. Time does not allow me to enlarge on the many things we learned from them. However, as in the case of Csepel, if we studied what they are doing we might find that there are many ideas we would like to adopt.

I should like to refer briefly to the trade between our two countries. Honourable senators will perhaps recall that Canadians participated in the Budapest Trade Fair again last May. The Hungarians spoke to us quite often about this and they were very pleased that we were participating, and that we have been making some contribution to the trade fair for the last seven years.

It is usually foolish to be very sanguine about the development of exports to eastern European countries. I know this, and Hungary is not any exception. Its trade is dominated by the COMECON bloc. Some 70 per cent of Hungary's trade is with the Soviet Union. We in Canada can understand what that means when we consider the huge and similar volume of trade we are tied into with the United States.

To face facts, Hungary is very poor in natural resources, except for bauxite. Most raw materials have to be imported from the U.S.S.R. Hungary suffers a perennial shortage of convertible currency. And, of course, European suppliers—East and West alike—are much closer than we are. Further, negotiations with the officials of the Ministry of Foreign Trade have been, in the past, often lengthy, to say the least, before any transactions have been actually completed.

It is to be hoped that both we and the Hungarians look upon the Canadian visit as tangible evidence that something must be done about speeding up development of trade between the two countries and increasing the volume. So, present trade prospects should be assessed with an appropriate amount of enthusiasm and also in the light of Hungary's own economic plans.

Briefly, here is the background to recent Canada-Hungary trade. In 1968 Hungary began a policy of economic decentralization—very like that of Czechoslovakia, but not quite as far-reaching and, therefore, not quite as provocative to Russia. Under this plan the state continues to allocate resources and to set priorities through five-year plans. Now individual enterprises decide what and how to produce on the basis of profitability. Since 1968 growth of industrial production has been slow, however, for two reasons. First, there was a sudden and unexpected increase in industrial development. Second, there was an excessive demand for imports because of floods and drought.

At present, trade both ways between Canada and Hungary, exports and imports, is running at about $10 million annually each way. Honourable senators will realize quickly that this is not a very impressive amount, but a bilateral trade agreement was signed between Canada and Hungary on January 18 of last year—that is, in 1972. So it remains to be seen how much effect it will have on commerce between our two countries. Members of this house will, I am sure, like the members of our delegation, wish those engaged in this trade the greatest possible success.

Honourable senators, while the trade relations between our two countries are important to both sides, I think it fair to say that the flow of people is equally important, if not more important, and in this regard Canada has enjoyed much the better of the exchange. There have been six major periods of immigration into Canada from Hungary. The first was in 1848 after Hungary's own war of independence. The two most recent were those following World War II and in 1956. In 1901 there were only 1,500 Hungarians living in Canada and now there are nearly 150,000.

The Hungarian, in my opinion, is one of our most valued immigrants. Hungarians do not band together as ethnic groups capable of acting, and being treated, as pressure groups. Their background and their reasons, public and personal, for coming to this country have been far too varied and mixed to encourage cohesiveness.

● (1500)

The average Hungarian establishes himself as an individual and becomes Canadianized, while at the same time he brings along his own traditions and culture to enrich the lives of those of us already resident here. Indeed, Canadian life has benefited enormously from the immigration of Hungarians. For example, almost all of the nearly 40,000 Hungarians who entered Canada about 1956 were possessed of professional qualifications acceptable here. As a consequence, they were rapidly absorbed into the Canadian community.

Canadian cultural life is studded with the names of former Hungarians: in music, Bartok, and Lazlo Gati, who founded the Montreal Chamber Orchestra; in art, Nicholas Hornyansky, the painter and printer; in sculpture, Dora De Pedery-Hunt; in architecture, George Eber of Expo fame, who designed the "Sermon of Science" pavilion and the aquarium; and in drama, John Hirsh, a co-founder of the Manitoba Theatre Centre.

While I am mentioning names I should mention one Canadian name. I should like to acknowledge the most capable assistance of our Chargé d'Affaires in Budapest, Mr. R. B. Edmonds, who seems to have developed excellent relations with many high Hungarian government officials. I should like also to extend our sincere thanks to his charming wife.

I feel, too, that we should recognize the contribution which was made to our visit by His Excellency Janos Bartha, the Hungarian Ambassador to Canada, and his staff. They helped significantly in the preparations for our visit.

As I have mentioned, upon the arrival of our group, the Speaker of the Hungarian Parliament, Mr. Antal Apro, pointed out to us that our two countries are in a period of lessening diplomatic tension. This is true, of course. It is, therefore, a time for energetic exploration of ways to promote understanding and trade between Canada and Hungary. Not only do we in Canada sympathize with the citizens of Hungary and their problems, but perhaps they will sympathize with us and ours. But more, we two nations can together consider increased co-operation in a variety of ways which may be left to others to pursue and develop.

I look forward, therefore, to one of the results of our visit being the future development of both nations, and the right of each of us to find a place in the world scene. I hope we will do this successfully, in friendship and in peace.

Honourable senators, I thank you for your attentiveness and patience.

On motion of Senator Molgat, for Senator Welch, debate adjourned.

The Senate adjourned until Tuesday, July 10, at 8 p.m.

25862—53

APPENDIX

(*See p. 826.*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON BILL C-192, INTITULED

"AN ACT TO AMEND THE INCOME TAX ACT (NO. 2)",

IN ADVANCE OF THE SAID BILL COMING BEFORE THE SENATE

The Honourable Salter A. Hayden, Q.C., Chairman

25862—53½

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman*

The Honourable Senators,

Aird	Hayden
Beaubien	Hays
Blois	Laing
Buckwold	Lang
Burchill	Macnaughton
Connolly (*Ottawa West*)	*Martin
Cook	McIlraith
Desruisseaux	Molson
*Flynn	Smith
Gélinas	Sullivan
Haig	Walker (20)

*Ex officio members

(Quorum 5)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, June 14th, 1973:

The Honourable Senator Connolly, P.C., for the Honourable Senator Hayden moved, seconded by the Honourable Senator Laing, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider any bill based on the Budget Resolutions relating to income tax in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER,
Clerk of the Senate.

WEDNESDAY, 4th July 1973.

On June 6, 1973, Bill C-192, intituled "An Act to amend the Income Tax Act (No. 2)" received first reading in the House of Commons. This Bill is intended to implement in part the Ways and Means motion which was originally tabled by the Minister of Finance with his Budget Resolutions of May 8, 1972 and which was reintroduced in part on May 29 of this year.

By resolution of the Senate on June 14, 1973, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider any bill based on the Budget Resolutions relating to income tax in advance of the said bill coming before the Senate.

In accordance with the Order of Reference, your Committee has given careful consideration to the said Bill C-192 and in connection therewith has heard Mr. M. A. Cohen, Assistant Deputy Minister, Department of Finance, and Mr. H. E. Garland, Director-General, Tax Policy, Department of National Revenue.

The purpose of this bill is to provide for a reduction in the rate of tax payable on a corporation's Canadian manufacturing and processing profits. The reduction applies to profits earned in 1973 and subsequent taxation years. However, where a corporation's 1973 taxation year commences prior to January 1, 1973, only the portion of the corporation's Canadian manufacturing and processing profits which are allocated, on a pro rata basis, to the portion of the taxation year falling after December 31, 1972, is eligible for the reduced rate.

The effect of the amendments contained in the bill would be to tax manufacturing and processing profits at the rate of 40%. This compares with the 49% corporate tax that otherwise would have applied to manufacturing or processing profits attributable to the 1973 taxation year's profits; the 48% that otherwise would have applied to the 1974 taxation year's profits, and so forth.

Further, to the extent that a corporation's manufacturing and processing profits are eligible for the small business deduction, the effective rate of tax payable would be 20% as compared with the 25% rate payable under the Income Tax Act as it now stands.

The main purpose of the tax reduction is to assist secondary industry which is exposed to foreign competition (and any tax advantage which such competitors may enjoy abroad), to changes in currency valuations and to other international factors. Therefore, certain activities which might be considered in certain circumstances to fall within the terms "manufacturing" or "processing" have been specifically excluded from the benefit of the tax reduction. Among those excluded are primary industries, construction, transportation and, to some extent, communications and other service areas.

Apart from these specific exclusions, the bill does not define which activities will fall within the scope of "manufacturing" or "processing" and which will not. As a result, some difficulty will be encountered in determining which activities will qualify for the reduction. In these cases, rulings may be obtained from the Department of National Revenue and, in the event of dispute, recourse may have to be made to the courts.

As an example, a corporation in the fishing industry would qualify for the reduced rate but only to the extent of its profits, if any, from processing fish and not in respect of its profits from its fishing activities as the latter fall within the specified exclusions. According to the Department of National Revenue, its manufacturing or processing activities would include the smoking, salting, pickling, boiling and filleting or freezing of fish.

In cases where a corporation carries on manufacturing or processing operations and other operations, the Bill provides that the amount of manufacturing or processing profits shall be determined on a formula basis to be established by regulation.

The bill also makes provision for Members of the House to introduce motions to amend the bill. This may be done at any time after March 31, 1974, but can only be accompanied by filing with the Speaker a motion signed by not less than 60 members of the House. Further, the only type of amendments that may be proposed are that the tax deduction be discontinued or reduced in amount or that its application should otherwise be restricted.

Upon the filing of such a motion, the House must consider the motion within fifteen days of the date on which it was filed. If it is approved by the House, with or without amendment, the Minister of Finance must "forthwith" take such steps as are necessary to place a measure before the House giving effect to the motion.

The use of the word "forthwith" in these provisions has been the subject of some criticism on the ground that it lacks the degree of precision necessary to ensure that a motion which has been approved by the House is given effect as quickly and expeditiously as possible. However, it is possible that this defect may be remedied before the bill comes before the Senate.

Your Committee wishes to express its appreciation for the services rendered by Mr. Albert Poissant and Mr. Charles B. Mitchell of Thorne Gunn and Co., chartered accountants, and its legal counsel, Mr. Thomas S. Gillespie of Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery and Renault.

Your Committee has examined and considered Bill C-192 in accordance with its terms of reference and assuming that the amendment described above is made in a satisfactory manner, has no objection to make to the bill either in form or substance.

Respectfully submitted,

SALTER A. HAYDEN,
Chairman.

THE SENATE

Tuesday, July 10, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

ORDERS OF THE DAY

SPEAKER'S STATEMENT ON POINT OF ORDER

The Hon. the Speaker: Honourable senators, I should like to deal with the point of order which was raised by the Leader of the Opposition on Wednesday, July 4, 1973, which is to be found on page 815 of the *Debates of the Senate*.

Senator Flynn asked if it is within the discretion of an honourable senator to decide whether or not an order of the day should stand indefinitely. My understanding of the practice of this chamber is that the Senate itself makes all decisions. When this point of order was raised I would have been prepared to state that it is my opinion that when an order is called and the person in whose name it has been adjourned says "Stand," his action is understood to be equivalent to a motion to further adjourn the debate. Usually no objections are raised. If it happens that another senator is prepared and wishes to speak at that time, it is customary, as the Honourable Senator Martin pointed out, for the person who has asked to have the order stand to give way. If objections are raised by any senator to the order standing longer, the person who has said "Stand" should either speak or move to further adjourn the debate, and a vote should be taken on the motion.

Honourable senators, it is my opinion that, like everything else, these matters are completely in the hands of the Senate itself; and it is unthinkable that an order of the Senate could be in the hands of any one senator.

This, honourable senators, would have been my interpretation of the rules that day, and I would have been prepared to give it had it not been that twice during the discussion on the point of order raised by Senator Flynn reference was made to an opinion attributed to a former Clerk of the Senate, that the senator who had said "Stand" in such a case had the right indefinitely to control the debate.

As I have very great respect for the previous Clerk of the Senate, I felt I should look into the matter before I made any statement. I got in touch with the former Clerk of the Senate—directly by telephone, I might say, as he is out of town—and I read him the references made to his supposed opinion in this matter. He assured me that he had no recollection of ever making such a statement, and that he did not hold such an opinion. I would add that the opinion of the former Clerk confirmed my own opinion, and it is also that of the Officers at the Table.

Honourable senators, I should like to say that I have given considerable time and study to this point of order raised by Senator Flynn. I would refer honourable senators to a ruling made by the then Speaker, the Honourable Senator King, on April 11, 1946, which is reported at page 135 of *Debates of the Senate* of that year. The order was for the resumption of the debate on the motion for the second reading of a bill. The senator who had adjourned the debate said "Stand" when the order was called. One senator expressed his opposition to the adjournment, and the Speaker ruled as follows:

> Honourable members, the order in question is: "Resuming the adjourned debate on the motion for the second reading of Bill G, an Act to amend the Dairy Industry Act." It will be recalled that yesterday the honourable leader to my left (Hon. Mr. Haig) adjourned the debate. Today he has asked that the order stand. That is tantamount to a motion for the further adjournment of the debate. The matter is now in the hands of the house.

Following that, His Honour, the Speaker called for the Contents and Non-contents, and the vote was taken.

Honourable senators, I fully concur in that decision, and I would be ready to follow that practice and precedent should I be called to make a ruling in similar circumstances.

INCOME TAX ACT (No. 3)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-193, to amend the statute law relating to income tax (No. 3).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin: Honourable senators, I beg to table certain documents required to be tabled.

Hon. Mr. Flynn: By law?

Hon. Mr. Martin: Some, but not these. These by tradition.

Hon. Mr. Molgat: By courtesy.

Hon. Mr. Martin tabled:

> Text of the Final Recommendations of the Helsinki Consultations relating to the Conference on Security and Co-operation in Europe.

Statement by the Secretary of State for External Affairs to the Conference on Security and Co-operation in Europe, Helsinki, July 4, 1973.

Submission of Canada in accordance with Chapter 1, paragraph 6(b) of the Final Recommendations of the Helsinki Consultations, made in Helsinki, July 5, 1973.

Communiqué of the first stage of the Conference on Security and Co-operation in Europe, which took place in Helsinki, July 3-7, 1973.

INCOME TAX

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE ON ADVANCE EXAMINATION OF BILL C-193, TO AMEND THE STATUTE LAW RELATING TO INCOME TAX (No. 3) TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Banking, Trade and Commerce on Bill C-193, to amend the statute law relating to income tax (No. 3), which was authorized by the Senate on June 14 last to examine any bill based on the budget resolutions relating to income tax in advance of the bill's coming before the Senate, or any matter relating thereto.

I would ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, pp. 847-850.*)

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF THE SENATE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Transport and Communications have power to sit while the Senate is sitting tomorrow, Wednesday, July 11, 1973, and Thursday, July 12, 1973, and that Rule 76(4) be suspended in relation thereto.

Hon. Mr. Flynn: Explain!

● (2010)

Hon. Mr. Langlois: Honourable senators, the Chairman of the Standing Senate Committee on Transport and Communications is probably in a better position to explain this than I am. Nevertheless, as I announced last Thursday when moving the adjournment of the Senate until today, the Transport and Communications Committee will be sitting tomorrow and on Thursday, studying the question of television advertising made in the United States, and the possibility of having such advertising made completely in Canada. Witnesses from outside Ottawa, from Montreal and Toronto, have been invited to appear before the committee to give evidence.

This motion concerns the sittings of the Senate tomorrow afternoon and Thursday afternoon since the committee has scheduled sittings to commence at 2 o'clock tomorrow and at 3 o'clock on Thursday. In the circumstances it is possible that only a short part of our proceedings in the chamber would be affected by the sittings of the committee.

I understand that the matter has been discussed between Senator Bourget, the chairman of the committee, and the Leader of the Opposition. I commend this motion to the house.

Hon. Mr. Flynn: I agree that Senator Bourget has talked to me about this, but that does not mean I have indicated my agreement.

Hon. Mr. Langlois: I did not say that.

Hon. Mr. Flynn: I know you didn't, but there was an implication. As honourable senators know, we on this side of the house are opposed to this kind of motion. Here again, however, we are faced with a fait accompli because witnesses have been summoned, and it would create quite a disturbance if we were to oppose the motion. I must further say that I think the committee is doing a rush job and I disagree with the methods it is following. Trying to solve or even to report on a problem of this magnitude, after three or four sittings, especially at this time of year, in my opinion, is not wise. However, I shall leave the responsibility to the majority in this place—which certainly is not around me.

Hon. Mr. Bourget: Honourable senators, it is not my intention to add much to what has been said by Senator Langlois. He has given the reasons why the committee has asked leave to sit while the Senate is sitting. It will be recalled that this motion was approved at the end of June and the subject matter was referred to the Standing Senate Committee on Transport and Communications. As you are aware, Senator Haig unfortunately was ill and I was asked to act as chairman of the committee. We had our first meeting at the beginning of July and it was decided, because of the importance of the subject matter, that the committee should make some kind of recommendation to the Senate.

Hon. Mr. Flynn: That is right, some kind of recommendation.

Hon. Mr. Bourget: And that is the reason a decision was taken by the committee to hear witnesses starting today. We did start this afternoon and heard two groups. Tomorrow morning and afternoon we shall hear from four more and from a further four on Thursday.

I understand that the Leader of the Opposition is quite right; we did ask for permission because we had to face special circumstances. We have now started our work, and invitations have been sent to witnesses from Montreal and Toronto. Some of them are already here, and I hope the Senate will agree with the motion moved by Senator Langlois.

Hon. Mr. Grosart: Honourable senators, I object to this motion on principle. And, as I have said before, I intend to object any time that any committee asks permission to sit while the Senate is sitting. There are very good reasons for this, particularly from the point of view of this group here

where we have a real problem in discharging our responsibilities in the Senate and in committees.

I have the very greatest respect for Senator Bourget who, as a former Speaker, I know is most anxious to keep the rules of the house and would not have suggested this extraordinary proceeding, which it is, without good reason. Nevertheless, I have to say that the worst reason I can think of is that we are faced with a situation of un fait accompli. The fact that notices have been sent out to witnesses and the witnesses have been told that they will be heard when the Senate is sitting is not in my view a good argument. I would hope that before granting leave, as I understand leave is required—that is unanimous consent to the suspension of our rules—the chairman of the committee will consider the possibility of hearing the witnesses when the Senate rises tomorrow and on Thursday. I do not think in either case it would be a great inconvenience. If he finds it to be so, I will be glad to reconsider my present position, which might be not to give leave. I leave myself in the hands of the chairman of the committee. I must reiterate that I object and will always object to the Senate being faced with this argument of un fait accompli, that witnesses have been called and we cannot do anything about it. Surely the Senate should be consulted before arrangements are made with outside witnesses?

Hon. Mr. Bourget: Honourable senators, I do not know what arrangements could be changed, because we have witnesses arriving tomorrow afternoon at 2 o'clock. One arrangement which could probably be made with the witnesses would be to hear them at 3 o'clock rather than 2 o'clock. I would remind honourable senators that this permission has been granted many times. In my opinion our committees endeavour to do good work for the people of Canada and it is worth while that this permission be granted. It is not according to the rules, but in a case such as this we have very good reasons to hear the witnesses because the subject matter we are considering at the moment will have beneficial effect on employment in Canada. I therefore leave it to you. I am only one senator and if you decide that we cannot hear them tomorrow, it is up to you and I will telephone them and inform them that we will not be able to do so. Whatever you decide is your own decision.

Hon. Mr. Asselin: Are your witnesses in Ottawa now?

Hon. Mr. Bourget: They certainly are.

Hon. Mr. Grosart: Senator Bourget has made a compromise suggestion, which is very typical of him. Perhaps I could go along a little way and suggest to him that tomorrow he might hold his hearings at 2.30, so that the Senate could assemble and show its best face. On Thursday his hearings could be held when the Senate rises which, if custom prevails, will not be late.

Hon. Mr. Bourget: I will be more generous than my honourable friend and say that we will endeavour to sit at 3 o'clock instead of 2.30. We will do so even on Thursday. Tonight, however, we found it necessary to sit until 20 minutes to 7. I did not have time for a cup of coffee.

Hon. Mr. Grosart: Make it 2.30.

The Hon. the Speaker: Honourable senators, has the Honourable Senator Langlois leave to move his motion?

[Hon. Mr. Grosart.]

Hon. Senators: Agreed.

Hon. Mr. Flynn: On division.

Motion agreed to, on division.

VIETNAM

DISCLOSURE IN PENTAGON PAPERS OF ROLE OF THE HONOURABLE PAUL MARTIN IN PEACE NEGOTIATIONS DURING 1964-66—QUESTION

Hon. David Walker: Honourable senators, I should like to ask the honourable Leader of the Government if a certain article appearing in the Toronto *Star* today is correct?

The Pentagon Papers, which reflect the official thinking of the United States, have sprung another leak today. The *Star* reveals that during the crucial years 1964-66 the leader of this house, at that time Canada's Minister of External Affairs, stood up to the Americans, to the great annoyance of members of the State Department, and insisted that the Canadian channel to Hanoi be kept open and that every possible Canadian effort should be continued to bring about in any way possible a just peace between the United States and Vietnam.

● (2020)

This is a most interesting disclosure, and I should like to ask the leader whether it is true. If so, he is to be congratulated on his courage; and to date he certainly has kept his light in this matter under a bushel. If it is true, I should like to ask whether he is including it in the memoirs he is currently writing.

Hon. Mr. Martin: The answer to both questions is yes.

Hon. Mr. Walker: Touché!

INCOME TAX ACT (No. 2)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-192, to amend the Income Tax Act (No. 2).

He said: Honourable senators, Bill C-192 has been a long time coming. Since it first saw the light of day in the May budget of 1972 every manufacturer and processor, and perhaps members of the public generally, have been thinking about it, and a lot of them have been talking about it.

Here it is now before the Senate for second reading, so it would appear that it is well on its way to the stage where it may become the law of the land.

The Standing Senate Committee on Banking, Trade and Commerce, on an order of reference from this chamber, conducted hearings in connection with this bill, and a report was tabled last Thursday reviewing its provisions. The report concluded by saying that the committee has no objection to make to the bill in either form or substance.

Starting from that premise, may I tell honourable senators a little about the bill? I would assume that a lot of it, by the process of osmosis or otherwise, has become a matter of fairly common knowledge to everyone who reads the newspapers these days. The purpose of the bill is to provide for a reduction in the rates of tax on manufac-

turing and processing profits of corporations. This applies to the year starting January 1, 1973 and in subsequent years, reducing the effective rate, of course, from 49 per cent, which is the tax for this year. The tax rate that will be applicable, when the bill becomes law, in respect to the year 1973 will be 40 per cent. There will be a gradual reduction of that 9 per cent between now and 1976. The 40 per cent remains constant.

In the meantime, the general provision in our law under which corporate taxation was to go down by 1 per cent a year reaches its period in 1976, so that from 1976 on the 9 per cent, which is the effective rate of reduction this year to bring the corporate rate down to 40 per cent, will then become 6 per cent, and it will remain constant until Parliament changes it thereafter at 6 per cent, and therefore a 40 per cent corporate rate.

There is provision in the bill, of course, where there are strict fiscal periods and where some corporations have part of their fiscal period in 1972 and part in 1973, to prorate the profits so that the proper proportion of manufacturing and processing profits earned in 1973 will receive the lower rate of tax.

I should tell you, too, that there is no particular definition of "manufacturing" and "processing." Rather, the bill proceeds by way of exclusions. Clause 1(3)(b) on page 4 of the bill sets out the exclusions. The first item listed is "farming or fishing," and there then follows an enumeration of many other headings.

The purpose in the selection, we were told, was to have this reduced rate of tax benefit secondary industry; that primary industry is in a better position to take care of itself, but secondary industry is in direct competition with industry which enjoys tax advantages by reason of the new tax provisions in the law of the United States, and it is, therefore, necessary to improve the tax position of Canadian secondary industry so that it will be able to compete to offset the effects of currency revaluations, and to engage in the kind of international trade that we have at the present time.

We did ask, in the course of our committee study, because the exclusions are very general—"farming and fishing," for instance, "logging," "construction," and so on—how one would obtain reliable information as to whether or not he, as a manufacturer or processor, was entitled to the benefit of this reduced rate of tax. We had before us a representative of the Department of National Revenue, and to test him we asked this question: Under the heading of "fishing," for instance, what would be included and thus qualify for the processing tax reduction, and what would be excluded and thus not so qualify? His answer was, "As an example, a corporation in the fishing industry would qualify for the reduced rate, but only to the extent of its profit, it any, from processing fish and not in respect of its profit from its fishing activity, as the latter falls within the specific exclusions." According to the Department of National Revenue, the manufacturing and processing activities of a fishing company would include the smoking, salting, pickling, boiling, filleting and freezing of fish. So we have an illustration of the expansion that may take place by way of the rulings that might be granted, one way or the other, on interpretation. I am not giving any guarantee of anything I am saying here tonight—

Hon. Mr. Flynn: I hope not.

Hon. Mr. Hayden: —as to whether the exclusions are going to be narrowed or broadened, but rulings, as I understand them, are intended to provide interpretation; to tell you whether you are within or without the particular coverage. At least, the facility will be there to do that.

Apart from that, the one problem that seemed to bother the members in the other place was the character of this legislation, and the duration for which it might remain in force before there could be any effective challenge. In the language of the bill as it stood when it got to the second reading stage there was some provision to cover that point; that is, that if 60 members of the house signed a motion and filed it with the Speaker, and followed the other proceedings, the Minister of Finance forthwith would do certain things.

It was felt that that was not an adequate or a sufficiently specific provision in that regard. Accordingly, what has been done is this—and I do not think I can do better than just read the provision, because if I attempt to paraphrase it some of my friends may say, "Your paraphrasing has departed a little bit in the interpretation that we think should be put on these provisions." The provisions are:

> (3) Where, at any time after March 31, 1974, a motion for the consideration of the House of Commons, signed by not less than sixty members of the House, is filed with the Speaker to the effect that section 125.1 of the *Income Tax Act*, as enacted by subsection (1), be amended, or to the effect that subsection (2) be amended, so as to
>
> (a) discontinue the deduction that would otherwise be permitted by the said section 125.1,
>
> (b) reduce the amount of the deduction that would otherwise be permitted by that section, or
>
> (c) in any other manner, restrict the application of the provisions of that section, for any period commencing after the motion is filed, the House of Commons shall, within the first fifteen days next after the motion is filed that the House is sitting, in accordance with the Rules of the House, take up and consider the motion, and if the motion, with or without amendments, is approved by the House, the Minister of Finance shall take such steps as are necessary in order that a measure in his name giving effect to the motion may be placed before the House without delay.

The time for deciding the questions involved is in the next subsection, appearing on page 6 of the bill, which is this:

> (4) All questions in connection with any motion taken up and considered by the House of Commons pursuant to subsection (3) shall be debated without interruption and decided not later than the end of the third sitting day next after the day the motion is first so taken up and considered and any measure required to be placed before the House pursuant to that subsection giving effect to any such motion shall be placed before the House not later than the end of the fifteenth sitting day next after the day the motion, with

or without amendments, is approved by the House, and all questions in connection with any such measure shall be debated without interruption and decided not later than the end of the seventh sitting day next after the day the measure is first so placed before the House.

Generally, in the particularity of the terms of this kind, this measure was raised in the House of Commons by the Opposition members, and in the course of the debate on second reading and debate the Minister of Finance indicated that at the committee stage he would propose a motion, which he has done, which I describe very briefly as being a motion to define what is the meaning of "forthwith." In the original bill as it was introduced in the other place the word "forthwith" occurred as to the taking of the action by the minister. Now the detail has been spelled out with time limits so that the motion, the will of the members of the Commons and the measure itself, must proceed within certain time limits if it is the desire of the house to make any of the changes that are indicated here—that is, to discontinue the deduction, to reduce the amount of the deduction, or in any other manner restrict the application of the provisions of that section.

Hon. Mr. Flynn: There is no provision for extending the benefit of the reduction to other classes of business, or generally to corporations.

Hon. Mr. Hayden: The effect of the failure of such a motion to be made, or to be signed as required, or the measure following the motion to be carried, would be to continue in operation the provisions of the bill until such time as Parliament takes steps to repeal it.

Honourable senator, there is one other thing I should tell you. Small businesses engaged in manufacturing and processing operations, and earning profits, enjoy a general corporate tax rate of 25 per cent, so the special rate in their case would be 20 per cent.

This is the substance of the bill. It is now detailed before the Senate in the report we tabled, and in the explanation I have made. I expect that in due course, notwithstanding these steps, the Senate might wish the bill to go to committee.

Hon. Ernest C. Manning: Honourable senators, I rise to make one brief comment on this bill, and also to raise one question, which I hope the sponsor of the bill (Hon. Mr. Hayden) will comment on in closing the debate, or perhaps the government leader if he is in possession of the information necessary.

Hon. Mr. Flynn: He should be.

Hon. Mr. Manning: The stated objective of the provision, to reduce corporation tax as it applies to processing industries, is to provide an incentive for further expansion and growth of such industries, in the hope that it will facilitate in creating job opportunities and help combat the problem of unemployment. I think we can all agree that that is a desirable objective.

What I believe has caused concern and disappointment in the way this legislation has been handled is the long delay that has occurred before this statute becomes law. We are now past the middle of 1973. The processing industries of this country have, up until very recently, been left in a state of uncertainty as to whether or not this tax adjustment was going to be effective this year. How can we expect legislation of this kind to have any significant impact on such industries in planning for expansion and growth when they have been left in a state of uncertainty by reason of the long delay in getting this legislation before the other place, and finally before this chamber?

We also have in the bill, as was pointed out, a provision that makes the future of this tax adjustment very uncertain. What is being provided is a statute that will, after the bill passes this house, assure processing industries a tax adjustment for a period no longer than the present fiscal year. I do not suggest there were not valid reasons for asking for some type of review provision to be included, but under the provision included in the bill no processing industries can plan on any expansion of their operation if that expansion is dependant upon assurance of a lower corporate tax rate for 1974, because the whole thing can very easily be changed or thrown out completely under the review provision embodied in the bill as it now stands.

I make those comments because if we are genuine in saying we require a reduction in corporation tax on processing industries for the purpose of encouraging growth and expansion to help combat unemployment, it is ironic that there is included in this bill a provision that to a large extent nullifies what it purports to do. It is equally regrettable that its enactment has been delayed so long that very few processing industries have made plans this year to expand on the strength of this legislation because they could not be certain the bill would become law at all.

● (2040)

The other point I would like to raise in the form of a question is something which obviously is not covered in the bill and yet is very pertinent to the attainment of the objective the bill is intended to achieve. I am wondering if the sponsor could advise us whether, in the long process of bringing this bill to its present state, the Government of Canada has obtained from the provincial governments any undertaking that they will not offset the corporate tax reduction by a comparable increase in provincial corporate taxation.

I ask this question particularly because in three provinces today we have governments of the same political persuasion as the group in the other place which has vehemently and consistently opposed corporate tax reduction since it was first suggested. It would be ironic to make provision to reduce corporate taxes at the national level and then have some provincial governments counteract the benefit by an increase in provincial corporate taxation putting the corporate tax back to what it was before.

I appreciate that the Government of Canada cannot dictate what the provinces will do, but in view of the purpose for which this bill was introduced, I wonder if any effort was made by the Government of Canada to obtain an undertaking from the provinces that no such action would be taken. I believe all honourable senators would be interested in any information that could be provided to us in that regard.

On motion of Senator Flynn, debate adjourned.

INCOME TAX ACT (No. 3)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-193, to amend the statute law relating to income tax (No. 3).

He said: Honourable senators, if it can be said that there are goodies in tax bills, why, there are a few goodies in this one—to the extent that exemptions are increased, and to the extent that there is the additional 2 per cent deduction from basic tax, to 5 per cent, with a limit of $500. Of course, I suppose one's definition of "goodies" depends upon the position in which one finds himself, and the measure of the goodies would depend on that level, so as for those who are not encouraged to say that these goodies represent some value, there is no way in which I can attempt or would attempt to persuade them.

Hon. Mr. Flynn: Applying to it the language of C. D. Howe.

Hon. Mr. Hayden: I will let my friend in his own good time when he is making his own speech say what he has to say. I would prefer to pick my own words and express them in my own way, and take responsibility for them.

Hon. Mr. Flynn: I do not doubt that.

Hon. Mr. Hayden: May I say that there are three main features in this bill, and I think it is fair to say that in the Commons when they were reviewing this bill they really looked at these three items. The first was the 2 per cent deduction up to $500; the second, the tax exemption for single and married people, plus the benefits that go down in different combinations from spouse to spouse and from spouse to dependent relationships. These were the two main items. The third item was a very important one but which seemed to be a bit confusing—that is, the proposals in the bill for reflecting the effect of inflation in an endeavour to correct the effect of inflation as it might relate to the taxable earnings of people, and it might represent how much of their increased earnings is due to inflation which would mean, therefore, that they would be paying taxes on the inflationary aspect while their real earnings are substantially less.

During the hearing which we conducted Mr. M. A. Cohen of the Department of Finance appeared before us, and he worked out a couple of examples to indicate the effect of making certain assumptions on the consumer price index. First of all, the way this plan respecting the consumer price index will work is that you take a period from September 30, 1972 to September 30, 1973, and determine the increase in the consumer price index for that period, which is the quantum of price index that you use to affect the earnings and the taxes that will be paid by the individual in 1974. Here are the examples. I hope it will not worry you if I read them to you at once.

The first example shows that for a person with rising income, the proportion of his income paid in taxes would not increase as a result of inflation.

This is made on the basis of an assumption that the average consumer price index is 4 per cent in the period.

For a person on a fixed income, the result of indexing would be to reduce his taxes each year as prices rise.

Example No. 1: A married taxpayer with two children under 16 and a salary income of $8,000 has total exemptions and deductions for 1973 to $3,850—made up of the $3,000 married exemption, two children's deductions of $300, the standard $100 medical and charitable deduction and the standard $150 employment expense allowance.

On his first $500 of taxable income this year he pays a federal rate of 15 per cent, on the next $500 a rate of 18 per cent, and progressively higher rates up the income scale. His marginal rate—the rate he pays on taxable income in the last bracket he reaches—would be 21 per cent. When his basic federal tax is determined in this way, a provincial tax is applied as a percentage of the federal tax, with the percentage varying according to province. Finally; his federal tax is reduced by $100, the minimum amount of the new tax cut. Total federal and provincial tax for this taxpayer, assuming the lowest provincial rate, would be $939.

Assuming the same taxpayer's income increased 4 per cent to $8,320, instead of $8,000, and the inflation factor was 4 per cent, this would be the result of the indexing system for him: His married exemption would increase to $3,120 from $3,000. His deductions for two children would go to $624 from $600. With standard deductions, his total exemptions and deductions would come to $3,994 instead of $3,850. His first bracket of taxable income would be $520 instead of $500. Each of the next brackets would also increase by 4 per cent. The cumulative effect would be a total federal and provincial tax of $984, or almost precisely the same proportion of his income as before. His tax without indexing—that is, taking the general rates without any indexing—would have been $1,027.

● (2050)

It would appear from this example, therefore, reflecting in this fashion the consumer price index in the income and the exemptions and the rates in this particular instance, and in all instances that are parallel to this, that there would be no appreciable difference in the taxpayer's tax liability, or the liability to tax that he would have to pay.

Example No. 2: A person 65 or over with a fixed income of $4,000 has exemptions and deductions totalling $2,700. These include a basic exemption of $1,600, the special exemption of $1,000 for persons 65 or over, plus the $100 standard deduction.

His tax in 1973, after the budget measures and assuming the lowest provincial rate, is $190. Under the new system, again assuming a 4 per cent inflation factor, his total exemptions and deductions are raised to $2,804 from $2,700. The tax brackets are increased in the same way. His tax under the indexed system is $163. He pays less tax as a result of indexing being applied to the tax system.

These are illustrations. I suppose one might pick a variety of incomes and possibly achieve some different results, but, as you go up the income scale as it exists at the present time, the areas between certain groupings of income are constant so that for some it may be as much as $10,000 or $15,000. So there is elbow room between that spread between the higher tax rate and the next higher tax rate to take up some of the increase.

I am not saying it will take up all of it, but I would assume that the design, in attempting to relate inflation to

income and to exemptions and to tax rates, is a design that is worth trying out, because there may be some real benefit to taxpayers. Certainly, they need all the relief they can get, particularly if the spiral of inflation is going to continue.

Those illustrations I have used appear in the report which I tabled earlier tonight.

I should tell you that once again we find a reflection of the work done by the Senate, and a recommendation that we made in 1971, which finally finds its way into law now. It is one reflection and there may be more on the way. Here's hoping.

The bill provides in clause 6 that processors of natural resources will be allowed to claim depletion allowances, which hitherto were only claimable by owners or operators of natural resources. The recommendation we made at that time was that the processors should be entitled to a depletion allowance, the same as an owner. There is another feature dealing with processors of mining or resource properties, namely, that taxpayers disposing of resource properties will be entitled to purchase income averaging annuities from the proceeds of disposition of such properties. Heretofore they had to include the entire proceeds of disposition in income. So by being able to invest the proceeds of disposition in an income averaging annuity they reduce the burden of tax. Instead of paying tax as income on the entire proceeds of disposition they will pay tax on the income derivable from the annuity in each year, which certainly lowers and spreads out the tax liability. This is a definite benefit in that area.

There is another benefit which, although we cannot claim it as having been instigated by the Senate, we skated so far around the subject and through it that perhaps we left a powerful suggestion. That benefit is that this bill contemplates an amendment to the application rules—that is, the ITAR—to increase the amount of lump sum payments paid out of pension funds and deferred profit-sharing plans which would continue to be subject to the special averaging rules which existed prior to the amendment of the act in 1971.

If you will recall, people in these profit-sharing plans enjoyed the benefit of a special section, section 36, in the then Income Tax Act, and the taxpayer's money went in without deduction of any allowance. Then, when it was coming out as a lump sum payment, the taxpayer was entitled to the benefits of section 36, which was more generous in its deductions and averaging than the general law. Certainly, it was far more so than under the law since January 1972.

This bill provides that the amounts subject to the averaging rules would be increased from the amounts vested—and I emphasize the word "vested"—on January 1, 1972, to the amounts credited on January 1, 1972.

There is a great difference between vesting and crediting, because under the terms and conditions of that deferred profit-sharing plan there may be a vesting provided for in each year of some amount that vests in that particular member, but there would be a larger amount that would stand to his credit. Under the bill as it was originally framed, the vesting was the critical thing which exposed the member of the plan to more in the way of tax.

Now, by giving him the benefit of what has been credited and being able to take that benefit under the old section 36, which was the real beneficial section to the members of this plan, it is of considerable benefit to the member in this category of deferred profit-sharing plans to have a lump sum payment coming out as and when the plan matures.

When I was talking to you last on Bill C-170, I spoke about thin capitalization. You may have forgotten, but I described it rather colloquially as being companies usually created by non-residents where they are long on debt and short on equity. The benefit of that, of course, is substantial in the way of lessening withholding tax. Then the interest, of course, is a deductible item of expense for the company.

One exception is made in this bill to that thin capitalization rule, and that exemption under clause 2, subclause (2), is the aircraft industry, which as one can readily see is an industry which of necessity would be long on debt and therefore much shorter on equity. It would avoid the provisions in the bill which are now law under which if your ratio of debt to equity exceeds 3 to 1, then the excess is the dividend and not a deductible item of expense. So an exception is being made for the aircraft industry.

• (2100)

There are many other changes. Some of them deal with situations that, when the bill was drafted and came into law, were not thought of as particular cases that might happen. I am thinking of one situation in particular in connection with amalgamations. There is a section here dealing with amalgamations and the question of rollover.

Hon. Mr. Flynn: The amalgamation of corporations?

Hon. Mr. Hayden: The amalgamation of two companies, yes.

Hon. Mr. Flynn: I was asking the question because I was wondering why these provisions were to be found in this bill rather than in the Corporate Tax Act which we dealt with before.

Hon. Mr. Hayden: I cannot speculate as to why.

Hon. Mr. Flynn: I can.

Hon. Mr. Hayden: Of course you may have a larger crystal ball and a more penetrating eye.

Hon. Mr. Flynn: For obvious reasons.

Hon. Mr. Hayden: Let me give you an illustration of what might be involved. When you have an amalgamation of two companies, as any honourable senators who are lawyers know, there emerges an amalgamated company. The question then was: what happens when the shares of the two companies go into an amalgamated company and come out of the shares of the amalgamated company? There was provision for that type of situation in Bill C-259, to amend the Income Tax Act, and the general provision was that you would have a rollover, if on the way through, the common shares of both companies and the common shares to which they were entitled in the amalgamated company were in excess—that is to say if the holdings were in excess—of 25 per cent of the original holdings in the original companies.

Apparently difficulties arose when the two companies that went into the amalgamation had different types of common shares under the definition in the Income Tax Act, and they did not have all those classes of common shares in the amalgamated company. So they have made provision that if you have 25 per cent in common shares or 25 per cent in dollar value, the rollover privilege applies and you carry through the necessary transfer of shares without being subject to a situation where there would be proceeds of disposition at that time.

That, honourable senators, was just an illustration. I intended to say that this bill in general is to cover a number of situations that have arisen and that could reasonably be said to be within the policy or the intention of those who drafted the particular clauses, but for one reason or another—and I am waiting to hear Senator Flynn's explanation as to the reasons which he feels are behind this—they didn't do it all at once. It really would be a modern miracle if they did, because ever since the income tax law came in in 1917, I do not think we have missed a year in which we did not have income tax amendments.

Hon. Mr. Flynn: We have had three this year.

Hon. Mr. Hayden: At any rate, as long as there is income tax and as long as complex business situations develop from day to day, then you will have amendments to that income tax law. And that is quite properly so, because it should reflect the business operations of the particular time. When our income tax law ceases to do that, then it is not carrying out its designed purpose and is working against the economic interest instead of working with it.

Having said that, I might weary you by going through, clause by clause, the many changes incorporated in this bill. Most of them are clear, however, and speak for themselves. I have dealt with the major ones. In the report which I tabled this evening you have a reasonably full explanation, and any further mention of the particular clauses might just prove to be a wearying process. However, I should mention that there is a provision which shows that perhaps even those who draft our income tax laws have a heart. I say this, honourable senators, because there is a provision in the bill under which a regulation is codified into law enabling the minister to instruct an employer to deduct less by way of withholding tax than the amount that would appear to be deductible at any given time under the strict interpretation of the statute. Let me give you an example. It may well be that a pensioner who is subject to withholding tax starts early in the year developing such a rash of medical expenses, for instance, that it will be quite easy to look forward and project the situation and see that he will be paying money by way of withholding tax, and that the employer would be deducting such money at a time when it would appear that in no earthly way would he be subject to that amount of tax at the end of the year. So, there is provision in the law, the codified regulations, to enable such an instruction to be sent to the employer. That is a beneficial aspect. Now, some people may say that it is a minor one, but if half a dozen pensioners benefit by it, then it is worthwhile.

I think I have covered the other provisions pretty well except to give one further illustration dealing with mutual funds, pool trust funds, et cetera, which serve a purpose in acquiring securities for pension funds, retirement savings funds, and which are required to meet certain tests. One test is that the mutual fund must have a shareholder list of 150, and the interest of any one particular shareholder in that fund must be at least $500. Any investment that was made in the mutual fund trust at a time when it did not meet these requirements would become a non-eligible investment, and this would be working a hardship on pension plans, retirement savings plans, et cetera.

• (2110)

So there is not only provision to remove that classification of non-eligible investment in this regard but also to increase very substantially the penalty if this is used for any purpose not intended by the granting of the privilege. In other words, if there appears to be any abuse of this privilege in recognizing the eligibility of investment transactions between a pension fund and a mutual trust fund in which the mutual trust fund did not at that moment meet the full legal requirements, the feeling expressed to us in committee was that the more severe penalty provided would act as a check. The penalty is one per cent of the cost of any such non-eligible investment.

I could continue in this way for some time, but, to be frank, I do not believe it would contribute much to the general fund of knowledge. They are particular cases and, unless you are interested in a particular case and have a question in relation to it, you can read them. We have endeavoured to elaborate on them in our report.

Mr. M. A. Cohen, Assistant Deputy Minister of Finance, appeared before the committee and we considered this bill clause by clause with the benefit of his information as to the present law in each case, the purpose of the amendment, and why it was proposed. We now have all those answers so we are in possession of all the information. The disposition of this bill after it is debated is a matter for the Senate to decide. We have conducted our examination of the bill. We have heard the witnesses whom we would hear once more if it were referred to committee. That may be in line with the procedures which we have invariably adopted. I am not making any recommendation at this time, but simply awaiting the ruling of the Senate.

Hon. Mr. Flynn: Honourable senators, I intend to move the adjournment of the debate after one or two words. There is an obvious reason why the debate should be adjourned, in that the honourable Chairman of the Standing Senate Committee on Banking, Trade and Commerce has tonight tabled the committee's report with respect to this bill. The report will appear as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings of the Senate* tomorrow, when honourable senators will have an opportunity to read it.

I would say that I did not find it possible to attend the committee meeting this afternoon when the report was approved, drafted or corrected. All I was able to read tonight was that the committee has examined and considered Bill C-193 in accordance with its terms of reference, and has no objection to make to the bill, either in form or in substance. I believe if I had been able to attend the committee meeting this afternoon I would have wished to

qualify that part of the report in some manner. It may be that we have no amendment to propose, but having no objection is not entirely in the same vein as having no amendment.

In any event, I hope that honourable senators will have an opportunity to read the report before we meet tomorrow, and be able to assess the work of the committee, which in my opinion was excellent. I would say once more, however, that I would have qualified the concluding paragraph of the report.

At this time, therefore, I move the adjournment of the debate, reserving the right to yield to any honourable senator.

Hon. Mr. Hayden: I wonder if my friend would permit me to mention one matter before the debate stands adjourned? I neglected to inform honourable senators that two amendments were made to this bill in committee of the House of Commons. They might be missed if reference were made to the bill as at first reading, rather than as passed. Of course, in the bill as passed, specific attention is not called to the amendments and I might take a moment to explain them.

One is in connection with the cash purchase ticket which is issued to a taxpayer in respect of grain delivered in a taxation year of a taxpayer to a primary elevator. Such ticket entitles the holder thereof to payment by the operator of the elevator of the purchase price, without interest, stated in the ticket for the grain at a date that is after the end of that taxation year. The effect of the amendment is that if the payment on that cash ticket does not fall due until the following year, the taxpayer does not have to include the amount of the ticket in his income for that year, but for the immediately following year.

The other amendment is in connection with the treatment of government rights. I shall explain it, although I believe a mere reading of it will make it clear. For instance, the previous amendment made in the committee of the House of Commons required a taxpayer to include in his income a portion of the proceeds received by him in the sale of goodwill and other nothings. Section 21(1) of the ITAR presently provides that, with respect to government rights owned by a taxpayer on January 1, 1972, the amount to be included in his income will be based on the excess of his proceeds received upon the sale over his cost. That is the present law. The amendment to the bill provides that in certain circumstances the amount to be included in income is to be based on the lesser of (i) the excess of proceeds received over cost; or (ii) the excess of proceeds received over the fair market value of the government right at December 31, 1971.

Those are the two amendments which are to be found in the Votes and Proceedings of the House of Commons of July 4, 1973.

I am sorry that my honourable friend was not at our meeting this afternoon. We might have had the benefit of his excellent judgment and his precise choice of words, and might not have fallen into the error of using the word "objection."

Hon. Mr. Walker: Honourable senators, do I understand my honourable friend to say that having regard to the fact that this matter has been considered so thoroughly already in committee there will be no necessity to refer it to committee again, unless something new is introduced in the debate which is to ensue tomorrow?

Hon. Mr. Grosart: We will decide that later.

Hon. Mr. Walker: That is a suggestion.

Hon. Mr. Flynn: We can assess the situation after the conclusion of the debate.

On motion of Senator Flynn, debate adjourned.

• (2120)

FOREIGN AFFAIRS

MEETINGS OF THE STANDING COMMITTEE ON FOREIGN AFFAIRS AT THE EUROPEAN COMMUNITY, BRUSSELS, BELGIUM—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Grosart calling the attention of the Senate to the meetings of the Standing Senate Committee on Foreign Affairs held at the European Community in Brussels, Belgium, 19th to 23rd March, 1973.—(*Honourable Senator Martin, P.C.*).

Hon. Mr. Martin: Honourable senators, I think we should consider this order as having been debated. Senator Aird has indicated that he will be bringing in the report of the committee on Thursday, and it is not my intention to proceed.

The Hon. the Speaker: As no other honourable senator wishes to participate in this debate, this inquiry is considered as having been debated.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 839.*)

STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

REPORT ON BILL C–193, INTITULED

"AN ACT TO AMEND THE STATUTE LAW RELATING TO INCOME TAX (NO. 3)",

IN ADVANCE OF THE SAID BILL COMING BEFORE THE SENATE

The Honourable Salter A. Hayden, Q.C., Chairman

THE STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

The Honourable Salter A. Hayden, *Chairman*

The Honourable Senators,

Aird	Hayden
Beaubien	Hays
Blois	Laing
Buckwold	Lang
Burchill	Macnaughton
Connolly (*Ottawa West*)	*Martin
Cook	McIlraith
Desruisseaux	Molson
*Flynn	Smith
Gélinas	Sullivan
Haig	Walker (20)

*Ex officio members

(Quorum 5)

ORDER OF REFERENCE

Extract from the Minutes of the Proceedings of the Senate, June 14th, 1973:

The Honourable Senator Connolly, P.C., for the Honourable Senator Hayden moved, seconded by the Honourable Senator Laing, P.C.:

That the Standing Senate Committee on Banking, Trade and Commerce be authorized to examine and consider any bill based on the Budget Resolutions relating to income tax in advance of the said bill coming before the Senate, or any matter relating thereto; and

That the Committee have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purpose of the said examination.

After debate, and—
The question being put on the motion, it was—
Resolved in the affirmative.

ROBERT FORTIER,
Clerk of the Senate.

TUESDAY, 10th July, 1973

Introduction

The purpose of Bill C-193, intituled: "An Act to Amend the Statute Law Relating to Income Tax (No. 3)", is to implement in part the Ways and Means motion to amend the Income Tax Act and the Income Tax Application Rules, 1971, notice of which was given by the Minister of Finance on May 29, 1973.

By resolution of the Senate on June 14, 1973, the Standing Senate Committee on Banking, Trade and Commerce was authorized to examine and consider any bill based on the Budget Resolutions relating to income tax in advance of the said bill coming before the Senate.

In accordance with the Order of Reference, your Committee has given careful consideration to the said Bill C-193, and in connection therewith has heard Mr. M. A. Cohen, Assistant Deputy Minister, Department of Finance.

Bill C-193 contains a series of amendments to the Income Tax Act and the Income Tax Application Rules. Those provisions which do not, generally speaking, provide relief to taxpayers are consequential or designed to correct anomalies in the Act and tax taxpayers in the manner previously intended. The bill contains some measures previously suggested by your Committee.

Deductions and Exemptions

It is proposed that an individual taxpayer will be entitled to deduct from tax payable in each year the greater of $100 or 5% of the basic federal tax payable. If 5% of the basic tax calculation produces an amount that is more than $500, the amount deductible will be limited to $500.

The bill proposes to increase individual exemptions from taxable income from $1,500 to $1,600 and married exemptions from taxable income from a total of $2,850 to $3,000.

A tax credit for income or profits taxes payable to the government of a state, province or other political subdivisions of another country is proposed. These taxes are presently only deductible from income.

Personal Income Tax Indexing

The principal exemptions available and the tax rates applicable to individuals will be adjusted annually, commencing in 1974, to reflect changes in the Consumer Price Index. This will mean that automatic adjustments will be made each year to most exemptions and the personal rate schedules corresponding to increases (or decreases) in the Consumer Price Index for the twelve-month period ending September 30 of the year before.

The effect will be, assuming continuing inflation, that the principal exemptions will increase and each bracket of taxable income will be adjusted upwards. Therefore, if the Consumer Price Index rises 4 percent, the first bracket of taxable income, which is taxed this year at the rate of 15 percent, will rise from $500 to $520. The next bracket, which is subject to an 18 percent rate of tax, will commence at $520 (versus $500) and will extend to $1,040) (versus $1,000), and so on through the tax schedule. The converse would apply should the Consumer Price Index decrease.

As a result, persons who have been granted increases in wages in the same proportion as increases in inflation will pay the same or approximately the same amount of federal income tax. Persons receiving a constant income, such as pensioners, will pay less.

The following examples submitted by Mr. Cohen illustrate the effect of indexing personal income taxes.

The first example shows that for a person with rising income, the proportion of his income paid in taxes would *not* increase as a result of inflation.

For a person on a fixed income, the result of indexing would be to reduce his taxes each year as prices rise as shown in the second example.

Example No. 1

A married taxpayer with two children under 16 and a salary income of $8,000 has total exemptions and deductions for 1973 of $3,850—made up of the $3,000 married exemption, two children's deductions of $300, the standard $100 medical and charitable deductions, and the standard $150 employment expense allowance.

On his first $500 of taxable income this year he pays a federal rate of 15 per cent, on the next $500 a rate of 18 per cent, and progressively higher rates up the income scale. His marginal rate—the rate he pays on taxable income in the last bracket he reaches—would be 21 per cent. When his basic federal tax is determined in this way, a provincial tax is applied as a percentage of the federal tax, with the percentage varying according to province. Finally, his federal tax is reduced by $100, the minimum amount of the new tax cut. Total federal and provincial tax for this taxpayer, assuming the lowest provincial rate, would be $939.

Assuming the same taxpayer's income increased 4 per cent to $8,320, and the inflation factor was 4 per cent, this would be the result of the indexing system for him:

His married exemption would increase to $3,120 from $3,000.

His deductions for two children would go to $624 from $600.

With standard deductions, his total exemptions and deductions would come to $3,994 instead of $3,850.

His first bracket of taxable income would be $520 instead of $500.

Each of the next brackets would also increase by 4 per cent.

The cumulative effect would be a total federal and provincial tax of $984, or almost precisely the same proportion of his income as before. His tax without indexing would have been $1,027.

Example No. 2

A person 65 or over with a fixed income of $4,000 has exemptions and deductions totalling $2,700. These include a basic exemption of $1,600, the special exemption of $1,000 for persons 65 or over, plus the $100 standard deduction.

His tax in 1973 after the budget measures and assuming the lowest provincial rate, is $190. Under the new system, again assuming a 4-per cent inflation factor, his total exemptions and deductions are raised to $2,804, and the tax brackets are increased in the same way. His tax under the indexed system is $163. He pays *less* tax as a result of indexing being applied to the tax system.

Other Amendments

New tax tables will be prepared each year giving effect to adjustments to the Consumer Price Index for the year before. To assist more taxpayers, the bill makes provision for tables showing federal income tax payable on taxable incomes up to and including $24,000. The Act, as presently drafted, only provides for tables for taxable incomes of up to and including $12,000.

A new tax is proposed by the bill in order to enable relief to be given to taxpayers by amendment to the regulations. This tax will be imposed in respect of non-qualified investments held by trusts for registered retirement saving plans and deferred profit sharing plans. The tax is imposed as a consequence of the proposal to allow by regulation certain trusts and corporations desiring to qualify as "mutual fund trusts", "mutual fund corporations" or "pooled fund trusts" to sell their units or shares to deferred income plans notwithstanding that the trusts or corporations do not so qualify because they do not have the stipulated number of participants. The Act, as presently drafted, imposes a penalty when a plan acquires a non-qualified investment. This penalty would not be adequate if proposed regulations are made to permit trusts or corporations to qualify on the basis of the property they hold. Otherwise, trusts or corporations could meet prescribed requirements at the time their units or shares were acquired by a plan and shortly thereafter switch to holding non-qualified investments.

Processors of natural resources will be allowed to claim depletion allowances which were hitherto only claimable by owners or operators of natural resources. Taxpayers disposing of resource properties will be entitled to purchase income averaging annuities from the proceeds of disposition of such properties.

The bill contemplates an amendment to the Application Rules to increase the amount of lump sum payments made out of pension funds and deferred profit sharing plans which would continue to be subject to the special averaging rules which existed prior to amendment of the Act in 1971. The amount subject to the averaging rules would be increased from the amount vested on January 1, 1972 to the amount credited on January 1, 1972.

The aircraft industry will be exempted by the bill from the thin capitalization rules of the Act and will be entitled to deduct from income the full amount of interest payable to specified non-residents.

A purchaser of taxable Canadian property from a non-resident is obliged to make sure that the non-resident has paid tax on any capital gain incurred by the non-resident upon a disposition or else deduct from the purchase price the amount of tax payable by the non-resident in respect of such capital gain. Failure to conform renders the purchaser liable for tax. The bill reduces the amount necessary to be withheld from the non-resident and the purchaser's liability from 25 percent of the capital gain to the lesser of 15 percent of the cost to the non-resident of the property sold and 25 percent of the capital gain.

Proceeds of life insurance policies received upon death are not subject to tax. The bill proposes that proceeds received upon total and permanent disability be also free from tax.

The bill also proposes to include in the Act the authority presently given to the Minister of National Revenue by regulation to determine that, in cases of undue hardship, lesser amounts may be deducted at source from a taxpayer's income. Taxpayers will also have the right to elect that deductions be made at source in circumstances where such deductions would not otherwise be made.

Your Committee wishes to express its appreciation for the services rendered in the review of the Bill by Mr. Albert Poissant and Mr. Charles B. Mitchell of Thorne Gunn & Co., chartered accountants, and its legal counsel, Mr. Thomas S. Gillespie of Ogilvy, Cope, Porteous, Hansard, Marler, Mongomery & Renault.

Your Committee has examined and considered Bill C-193 in accordance with its terms of reference and has no objection to make to the bill either in form or in substance.

Respectfully submitted,

SALTER A. HAYDEN,
Chairman.

THE SENATE

Wednesday, July 11, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

HONOURABLE JOSIE D. QUART

FELICITATIONS ON RETURN TO SENATE CHAMBER

Hon. Mr. Langlois: Honourable senators, I would like, on behalf of all honourable senators, to express our pleasure at seeing our dear colleague Senator Quart back in her seat after her illness.

Hon. Senators: Hear, hear!

Hon. Mr. Langlois: We are very pleased to see that she looks so fit and able to resume her worthwhile contribution to our deliberations in this place.

[*Translation*]

Welcome back and may you enjoy fine health!

Hon. Mr. Flynn: Honourable senators, needless to say, I entirely agree with Senator Langlois in welcoming back Senator Quart and wishing her the best of health.

I will add that we missed her still more than did honourable senators opposite.

[*English*]

Hon. Mrs. Quart: Honourable senators, may I just say thank you very much for this very warm reception that I have received in this chamber, as well as the one extended me just before coming in here. I now know that absence makes the heart grow fonder, because I missed every one of you so much, and I also missed my Senate duties.

Thank you.

Hon. Mr. Martin: May I say that I do not think I have ever seen Senator Quart looking as young, as pretty and as charming. We are very glad to have her back.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copy of Proceedings of the Royal Society of Canada, 1972, together with financial statements certified by the Auditors for the year ended February 28, 1973, pursuant to section 9 of An Act to incorporate the Royal Society of Canada, chapter 46, Statutes of Canada, 1883.

Report on operations under the Regional Development Incentives Act for the month of May 1973, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

LIBRARY OF PARLIAMENT

JOINT COMMITTEE—CHANGE IN SENATE MEMBERSHIP

Hon. Gildas L. Molgat moved, with leave of the Senate and notwithstanding rule 45(1)(h):

That the name of the Honourable Senator Forsey be added to the list of senators serving on the Joint Committee on the Library of Parliament; and

That a message be sent to the House of Commons to acquaint that House accordingly.

Motion agreed to.

FARM IMPROVEMENT LOANS ACT

SENATE BILL REMOVED FROM HOUSE OF COMMONS ORDER PAPER—QUESTIONS

Hon. Mr. O'Leary: Honourable senators, before the Orders of the Day are proceeded with I should like to ask the Leader of the Government what ever happened to a bill passed by this house and which the Speaker of the House of Commons declared to be a money bill and beyond our jurisdiction. My understanding was that this question was referred to the Standing Senate Committee on Legal and Constitutional Affairs, or to the chairman thereof. In whichever case it was, has any decision been reached regarding it?

Hon. Mr. Martin: Honourable senators, there was no formal reference to any committee in this matter. Perhaps Senator O'Leary will recall that I had suggested that the chairman of the Standing Senate Committee on Legal and Constitutional Affairs might like to look at this matter. He told me, as he told the house, that this he would do.

● (1410)

Hon. Mr. Goldenberg: I should like the Senate to understand, as I think it does, that the issue which arose when the Speaker of the House declared that particular measure a money bill is an issue which has been before the people of Canada or before Parliament for 100 years. It started shortly after Confederation.

At the suggestion of the government leader, I undertook to look into it. I am doing so, and I am gathering relevant information. Some is being prepared for me. The Law Clerk of the Senate, for example, is one person who is preparing something, but he has been occupied with meetings of Senate committees. I hope to be able to express some views in due course, but I am sure that Senator O'Leary will understand that it is not a matter on which one can arrive at a decision without careful study.

Hon. Mr. O'Leary: I hope my distinguished friend isn't suggesting that we are going to have to wait another 100 years. Time is running out on me.

Hon. Mr. Goldenberg: I have promised to advise the Senate of what I think is the answer, and seeing that I undertook to do it personally, Senator O'Leary will know that it cannot possibly take another 100 years.

Hon. Mr. Sparrow: When would the honourable senator feel that a report in that regard might be available to this chamber? Are we talking in terms of this session or would it be the next session?

Hon. Mr. Goldenberg: I cannot fix a date. It depends upon the studies which I have asked to be made for me. Whether I will be able to advise the Senate before the adjournment I do not know. It may not be possible.

Hon. Mr. Martin: I would not think so.

Hon. Mr. Goldenberg: But I will in due course.

[*Translation*]

Hon. Mr. Asselin: I have a supplementary question for Senator Goldenberg. Why did he not call a meeting of the Legal and Constitutional Affairs Committee, at which he could have obtained the opinions of the committee members instead of making the decision himself?

Hon. Mr. Goldenberg: Honourable senators, as Senator Asselin knows, it is not up to me to refer the matter to the committee. I was asked by the Senate to study the matter and to give my opinion, but it was not referred to the committee and it is not up to the chairman to refer a matter to the committee.

Hon. Mr. Asselin: A supplementary for the government leader: does he intend, when Senator Goldenberg has made his report to the government leader, to refer this issue, which is an important one, to the Legal and Constitutional Affairs Committee?

Hon. Mr. Martin: I would very much like to receive the report before taking a decision or making any recommendations. But I believe that the order of procedure proposed by Senator Asselin is acceptable in principle. We will see when the report is received.

Hon. Mr. Flynn: That is extremely prudent, as is typical of the government leader.

Hon. Mr. Langlois: The product of experience!

[*English*]

INCOME TAX ACT (No. 2)

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Hayden for second reading of Bill C-192, to amend the Income Tax Act (No. 2).

Hon. Jacques Flynn: Honourable senators, last night Senator Hayden explained Bill C-192 in his usual lucid and objective way.

Hon. Mr. Walker: Hear, hear.

Hon. Mr. Flynn: When Senator Hayden does not agree with all that is in a bill he tends to be rather objective. I would say that last night he was more objective than usual. There were some obvious reservations in his speech with regard to the effects of this bill.

The purpose, of course, has been explained several times, and we have known about this budget proposal since early 1972. I don't remember the exact date, but I think it was in the spring of 1972 that we were given the first Turner budget. The Minister of Finance explained at that time that the income tax on corporations involved in manufacturing and processing activities would be decreased by 9 per cent immediately in order to protect the jobs, dependent upon the health of those industries, and also to promote the development of many new jobs.

Honourable senators will recall that at that time the party to which I belong took the stand that perhaps this measure would not really achieve the objective indicated by the minister, and that it needed scrutiny. But in any event we felt we were under a moral obligation to this sector of industry to support this measure, at least for an experimental period of about one year.

It remained on the Order Paper when we adjourned last summer, and then, of course, the election ensued with the result that the legislation could not be adopted and the reduction could not be enacted and brought into force before the new Parliament was convened.

During that last general election compaign the NDP indicated that it considered this legislation as giving an unfair advantage to what Mr. Lewis used to call, and still does call, "corporate bums." Also, the Conservative Party expressed reservations with regard to this legislation. As a result, the government was in a quandary, given its minority position after the election. It did not know what to do for many many months. Finally, it made up its mind to bring this bill before us with the provision providing for the review of the tax concessions in the manner which was explained very clearly by the sponsor of the bill last evening, and to which I shall return later.

Honourable senators, I do not intend to deal with the bill in detail, because other senators around me intend to speak on it. But it is quite clear that we are giving a sector of industry, or a sector of the corporate field, some incentives by a reduction of 9 per cent in taxation. We are, however, in a way discriminating against about 75 per cent of Canadian corporations. I say this because the manufacturing and processing industries represent only 25 per cent of the corporate activities in Canada. The service industries, I should point out, represent about 60 per cent of all jobs available in industry in Canada. This field of activity will not enjoy any benefit from this bill.

● (1420)

The main criticism levelled against this bill is the fact that its sole obvious aim is to counter the effect of the DISC program of the United States. The government is here dealing in a very negative way with a difficult situation. It would have been much wiser to extend the rebate, or some kind of rebate, to the whole corporate field in Canada.

I wish now to deal with the effect of the position in which the government found itself as a result of the total opposition of the NDP and the requirement of the Progressive Conservative Party that this legislation should not be enacted for more than one year. Last night Senator Manning expressed the view that the provisions included by the Minister of Finance to meet the situation, and to keep the government alive against any threat of a negative vote by those two parties I have just mentioned, would create uncertainty, because the legislation can be challenged by

60 members of the other place. In one way Senator Manning is right, but in another way it must be remembered that at any time the Minister of Finance can, by introducing a budget, change the situation. There is no guarantee given when legislation is adopted that it will remain as such indefinitely. When a new budget is brought down the rate of tax can be increased. That has happened very often.

In this respect, I suggest that there is nothing special about this situation. Of course, long-term plans cannot be made when it is known that the legislation can be challenged. But then again, how can any long-term plans be made in an economic situation such as the one which presently exists in North America? Anything can happen. Events can suggest to the present Minister of Finance, or to a new Minister of Finance who may follow next year, that the whole setup should be changed.

Hon. Mr. Greene: It will not be a Tory.

Hon. Mr. Flynn: It would certainly be a good thing if he were. You may be right that it will not be a Tory, but I would not bet on it if I were you. Things may turn out right for Canada, and Canadians may find themselves with a Tory government after the next election. Anyway I do not see why that remark by Senator Greene should deter me from the argument I am trying to make, which will show that we ought to have a change of government as soon as possible.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: Let me now deal more specifically with this review provision. The way I read it, 60 members of the other place can force the Minister of Finance or the government to bring in a measure to meet the conclusion of any resolution voted by that house. What was the position of the Conservative Party? They suggested adopting the idea of a corporate tax reduction for one year. The goverment, because it did not want to accept this suggestion, proffers a quasi-solution that has a much wider and more serious effect than that which had been proposed by the Conservative Party. It amounts to a most shameful abdication of this government's responsibility and authority under the B.N.A. Act, under our Constitution. I will demonstrate to you how true that statement is, and how well founded.

If the government had accepted the position of the Leader of the Conservative Party, this resolution would have been in force for the present year, 1973. If the results had been available, the government could have, in the next budget, decided to continue with this rebate in taxation. But what is the government faced with now, given the position it has taken? This was not discussed in the other place for the simple reason that if someone asks for something and receives twice what he is asking, he doesn't usually complain. That is why this point was not raised in the other place. Look at what it amounts to. Sixty members can force a debate in the other place on a resolution which would tell the government that it should stop the concessions granted by this bill, or diminish them. After such a resolution has been adopted, as it could be because the government is in a minority position, the government is bound to present a measure before the House reflecting the desire expressed in the resolution accepted by the other place.

Hon. Mr. Benidickson: Sixty members.

Hon. Mr. Flynn: Section 54 of the B.N.A. Act reads:

> It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.

This section of the B.N.A. Act is repeated almost word for word in Standing Order No. 62(1) and (2), of the House of Commons, which I do not think I need read. It repeats the same thing, that there is to be a message from the Governor General in the session in which such a vote, resolution, address or bill is proposed.

What the government has accepted by this review method is that the house will direct the Governor General, and the Governor General in Council will have no choice but to send a message to the House of Commons recommending an amendment to this bill. The house so decides and the Governor General in Council, the Cabinet itself, the present government, must, because it agrees to do so in this bill, accept the directive of the House of Commons. This directly contradicts section 54 of the B.N.A. Act, and is absolutely contrary to the Standing Order I just referred to. This is what this bill says.

When I read that provision the first time, I just could not believe it. In fact, the government has put its fate in the hands of the Opposition. It has given up its right or its exclusive jurisdiction in the matter of the appropriation of money or in the matter of taxation and the imposition of taxes or impost. It is unbelievable when you come to think of it. The government has said, "Well, if you decide that we should do this in the matter of taxation, we will do it." It has accepted in advance a decision of the House in a field where it has, under the Constitution and under the Standing Orders governing the other place, exclusive discretion to bring in any measure. It is a capitulation, of course, which is explained by the present political circumstances. It wants to ensure its survival and to avoid giving way to the request of the Official Opposition in the other place. The government has capitulated; it has put its head on the block. It has said it will accept whatever terms are dictated to it and will bring in whatever measure the house has indicated it wants to see recommended. If this is not directly opposed to what is laid down in the Constitution, then, certainly, it is indirectly contrary to the provision I have cited.

● (1430)

This point was not raised in the other place but I think it should be raised here because the Senate has some responsibility as far as respect for the Constitution is concerned.

I am really horrified at the precedent created by this legislation. I hope that my point will not be considered as a mere matter of routine nor a debating or academic point. I want to see this point given full consideration. I hope to convince honourable senators that the provision for review provided in this legislation is a shameful abdication of responsibility on the part of the government.

Hon. Allister Grosart: Honourable senators, I rise to support the position taken by my leader, Senator Flynn. He has said that there will be some further comments on the bill in more general terms from this side and it is my opportunity at the moment to fall in line with that suggestion.

Honourable senators will be aware from reading the bill and from listening to the excellent exposition given by Senator Hayden, that this is a bill to amend the Income Tax Act. It is important to emphasize that, because it is merely one of a number of approaches to the solution of some of the very pressing problems facing the Canadian economy today—problems connected with the provision of jobs, with the maintenance of jobs, with the slow growth in the secondary industries, and the increasing threat by international competition in foreign markets and in our own domestic market.

To place it in context, it is fair to say that the Minister of Finance spoke of the "companion proposal" to which this is closely linked—the fast two-day write-off on machinery and equipment for industries in a certainly narrowly defined area known as manufacturing and processing. Having said that, it is important to think of this bill more than in terms of a mere amendment to the Income Tax Act. It is important to show it in its larger context—an aspect of the bill which was not thoroughly commented on by the report of the committee, for the good reason, of course, that it did not have the minister before it and it did not go into the larger questions of policy, of where this fits into the general economic policy in the immediate future in relation to the problems that face us.

I propose, therefore, to make some remarks, divided into two main sections. First of all, it is important to deal with what the bill does and with what it does not do; next, to discuss the hopes there are for its success; then to discuss it in relation to its response to DISC and other economic incentive measures in the United States; to call attention to some policy inconsistencies that seem inherent in the philosophy of the bill and, finally, to suggest an alternative or complementary approach to these same problems.

The bill deals exclusively with a fairly narrow area of the economy, that is to say, corporate profits accruing from manufacturing and processing industries in Canada as defined or not defined in the bill. Senator Hayden dealt with that yesterday evening, indicating there is no general definition of manufacturing and processing but there are some negative exemptions which considerably narrow it. In this particular area the corporate income tax is reduced: for larger corporations from 49 to 40 per cent, for small corporations from 25 to 20 per cent. Of course, that is in current year terms. Actually, the reduction in succeeding years will be from lower levels, 48, 47, 46 per cent, in line with previous legislation. The important thing is that the 49 per cent corporate tax level remains for the majority of Canadian corporations.

The exclusions are primary industries—and again it was explained by Senator Hayden yesterday evening that the main reason is that existing legislation already is fairly generous in terms of tax allowances and tax exemptions for certain of the primary industries.

[Hon. Mr. Flynn.]

The service industries are completely exempt from the operation of this bill. The service industries account for about 60 per cent of the total employment in Canada.

A surprising exemption, to me, is the construction industry, which could hardly, in many of its operations, be described as a primary industry, but for various reasons it has been excluded. This may prove to be a mistake. There are other exclusions—transportation and utilities, in certain circumstances.

Honourable senators, what does it amount to, in total? The best figures that I have seen indicate that probably about 40 per cent of the total of corporate income taxation will come under the new tax rates—which is a sizeable segment of our economy. The figures given by the minister suggest that about 5 per cent of the exemption would be in the small business area—the 20 per cent reduction area—and about 35 per cent in the larger corporation area.

One of the things the bill does not do is channel the flow of its benefits exclusively to Canadian industry. This may or may not be a serious criticism. It may or may not be something that could be avoided. The fact remains that 60 per cent of the total tax reduction benefit which flows under this bill will flow to American controlled corporations. I do not question that figure. It is the minister's own figure.

I am not one who takes the attitude that in Canada we should exclude corporations from the benefits of tax or other legislation merely because they are American controlled. But it is important to keep that in mind when we come to consider the possibility of success or failure of this legislation.

The limitations are mainly due to certain philosophical considerations. One is international competition. The bill sets out what the minister also emphasized quite clearly, that one of the raisons d'être of the bill is the fact of serious international competition of various kinds.

The cost to the Treasury of this particular bill appears to be about $250 million which in a $20 billion budget is perhaps not great. It has been estimated that the total cost of extending these benefits to all corporations in Canada this year and in succeeding years would be about $1.2 billion to $1.25 billion annually. I have been considering whether that might not have been a more daring approach than the one we had, as $1.2 billion is a lot of money; but in an area where we seem to have been concentrating more on legislation to distribute wealth rather than to produce it, I can see a good case being made out for this very large measure of incentive to the whole of the Canadian corporate industry, even at a cost to the Treasury of $1.2 billion a year. It is perhaps one of the chances, or the hopes I should say, of success.

● (1440)

It seems to me that historically this bill may go down as an economic milestone. It is possible—I do not say probable, but it is possible that it will prove to be a milestone on the wrong road. I will indicate in a moment why I think it could be so. But the great hope of the minister is, of course, that this will maintain and promote jobs in Canada. It is hoped that it will maintain the two million jobs directly related to our manufacturing and processing industries, and perhaps another two million jobs which

flow indirectly from its activities. One of our major Canadian problems at the moment is the unprecedented rate at which we have been creating new jobs in the last few years. In the last five years there have been created in Canada 1.3 million new jobs, which is 50 per cent more than the absolute increase in employment in the 15 European Community and EFTA countries. That is an amazing achievement and yet last year we had an average of 6.3 per cent unemployment—an intolerably high level—compared to 6.4 per cent the year before.

We had at the same time an average level over the year of 5.1 per cent inflation, and whether significant or not it has to be noted that in the first quarter of this year the rate of inflation was over 7 per cent. I am not saying that that will persist for the whole year, but that is the situation we face. So with respect to the concern of the minister and the government for the maintenance and creation of jobs, we can only say we hope this bill will be successful in that purpose.

Another problem related to that is the extraordinarily slow growth of the secondary industry in Canada. Its growth has averaged over the last year only 2 per cent annually as against a real increase of the GNP running from 5 per cent to 6 per cent. The minister has high hopes that the proposed reduction in the tax burden, and I am quoting him, "borne by Canadian manufacturers and processors is designed to assist them to meet increasingly intense foreign competition in a variety of ways." These are the ways in which the minister hopes that this measure will improve the growth of our secondary industry. He hopes they will, as a result of these tax decreases, increase the efficiency of their operations and lower costs, undertake more research, finance increased capital investment, increase their price competitiveness with foreign producers both at home and abroad.

Again we can only hope that that will be a result of these decreases and particularly in the case of American-controlled corporations, foreign-controlled corporations, that the windfall from this measure will be used in these ways and not merely, as some have already suggested, to take up the lag of past low-profit levels, and so on.

Again an increase in corporate profits is one of the hopes of the minister. In that respect anyone who has looked at the record of corporate profits over the last ten years will take a very different attitude to the third party in the other place which, I am sorry to say, is in connection with this bill's using statistics completely out of context and, in my view, falsely and crudely.

The situation is roughly this, that over the last ten years corporate profits in Canada have averaged about 10 per cent increase per year. When we consider that those are corporate profits before taxes and that we have to take into consideration the effect of inflation, it is obvious that Canadian corporations have not been in a position over the last ten years, despite the odd very good year here and there and the last two years, to develop the kind of growth that corporations in Canada must develop if they are going to maintain their level of jobs to be adequate to the increase in the labour force.

It is a fact that corporate profits have not been exorbitant over this period of time. I agree with the minister. I share his hopes that one of the results of this bill will be an absolute increase in corporate profits, which brings me to what I call the DISC problem. In the earlier part of the discussion on this bill the minister placed a great deal of emphasis on what I call the DISC problem. He said:

> The DISC scheme presents a three-pronged threat to the Canadian economy.

Elsewhere he speaks of the "magnitude of the threat posed by DISC," and there is no question that one of the motivations of this bill is a direct response to DISC.

DISC, of course, is the generic name for a very large program, progressive program, of incentives to American industry of various kinds. The evidence is that we have attempted to match to some extent the American incentives by Canadian incentives under this bill or incentives to corporations doing business in Canada. The minister said on one occasion that this was "the least we could do" to respond to DISC.

The Tax Executive Institute which has probably made the best analysis of the contents of this bill has reached the conclusion that some response was absolutely necessary in the interests of the growth of Canadian secondary industry. We understand the American point of view, of course. They are faced again this year with a $6.4 billion deficit on commodity trade and with an even greater deficit on current account.

So, honourable senators, I think it is essential that in discussing this bill we assess it in relationship to and as a response to DISC. In the first place it is not a complete response because the analogy between the two sets of initiatives is not exact. If we take our reduction to be 40 per cent, it is considerably less in one area than the tax reductions—the tax rate decreases to be more exact—under the American plan. The American plan brings down taxation from a general level of 48 per cent to 35 per cent, and even in certain circumstances under certain formulae to about 25 per cent tax. This, of course, applies only to profits arising from export industries, so the analogy is not exact at all because the Canadian measure does not cover all export industries but only manufacturing and processing industries.

Unfortunately, this measure does not include profits which may accrue from very essential aspects of the marketing of products of our manufacturing and processing industries. It stops short in allowing tax reductions on the promotion and marketing activities. That is a mistake which our American friends did not make in constructing DISC.

On balance, it is rather interesting that the Tax Executive Institute, which made what seems to be the best examination of the bill, reaches the conclusion that the two bills put together will result in a United States production advantage in the Canadian market because they have these lower tax rates to apply against their export business. But the effect of the Canadian measure now before us will give many of these Canadian companies a production advantage in the United States market, because these companies will be operating under a 40 per cent corporate tax rate, whereas in the American market they will be competing with companies still operating under the standard 48 per cent rate.

• (1450)

These are perhaps just details about the difference between the two. But to me the real problem posed by this attempt to confront or to respond to DISC is the possibility of starting a run of countervailing duties, one against the other, a battle or race in which there is not the slightest chance in the world that we are going to be able to compete with the Americans. I have spoken on this before, but in case there is any suggestion that this may be just a particular hobby horse of mine, I would call the attention of honourable senators to some comments made as recently as May 18 by a person generally respected here, Mr. John Meyer, former financial editor of the Montreal *Gazette*. He is dealing with the American administration's proposals—not just DISC but also the additional outlines issued on April 10. Speaking of the American administration he says:

> What the Administration made clear was that it would no longer tolerate tax incentives offered by foreign countries as inducements to investment—

He explains that the DISC program was intended to offset certain tax concessions, and give investment tax credits, revised depreciation, and so on, and then continues:

> But now that the Administration has introduced its complementary tax stick, the initial skirmishes over competitive tax advantages are taking on the dimensions of global warfare. The question implicit in this turn of events is whether Canada should cast its lot with the Europeans and others who will be vigorously protesting the Administration's position or actively pursue a bilateral exemption on its own account.

Here is the spectre, and I think it is a real spectre, of a knock-down, drag-out war between Canada and the United States over our own domestic market and our position in the American market, and I need hardly say that this is as important to us as our own domestic market in many respects.

This, of course, raises the question as to whether this measure is enough or whether it is just a piecemeal approach to this problem—whether it is so politically controlled and politically inspired that it will fall short of its important objectives. These are questions which I think have to be raised, and I am sure are in the minds of those who sponsor this bill. I say this, honourable senators, because this accusation of Canadian piecemeal approaches to problems is an old one. Dian Cohen, well known as an authority on many aspects of our economy, writing in the Toronto Daily *Star*, says:

> We have an almost perfect record in this country of making economic policy decisions that are piecemeal, expedient and foolish.

The date of this, by the way, is June 4, 1973.

She points out that "Canada is one of the highest-cost producers in the world," and that we cannot afford to get into this knock-down, drag-out confrontation with our American friends. She goes on to say:

> One could dismiss this latest venture into policy-making as a bizarre aberration of a weak and demoralized government if it weren't so typical of the myopic economic planning we have endured in this country for the past 25 years.

[Hon. Mr. Grosart.]

Honourable senators opposite will be glad to know that the phrase "bizarre aberration of a weak and demoralized government," is not confined by Miss Cohen to the present government. Then she says:

> While the need intensifies daily for coherent long range economic planning, our governments continue to respond only to short-term political expediency.

Finally, I come to some inconsistencies and, in this connection, point to the stress laid by the minister and others on the urgency of this legislation. Fourteen months ago we had the May budget in which this legislation was first brought forward, and over and over again we were told by representatives of the government that it was urgent. We were told that the economy needed heating up. Yet, it took 14 months to produce. I need not go into the reasons for that except to say that this surely is an intolerable delay. In the meantime the economy has heated up, and there is now some doubt as to whether this measure is not badly timed. Certainly it would have been well timed 14 months ago, but there is a very real doubt as to whether this is the right time to introduce it.

We are aware of the political background that caused this situation, but it is certainly not, in my view, to the credit of the government that it did not find ways to bring this measure before us earlier.

Secondly, honourable senators, it seems to me that we in Canada need to look at our own house more often than we do and see to putting it in order. We are forever talking about how we are committed to multilateral trade and the liberalization of trade all around the world. But that is not where we stand. The *Economist*, which is not always right, but is one of the greatest financial papers in the world, has this to say on June 30:

> Earlier this month Canada banned the export of all refined petrol and heating oil to the United States except under special licence. The ban will not be lifted until Canada can expand its own refineries.
>
> Canada is not only tight-fisted with its energy but has conspicuously failed to keep pace with other industrial nations in lowering its tariffs in line with the Kennedy round. It now hides behind one of the highest tariff barriers in the developed world.

That is the Canada, honourable senators, that is always talking about how committed we are to multilateral trade.

He goes on to say:

> The chief difficulty is to persuade Canada to jettison some of its non-tariff barriers.

Here again, on both the tariff side and the non-tariff side, we are among the real offenders in the world. I am not saying that there may not be good reasons for keeping some of those, but I think we should recognize that we have to put our own house in better order—and perhaps there is to be some legislation forthcoming along that line.

The capital investment concern of the government impressed me because the minister said that one of the most important things about this bill—and here I shall quote him directly—was:

> —most important of all, it could over time result in a significant proportion of new capital investment and the accompanying new employment opportunities

being located in the United States rather than in our own country.

Here he is speaking of DISC and saying one of the real problems is that this will dry up the flow of American capital into Canada, and he makes it quite clear that he regards this as being of the utmost importance to our unemployment problems. I merely point out at this time that there is some inconsistency here as between this legislation, and the legislation now in the other place generally known as the "takeover bill." It seems that we want to have it both ways. But it is a clear fact of political life and of economic life that in such cases you cannot have it both ways.

Referring to the review process so eloquently discussed by the leader on this side, I find myself having the same doubts on the constitutional aspects which he outlined. I find myself having doubts not only on the constitutional aspects but also in the straight matter of policy. I am fully aware that the Conservative Party was responsible for asking for these review clauses to be put in the bill, and this was part of the general deal. I am not myself sure why the Conservative Party insisted on that.

● (1500)

Hon. Mr. Flynn: We did not ask for it. We wanted only one year.

Hon. Mr. Grosart: A review after a one-year trial. I am not being overcritical. I merely say that I fail to understand any theory that suggests that tax legislation should not be as permanent as it is possible to make it, because of the problems impermanence and uncertainty about tax legislation produce in the business world. I am well aware of the Conservative Party position in this, but I am not saying I would fully endorse it from the point of view of overall economic policy.

I have been critical of some aspects of the bill. Obviously one could ask me to suggest what should be done. I can only answer that by asking a question, which is this: To what extent has the government really tried to develop bilateral exemptions for Canada from these American measures? We have no evidence that there has been an effort. That does not mean there has not been an effort, or that there is not an ongoing one. It is probably one of the problems of politics that politicans do not like to announce that they are trying very hard to achieve concessions from another country and so risk failure, and the public and opposition scorn that might come from that.

It seems to me to be of the utmost importance that we make every effort to get on the American side of this; that we bargain for bilateral exemptions from the effects of these American measures, which are to some extent targeted to us, although not wholly. I think there are bargains that could be made. One suggestion has been made by Carl Beigie, who happens to be Executive Director of the Canadian Economic Policy Committee, of which I have the honour to be a member. I pose this as just one suggestion. Carl Beigie, speaking to the Toronto Investment Analysts, perhaps a month or so ago, suggested that we should:

> —seek exemption from all American payments correctives in return for the following undertakings: to peg the Canadian dollar within a narrow trading range with the U.S., to refrain from any conversion of any U.S. dollar holdings into American reserve assets, to block all American dollar pass-throughs, and to lift all restraints on Canadian investment abroad.

The honourable Leader of the Government might object to that on the ground that it sounds like a package deal. I would go a little further and say that we should extend the package, talk about access to our energy resources, talk about anything we have to bargain with in the Canadian interest, to see if we cannot get into a better position than this rather dangerous confrontation with DISC and those who have decided that DISC and its implications is going to be continuing American policy.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I would first like to congratulate Senator Hayden who introduced the legislation now before us. As usual he has done so with clarity and understanding. Of course, I do not intend to enter this debate to contradict the technicalities which he pointed out when introducing the bill last night.

All the same, I would like to say to the members of the government that I fully support the remarks made by the leader of our party in the Senate concerning the constitutionality of an important provision of this bill. I have the impression that we would not be satisfied if the government leader or the sponsor of this bill did not give us a satisfactory reply to the constitutional question raised by Senator Flynn in his remarks this afternoon.

As Senator Flynn said, the Senate is a body created to study constitutional matters, and above all to see that the Canadian Constitution is respected. The point raised by Senator Flynn is based on the constitutional level, and before we adopt this legislation, we must obtain a satisfactory answer, or a satisfactory explanation, from the government leader, or the sponsor of this bill.

Senator Grosart, who is a tax expert, dealt with the details of the bill, with its consequences on Canada's relations with the United States as well as the international community. I am no expert on tax matters. I shall therefore limit myself today to a few remarks on the bill before us. I may broaden the debate somewhat by pointing out to this assembly that the present government seems to have overlooked certain constitutional aspects of which the fundamental principle whereby the House of Commons, the representatives of the people, must supervise financial matters, and the fact that the government must not by-pass the representatives of the people in having fiscal measures passed by other methods than those provided for by the Constitution.

To my mind, this bill is based on the reaction of the government to recent tax measures passed by the American government. If that is its only reason, then I would say this bill is negative because the government has proved that it applies a policy which, to my way of thinking, lacks planning in that our government should have foreseen the American competition through fiscal legislation. It shows a total lack of imagination by asking us to pass this bill to counteract the American DISC program, as Senator Grosart pointed out.

Yet, there would be other avenues open to the administration, other ways which could have been used and would

have not risked in any way a tax concession war with the United States, for Canada has no intention whatever of competing with tax reductions against the punitive tax measures which the United States adopted recently in respect of Canadian corporations.

Perhaps this act will also result in a further deterioration of our relations with the United States in the fiscal area and, in return, we may be faced again, on the part of the Americans, with new fiscal punitive measures. This we cannot accept in view of the present state of the Canadian economy.

● (1510)

[*English*]

Relaxed depreciation and the investment tax credit have been powerful inducements to the location of new manufacturing facilities in the United States. Even the relocation of existing facilities in the United States by both American parents of Canadian subsidiaries and Canadian investors has been a source of worry in the past and present times. This bill is an attempt to offset that southward pull, an attempt to buy time for the government to develop a long-term policy capable of dealing with an evolving problem.

That is the story of this government's life, honourable senators—forever "reacting to situations," never one jump ahead, chronically incapable of predicting what might happen, and prepare in consequence. This government cannot possibly lead. It is incapable of even keeping up. So again we are faced with this government's incompetent reaction to an economically impalatable situation.

From this side of the house I should say this bill is a good bill, but I must also say is that it is too little, too late, and terribly deficient.

For a number of reasons, one of which is too heavy a tax burden, manufacturers have been having a difficult time of it. To think that a 9 per cent tax cut is going to give rise to great expansion is to demonstrate complete ignorance of the problems involved. For many manufacturers, this tax relief means only that they will avoid bankruptcy for a while longer. It does not mean they will have the wherewithal to expand.

[*Translation*]

Here I make a small digression. This morning on the radio we were told that this year, in Canada, 1,500 companies went bankrupt. In Quebec alone we had 400, and over 450 corporations had to dispose of their assets.

When I said earlier that this legislation may have come too late we are of course told that it is aimed at creating jobs—God knows employment is needed in Canada—but I think that this 9 per cent reduction will only result in allowing those industries to survive a little longer and that it will not solve the basic problem facing those industries if they are to survive.

Certainly, this 9 per cent corporate reduction can only give those enterprises a new lease on life from the economic standpoint because the reduction is too limited within the context of their financial operations. Corporations will have to spend an enormous amount of money to hire surplus personnel so as to benefit from those tax cuts. How many people will they have to hire only to prepare their income tax returns which will be very hard to compute when the time comes?

[*English*]

Honourable senators, without realizing it, I am sure, this government is on the right track, and regardless of how inefficiently it proceeds, regardless of the motives behind this bill, and regardless of the immediate goals—which are likely never to be realized, anyway—one can feel nothing but joy at the idea of a tax reduction of any kind.

This government has a dismal record; its inefficiency is notorious. The Auditor General has been telling us for years all we should need to know about government—the less you have of it the better off you will be.

The record of the past ten years of government in Canada reads like a nightmare of mindless waste of the taxpayers' money. We have an Arts Centre that cost four times what it was supposed to cost; a *Bonaventure* that was refitted for twice what it was to cost, only to be scrapped a little while later. We have spent millions on hydrofoils, only to consign them to mothballs. This government spent $9 million preparing to build a harbour at Gros Cacouna, Quebec, before realizing that there would be no customers for that harbour. This government spent $20 million preparing a crossing between Northumberland Strait and Prince Edward Island. That crossing was never built—$20 million more shot to hell.

Such inefficiency and stupidity is horrendous. But what worries me even more is that the taxpayer is not revolted at such goings on. He is either unaware or he has decided that such is par for the course where governments are concerned. He seems not to have considered yet that he might be better off if the government were given much less opportunity to waste money. All that is required is that the voting public decide that its government will have less money to spend and less power to wield. That is all. But oh, what a difference that would make—the people again in control of their government and not vice versa. What a refreshing thought.

As it stands now, the situation is quite different. Since 1968, the government has successfully striven to decrease Parliament's control over public money, and to increase its own control. This unconstitutional usurpation of financial power by the executive has been deliberately planned. The strategy has been to decrease the quantity and quality of the opportunities available to members of Parliament to question, criticize and publicize the government's demands and needs for public money. Complementary to this strategy has been a cover-up propaganda program to conceal and even glorify the government's intentions.

The government has used trickery of the basest variety to obtain public money without parliamentary consent. They have perverted the lawful powers of the Treasury Board Committee of Cabinet to their own purposes, instead of to those of Parliament and the public.

[*Translation*]

This is another constitutional issue that the government should settle as quickly as possible and those of us who have been members of the House of Commons dream of the days where that constitutional argument was applied in the House of Commons, where the representatives of the people controlled the taxpayers' money because they

had been elected to do so, whereas today we see the government resort to every trick in its attempts to control the taxpayers' money without the consent of the people through their representatives in the House of Commons.

That is another constitutional issue. For that reason, the members of the House of Commons and those of the Senate are increasingly wondering about the role of the House of Commons as regards administration and executive power. If the executive power simply decides to control public funds, it should keep in mind that the people sent members to the House of Commons precisely to control money and taxes. Of course, if the government chooses to ignore the power of Parliament, we are on the road to a presidential system. That is what is now happening in the House of Commons. I do not suggest that it is a bad system, but until the Constitution is changed, I believe that we must come back to a responsible government answerable to the elected people for the expenses of the government in power.

● (1520)

[*English*]

But Trudeau's administration has gone out of its way to emasculate Parliament, honourable senators. They have used every means and sought every opportunity to hobble and shackle the Opposition. They do not want their actions submitted to close scrutiny, because they do not want the voting public to know how incompetent the government is.

This government has abolished overall debate of the estimates in the other place. Estimates are taken up in bits and pieces in the various committees of that house. Also, a time limit has been imposed. Estimates must be considered within a certain time. If this is not done, they are reported out of committee and voted on without debate in the House. This is what the Trudeau administration means by participatory democracy: "Don't give the Opposition a chance to point out how frightfully inept we really are or we're finished for sure."

Another thing this government has done since coming to power in 1968 is to increase its revenues vastly on the plea that the tax system must be reformed. It introduced an incomprehensible tax bill and used closure to force it through Parliament. Taxes were forced upon the people by curtailing the right of their representatives to complain. Is this the kind of democracy which Prime Minister Trudeau advocated in his 1968 campaign when he spoke of participatory democracy?

This government, honourable senators, is not striving to do what is best for the country. It is too preoccupied with doing what is necessary to ensure re-election. That is something I can hardly blame them for. They are good politicians. They have been in office for a long time. Sometimes I think the Conservative Party is not politically-minded enough. It is not often in office, and when it is it sometimes does everything to lose office.

The people of Canada should know that annual reports on the administration of government departments are very often not produced within the time limit required by law. They should know that information requested by parliamentary committees is regularly denied by this government, that the government delays sending reports to committees for consideration in order to make sure that what they have done will not be found out.

All kinds of specious reasons are advanced for denying information. All sorts of secret studies exist to which parliamentarians have no access even though the taxpayers whom they represent have paid for them. For example, the Treasury Board with full backing from the government has betrayed its trust as manager of the public funds. It is no longer working for Parliament, but for the government. It no longer tries to keep order in spending; rather, it concentrates upon covering up waste and abuse.

There are those infamous "dollar votes" in the estimates. These permit government programs to continue year after year without detailed statutory terms of reference and without report to Parliament.

There are those equally notorious revolving funds which permit large sums of public money to be removed from the scrutiny of Pariament and placed under the control of the government which can spend the money without fear of parliamentary or public criticism. It used to be that money the government did not spend in a given year reverted to the Consolidated Revenue Fund which was controlled by Parliament—but not any more. This government has seen to that. It wants that money, and it does not want anybody to know how it is being used either.

The latest attack in this organized gang rape of the traditional and constitutional rights of Parliament to control government expenditures came only recently. It had to do with the matter of opposed votes. The use of opposed votes is one of the methods available to Parliament for reducing an agency's or department's budget. Under the rules, a member can post a notice of opposition to objectionable budgetary expenditures.

This year opposed votes covering $30 million worth of proposed government expenditures were posted. The idea was to precipitate a recorded vote in the other place on whether or not these items had the approval of the representatives of the people. After all, that is what parliamentarians are here for. Well, that was not to be—not in this Liberal participatory democracy. Specious legalistic arguments were used by the government to prevent a recorded vote on specific budgetary items. This government has effectively curtailed to traditional privilege of an Opposition party to attempt to reduce any given budgetary item.

The long-term effect of this will be to emasculate Parliament completely. No longer will the Opposition be able to challenge the government's extravagant spending. No longer will the taxpayer be able to voice his opposition in Parliament. His representative has been gagged. And all this is being done, mind you, in the name of participatory democracy.

● (1530)

My reason for participating in this debate is quite simple. I am happy to see corporate taxes lowered, just as I am happy to see personal taxes lowered. To me the lowering of taxes is a breath of fresh air. It is a source of hope, hope that someday we may all realized that we are overburdened not only with taxes but with government.

Governments are oppressive. They use force to impose upon everyone almost every wish of the majority. Minorities are in ever-increasing danger of being denied ever

more fundamental rights. This must stop, but it will not until we learn to curb the power of government. Governments pander to those who elect them because they want to ensure their re-election. This is the reason why minorities are at times hard pressed to defend their freedom. And the greater the influence of government, the worse will be this problem.

[*Translation*]

Honourable senators, I must say in closing—and this has been said countless times in both the House of Commons and the Senate—that as long as the rights of the minority, in a democratic system, are not respected, the fundamental principle of freedom and of expression of the people's elected representatives are endangered. Of course, I am in favour of the rule that the majority must decide. It is clear that when the people have voted for the majority, it must take the decisions. But, when decisions are being taken, the minorities, that is the people who are in the minority in assemblies such as the House of Commons or the Senate, must be heard so that they can express the opinions of the minority, of those who have voted for the people sitting in Parliament to defend the interests of the population and also to study and supervise the taxpayers' money.

I may have digressed somewhat, but I wished to make these few remarks on the introduction of a tax bill. I will say again that I am in favour of the bill now before us. I hope that it will settle the situation foreseen by the government when it introduced this bill, but, in my view, it has come too late. It is not generous enough. I have the impression that it is not the answer to the unemployment problem but if the corporations gain by it and if it will help them survive economically, then I will be happy to have been among those who voted for this legislation.

[*English*]

Hon. Mr. Martin: Honourable senators, I do not propose to speak at any great length. I am sure that Senator Asselin will understand if I do not fully follow the arguments he made in relation to government responsibilities in such a wide field.

Hon. Mr. Walker: You speak French, don't you?

Hon. Mr. Martin: So I thought I would address myself essentially to the point made by Senator Flynn. I agree that the explanation given of this bill by Senator Hayden has been characteristically comprehensive. We continually recognize the contribution the senator makes in the explanation of these tax measures.

Senator Flynn began by saying that this bill comes to us very late. This was an argument put forward by Senator Grosart as well. It is said that we knew about this tax proposal some time ago—in fact, in the spring of 1972. This is true. But we also know the circumstances in which the government, in a minority situation since the general election, has had to face the responsibility which all of us recognized after the election. In the absence of a willingness to have another election, there had to be a consensus that would provide Parliament with the opportunity to carry on the business of the country. My honourable friend seems to disagree.

Hon. Mr. Flynn: I am very much amused.

Hon. Mr. Martin: I must also admit that at one stage his view and the view of his party was—and this was an understandable position for him to take—that there should be an election forthwith. But this was not the view of the government, it was not the view of the majority in Parliament, and I suspect it was not the view of the majority of the people of Canada. As time has gone by I think this has become increasingly clear. Therefore, if there was not going to be another election, the necessity was to find in Parliament a satisfactory way of meeting the wishes of Parliament.

The Minister of Finance was quite clear that if the present parliamentary situation had not prevailed it would not have been necessary for him to seek an accommodation with respect to this tax reduction measure—and that is what this bill is. This bill, in the government's opinion, is important for the economy of this country and to the maintenance of a high level of productivity in certain sections of the private sector—a point of view, incidentally, that until after the election had always been propounded not only by the government but by members of the party to which the Leader of the Opposition belongs.

We had a demonstration of this, an objective recognition of this fact, when Senator Grosart himself said that he regarded the more permanent aspects of this tax measure as desirable in the interest of the nation's economy, and in the interest of the nation's objective to maintain exports at a traditionally high level. That is the purpose of this legislation, honourable senators. This is a tax reduction measure; it is not an appropriation bill, as the Leader of the Opposition suggested when he quoted section 54 of the British North America Act. This is not an appropriation bill. This bill provides for a tax reduction.

Hon. Mr. Flynn: I rise on a point of order.

Hon. Mr. Martin: Please let me continue.

Hon. Mr. Flynn: I have the right, when I am misquoted, to rise and correct the Honourable Leader of the Government. I quoted section 54 because while it speaks of appropriation bills it also refers to any bill relating to any tax or impost. That is the only part of section 54 I referred to, and the Leader of the Government is entirely wrong when he says I spoke of this as being an appropriation bill.

Hon. Mr. Martin: My honourable friend is entitled to make his argument.

Hon. Mr. Flynn: This is not an argument. It is a correction.

Hon. Mr. Martin: And I am entitled to make mine.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: My friend has the habit of interrupting. When he spoke, nobody interrupted him from this side of the house. I would ask him for similar treatment in this and other situations.

Hon. Mr. Flynn: I did not misquote you.

Hon. Mr. Martin: Senator Flynn based his argument on section 54 of the British North America Act. His argument is that the scrutiny device conceived and presented by the Minister of Finance might render unconstitutional the measure before the Senate.

● (1540)

It is important to remember, as Senator Grosart emphasized, why we have this measure. Why is the senator in

favour of the principle of this measure? I am sure he would have gone on to argue, as is the fact, that the tax reductions provided here are designed to assist Canadian industry to meet the competitive position which faces it in the export markets of the world—and it is a very serious competitive position. Other countries, Sweden, Britain, France and Germany among others, give their exporting industries, their exporting corporations, special assistance by way of tax reductions to enable them to gain advantages in the export market. That is the purpose of this tax reduction measure. It is to enable us to maintain a competitive position in the export markets of the world.

No country has a greater stake in the export market than Canada. No country has as great a portion of its national income involved in what it is able to sell to other countries of the world. It is not unnatural, therefore, that we should seek devices, not for the purpose of assisting any particular corporation *per se*, but rather of assisting industry to improve its export position, to increase its productivity and, as a result, to increase employment at home. Those are the objectives of this legislation.

I had always assumed, as I am sure most of us had, that this was a position which not only the members of this party who are charged with responsibilities of government had espoused, but that it was the point of view of those who belong to the party that Senator Flynn so ably supports. He did say—and I thought this was an indication of his indirect support for the measure, even though he did think there was a constitutional impediment—that this kind of tax relief was not extended to all industries. I took from that his approval of the principle of this measure; that, not only should it apply to all export industries concerned, that it should apply not only to the resource industries, but to the service industries and other industries in Canada. I took that as an indirect recognition of the value of this legislation.

I think Senator Flynn made a very proper reply to Senator Manning, who yesterday expressed fear of the possibility that there would be a lack of confidence created, a lack of certainty that would affect industry generally. This is a situation that always attends any tax legislation introduced by one Parliament. Industry must always assume the supremacy of Parliament. What may be decided by Parliament in one session, or in one Parliament, however, need not necessarily be the policy that the same government, or another government, will present in another session or in a subsequent Parliament.

Nevertheless, the point Senator Manning made is important. It would be helpful if the uncertainty in this matter could have been removed many months ago. It would have been helpful if we did not have a minority government situation, so that government's policy could be clearly implemented, or more effectively implemented. However, that is not the situation in the country at the present time, so the government had to consider how it could implement a policy that it believed to be essential for the development of its export trade objectives, and at the same time be able to command in Parliament itself confidence for that purpose.

Senator Grosart did not say he thought legislation of this kind should be permanent, but he did say he thought it should not be subject to the precariousness that follows a life term of one year. That is true, and the only way that can be corrected is by a statement of the government's overall objectives in trade policy in this area. The government has stated those objectives.

The government cannot make this law effective for more than one year. That is clear. No matter what permanency the government may have had in mind for this policy, the fact is that no enactment by Parliament in respect of tax reductions, for instance, can be made effective for more than the term of the calendar or fiscal year.

Senator Flynn called our attention to section 54 of the British North America Act.

Hon. Mr. Flynn: You are coming back to it.

Hon. Mr. Martin: Yes, I am coming back to it. I must admit that it is a rather ingenious, if obviously faulty, argument, as I will try to show. It is an ingenious argument, and I am rather surprised that it was not introduced in the other place.

Hon. Mr. Flynn: So am I.

Hon. Mr. Martin: I am sure that there are continuous consultations, but in this case something happened—the channel must not have opened. In any event, I do not know why, at least for debating purposes, this argument was not made elsewhere.

This is what section 54 says:

> It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.

That is the totality of the language of the section. It is a section that deals with a tax or impost, or an appropriation. This is none of these things. This is a reduction in taxation.

Hon. Mr. Flynn: Oh!

Hon. Mr. Martin: When my honourable friend argues I sit here and listen to him patiently, but it seems that he finds himself constitutionally incapable of maintaining his serenity, which I recognize he really does possess.

When my honourable friend was Deputy Speaker in the other place he was very familiar with *Beauchesne*, and this is what *Beauchesne* says, at page 215, with regard to advice in respect of tax reductions by members of Parliament:

> If His Excellency is debarred from taking the advice of individuals on public matters, he is not precluded from acting upon any request made to him by the House of Commons. The House is always free to approach the Crown with its constitutional advice in any matter of prerogative, but in requesting the Crown to incur certain expenditure—

It does not say "or reduce such expenditure."

> —it must give assurance of its readiness to make good the same.

● (1550)

So it has always been recognized that Parliament has the right to take action to embody its proposals to govern-

ment in the form that is open to any deliberative body. This particular device—not the most normal or the most stylistic, if you will—is not a unique device; it has been employed in other statutes. I regret that I cannot put my finger on them.

Hon. Mr. Flynn: I am not surprised.

Hon. Mr. Martin: I have tried since my friend raised this argument, for they can be located.

Hon. Mr. Flynn: I am sure you will not locate them.

Hon. Mr. Martin: My friend says he is sure, but I am equally confident that they can be. In any event, we have it that the House of Commons has a right to make recommendations to the Crown.

Hon. Mr. Flynn: Yes, but—

Hon. Mr. Martin: There is nothing to suggest that the Crown has not the right to express, by way of a vote, its desire as to what the government should do. This bill does not provide what members of Parliament shall do. This bill provides for a scrutiny device, introduced in it by the Minister of Finance himself. He is the one who takes the initiative.

Hon. Mr. Flynn: On the order of the house.

Hon. Mr. Martin: No, no. He is the one who takes the initiative. It is provided in subclause (3) on page 5, which is in the bill as a result of a proposal made to Parliament by the Minister of Finance. That subclause says:

> Where, at any time after March 31, 1974, a motion for the consideration of the House of Commons, signed by not less than sixty members of the House is filed with the Speaker to the effect that Section 125.1 of the *Income Tax Act*, as enacted by subsection (1), be amended, or to the effect that subsection (2) be amended, so as to
>
> (a) discontinue the deduction that would otherwise be permitted by the said section 125.1—

It is not for the appropriate minister to discontinue the deduction.

> (b) reduce the amount of the deduction that would otherwise be permitted by that section, or
>
> (c) in any other manner, restrict the application of the provisions of that section—

And then—this is important.

> for any period commencing after the motion is filed, the House of Commons shall, within the first fifteen days next after the motion is filed that the House is sitting, in accordance with the Rules of the House, take up and consider the motion, and if the motion, with or without amendments, is approved by the House—

Hon. Mr. Flynn: And?

Hon. Mr. Martin: And in those circumstances only the Minister of Finance, not the house.

Hon. Mr. Flynn: That is different.

Hon. Mr. Martin: It continues:

> —the Minister of Finance shall take such steps—

Hon. Mr. Flynn: Shall.

[Hon. Mr. Martin.]

Hon. Mr. Martin:

> —shall take such steps as are necessary in order that a measure in his name giving effect to the motion may be placed before the House without delay.

Hon. Mr. Flynn: That is right.

Hon. Mr. Martin: But there is nothing in this bill that authorizes any private member of Parliament, anyone who is not within the component of the Governor in Council, to introduce a measure. If the House of Commons says, "We feel that the time has come when the government should look at this particular situation," all they can do is express that view and nothing else, and the Minister of Finance—

Hon. Mr. Flynn: —shall—

Hon. Mr. Martin: Shall, or he would lose in a vote of confidence.

Hon. Mr. Flynn: No, no; he shall.

Hon. Mr. Martin: Only he can do it.

Hon. Mr. Flynn: Yes, he has to.

Hon. Mr. Martin: The 60 members of the House is much smaller than one party in the House. One should recognize that. No matter what argument my friend puts forward, it cannot be argued if he is bringing the approach to this within section 54 of the British North America Act.

Hon. Mr. Flynn: Ha!

Hon. Mr. Martin: My honourable friend smiles. That is my argument.

Hon. Mr. Flynn: May I ask a question at this stage?

Hon. Mr. Martin: Certainly.

Hon. Mr. Flynn: Would the honourable Leader of the Government agree that this bill was preceded by the recommendation of the Governor General?

Hon. Mr. Martin: This bill?

Hon. Mr. Flynn: This bill, yes.

Hon. Mr. Martin: Of course.

Hon. Mr. Flynn: Does he agree that the measure which the minister "shall" bring at this time will have to be preceded by a recommendation of the Governor General?

Hon. Mr. Martin: Of course, but that does not—

Hon. Mr. Flynn: Oh.

Hon. Mr. Martin: That simply compounds the issue rather than clarifies it.

Hon. Mr. Flynn: That is section 54 of the B.N.A. Act.

Hon. Mr. Martin: My honourable friend, there is no doubt about it—only the Governor in Council can introduce a measure. That is the whole point.

What my honourable friend is arguing is that this bill gives to the private member of Parliament, or to 60 of them, a function or responsibility that is given under the Constitution only to the Governor in Council.

Hon. Mr. Flynn: The House has control.

Hon. Mr. Martin: My friend's very question clearly indicates the weakness of the argument.

Hon. Mr. Flynn: Ha!

Hon. Mr. Martin: I acknowledge its ingenuity, and for that my friend is to be commended, if not fully approved. But I think we are agreed on one thing, and that is that my honourable friend has not taken any issue with the principle of the bill.

Hon. Mr. Flynn: That is something else.

Hon. Mr. Martin: He recognizes this is a good bill, a good thing to do for Canada. This bill is a good thing.

Hon. Mr. Flynn: That is going too far.

Hon. Mr. Martin: This has been the traditional position of my honourable friend's party.

Hon. Mr. Flynn: No, no.

Hon. Mr. Martin: This year a limitation was put on that position, that it should be carried on for only one year. Senator Grosart does not find that an acceptable arrangement. I am sure that he would not be alone in his courage to make that affirmation of opinion.

For these reasons, I strongly support this bill, and thank the Leader of the Opposition for having raised an interesting academic but impracticable point.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Flynn: Honourable senators, I think the sponsor of the bill yesterday mentioned that he intended to move that it be referred to a committee. Am I to presume that the comments made by the Leader of the Government about my argument preclude such a referral of the bill to a committee to discuss my objection?

Hon. Mr. Martin: No, no.

Hon. Mr. Flynn: You could refer it to the Standing Senate Committee on Legal and Constitutional Affairs—but you do not think it is worth it?

Hon. Mr. Goldenberg: Honourable senators, like Senator Flynn, I was listening carefully to Senator Hayden yesterday. He did not say that he was going to ask that this bill be referred to a committee. He said he would leave it to the Senate to decide.

Hon. Mr. Flynn: That is what he said about the second bill, if my memory is correct.

Hon. Mr. Martin: That was the second bill.

Hon. Mr. Goldenberg: I see.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

INCOME TAX ACT (No. 3)

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Hayden for the second reading of Bill C-193, to amend the statute law relating to income tax (No. 3).

Hon. Jacques Flynn: Honourable senators, I shall not be long. I have taken much less time in discussing two important bills than some honourable senators at times have taken to discuss no bill at all.

Hon. Mr. Martin: I am certainly not objecting to your speech.

● (1600)

Hon. Mr. Flynn: This Income Tax Bill (No. 3) is a housekeeping bill in some ways. It provides for some relief so far as the income tax tables for certain individuals are concerned. It was the result of a study by the Standing Senate Committee on Banking, Trade and Commerce.

Senator Hayden in concluding the first part of his remarks last evening mentioned that it might not be necessary to refer this bill to the Standing Senate Committee on Banking, Trade and Commerce because of the study which had been made, and the report which was printed in yesterday's *Hansard*. I wish to make clear that he distinguished between this bill and the previous bill.

I should like to refer honourable senators to page 842 of yesterday's *Debates of the Senate*. In concluding his remarks on the previous bill Senator Hayden stated the following:

> This is the substance of the bill. It is now detailed before the Senate in the report we tabled, and in the explanation I have made. I expect that in due course, notwithstanding these steps, the Senate might wish the bill to go to committee.

I was hoping that the Leader of the Government would have more respect for my argument today, and would suggest that the bill be referred back to committee to air at least that point. But, in any event, I can do it just as well on third reading, and I intend to do so.

Coming back to Bill C-193, as I say, many of the provisions are intended to correct or clarify income tax provisions in many respects, and I do not intend to deal with them. What is important in this bill, generally speaking, is the fact that it affords some relief to individuals by increasing the exemptions, by providing an additional 2 per cent decrease in the tax, and also by indexing the tax brackets to the cost of living.

So far as the exemptions are concerned, they are not very generous but, of course, they are welcome. It is proposed that taxpayers will be entitled to increase their deductions from $1,500 to $1,600 in the case of individuals, and from $2,850 to $3,000 in the case of married couples. That is an increase of only $100 in the exemption for an individual, and $150 for a married couple. It does not afford any great relief.

The bill has always been presented by the government as constituting a reduction in the rate of income tax of 5 per cent. Of course, that is merely a device to hide the fact that for the year 1972 there was a reduction of 3 per cent which was to lapse at the end of December. The bill continues the 3 per cent reduction and adds another 2 per cent, so that in practice the effect of this legislation is to provide merely an additional 2 per cent reduction in the rate of tax.

That is really very little, as is demonstrated by the examples used in the report of the Standing Senate Committee on Banking, Trade and Commerce which forms an appendix to yesterday's *Hansard*. These examples, which

are shown on page 849, are related to the indexing of the tax brackets and rate of exemptions to the cost of living.

As everybody knows, that principle was proposed by the Progressive Conservative Party during the last election campaign, at which time it was turned down flatly by the present Minister of Finance, who made some rather unflattering comments about the idea. But, of course, he has seen the light not only in respect of this bill but, as I have indicated, with respect to the other bill which we discussed previously. He had said that he would never accept any proposal to review the legislation or to limit its application, but he found that he had to change his mind. Remaining in office is more important than defending one's own principles, even if one is very loud about one's convictions.

In any event, this idea of indexing, which is a good one in principle, was borrowed—was stolen, rather—from the platform of the party to which I belong. I would say, however, that in practice it is not so favourable to the people who have a fixed income.

Example No. 1 applies to a person whose income increases with inflation. We see that the application of the rule will leave that individual approximately the same amount of purchasing power as he had before, or the same proportion of his income as he had the year before. This is not the case with respect to a person with a fixed income, as is shown in the second example, which is described on page 850 of the *Debates of the Senate* of yesterday. When you deal with the case of a person on a fixed income of $4,000, that person will get the benefit of $2,700 in his tax, but he will not be left with the same purchasing power as he had before, as is the case of the married taxpayer with an income of $8,000, whose income is increased in the same proportion as the increase in the cost of living or inflation.

I would suggest that there may be in due course some adjustment to be made for the benefit of the small taxpayer, especially the one whose income does not rise with inflation, or with the increase in the cost of living. In any event, a little bit is better than nothing at all.

Yesterday I was suggesting that on the whole it is "peanuts," because there is a minimum of $100 and a maximum of $500, and that cannot really be presented as a substantial relief to the Canadian taxpayer. It really does not amount to much. I just want to say that on the whole I am sure the government will eventually come out on top.

Honourable senators may well remember that on June 12 the Leader of the Government, answering a question that I had asked him on May 23, put on *Hansard* the number of tax returns filed for the years 1969, 1970, 1971 and 1972. I should like to repeat the answers that I received at that time. The numbers of returns filed for the various years I have referred to were: 8,882,000 for 1969; 9,183,000 for 1970; 9,533,000 for 1971; and 10,300,000 for 1972. The numbers of taxable returns were: 7,364,000 for 1969; 7,642,000 for 1970; 7,373,000 for 1971—that is the only decrease in those figures—and 7,800,000 for 1972.

● (1610)

The total federal tax payable for the same years is as follows: 1969, $5.278 billion; 1970, $6.037 billion; and 1971, $6.689 billion. For 1972, the first year of the application of the so-called tax reform, which was to bring relief to a lot of people, the figure was $7.5 billion. That is close to $1 billion more than the previous year.

The average federal tax paid by individual taxpayers was as follows: 1969, $717; 1970, $790; 1971, $907; and 1972, $962.

This represents an almost constant increase in the number of people paying income tax, and a constant increase in the average amount of tax paid by each individual who was subject to tax.

The measure we are presently dealing with affords very little relief for the taxpayers, and I am quite sure that when we have the figures for 1973 and can see the effect of these reductions, we will find that the government is still the winner, that it is collecting more and will continue to collect more every year from the taxpayers of Canada.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

HARBOUR COMMISSIONS ACT

BILL TO AMEND—SECOND READING

Hon. Donald Cameron moved the second reading of Bill C-21, to amend the Harbour Commissions Act (Nanaimo Harbour Commission).

He said: Honourable senators, this is a very short and simple bill, the purpose of which is to amend the Harbour Commissions Act. It was passed in the House of Commons on July 3, having had a very thorough discussion in the Transport and Communications Committee of the other place. It is not often that a private member's bill receives unanimous support in that place, but this one did.

The purpose of the bill is quite simple. It is to provide for proper representation on the Nanaimo Harbour commission.

Section 4 (1)(c) of the act reads as follows:

> (c) fix the number of members of the Commission, which shall be not less than three nor more than five.

Section 5 (1) at present reads as follows:

> Subject to this section, a majority of the members of a Commission shall be appointed by the Governor in Council and the remainder shall be appointed as follows:
>
> (a) where one municipality only adjoins the harbour for which the Commission is established, by the council of that municipality;
>
> (b) where two municipalities only adjoin the harbour for which the Commission is established and the remainder consists of two members, one member by the council of each municipality; or
>
> (c) where the number of municipalities adjoining the harbour for which the Commission is established exceeds the number of members in the remainder, by agreement among the councils of all of the adjoining municipalities.

Honourable senators, this is a situation where there are several regional municipalities surrounding the Nanaimo area, and it is important for us to remember that in dealing with this bill we are dealing only with the situation in Nanaimo. The legislation simply calls for the raising of the number of members from three to five. The reason for this is to make provision for representation from those adjacent municipalities which will be affected. At the present time, two of the commission members, the chairman and the secretary, are appointed by the Governor in Council, and one is appointed by the City of Nanaimo. By increasing the number of members from three to five, it will be possible to have three appointed by the Governor in Council, one by the City of Nanaimo, and one by the regional district council.

The reason this matter has come up at this time is that the Nanaimo Harbour Commission has proposed an extension of harbour facilities involving an expenditure of between $10 million and $11 million, a very substantial amount. Apparently there was either no communication at all or very little communication with the people affected, and I understand that when the people affected discovered the proposals of the harbour commission there was a considerable uproar. The City of Nanaimo Advisory Planning Commission registered its objections, and the regional district council objected to the location. In other words, there was a classic example of a small autocratic group going ahead and making a decision without adequate consultation with the people to be affected by that decision.

As a result of this, the Department of Transport sent officers out to look into the matter, and they received over 50 briefs from the people concerned. This, in itself, is an indication that there is a great deal of local interest.

There has been considerable change in the circumstances affecting many harbours throughout Canada over the past number of years, and the Department of Transport has set up the National Ports Council to look into this matter and to review the whole National Harbours Act. It has become obvious that there is need to amend that act, and I am sure that this will be done eventually.

However, we should regard with some reservation that the National Ports Council is to bring in recommendations, because that council is made up of the chairmen of the local harbour boards across the country. In other words, it is a small group of people. It is not my intention to reflect on anybody when I say that they do not necessarily represent the viewpoints of all the people affected. There is a great need today to take a new look at the National Harbours Act, but this will undoubtedly take some time. The report on the study being made by the National Ports Council will take a year. Assuming that their recommendations require legislation, then it will be at least another six months before such recommendations can be translated into action. In the meantime, there is some urgency in moving to correct the Nanaimo harbour situation. For that reason, this bill deals only with the Nanaimo Harbour Commission.

There was some suggestion in the discussion in the Transport and Communications Committee of the other place that the whole matter should be gone into, but that that would have taken some time, and as a consequence it was decided unanimously to pass this bill in its present form.

Honourable senators, I think the principle of the bill is one that is of increasing importance. In addition to making provision for representation from the adjoining municipalities, it makes provision for the people concerned to be always represented in the planning stages of any program affecting the harbour and its environs.

• (1620)

This planning involves the layout of streets, roads and access, and provision for recreational facilities. As most of us know, there is a tremendous increase in the number of small boats, private craft and so on, being used in every maritime centre today, and these people's needs and requirements must be taken care of. There is also an increasing awareness of the need to protect the environment. As a matter of fact, it was an approach from the Department of the Environment that brought this whole issue into focus.

The evidence given in this matter, and in many others, makes it clear that there is insufficient communication between government departments. On looking around the various harbours it will be found that there are some facilities, costing millions of dollars in some cases, owned by the Department of Public works, yet harbour boards are making expenditures without any concern as to the utilization of existing facilities. For this reason, it is important that the Harbour Commissions Act be revised, so that all agencies, municipalities, planning departments of governments, environmentalists, and the people can be consulted, to avoid the kind of thing that would have happened in Nanaimo had this protest not been made.

I commend this bill to you. It is a simple one, to increase the number of members of the Nanaimo Harbour Commission from the present three to five, so that representatives of the regional municipalities and the City of Nanaimo can be added. This will give the government the right to have a majority on the board, with three members appointed by order in council, and there will be two from the local bodies. There is nothing difficult about this bill. If it can be passed now, it will enable those concerned to proceed with a program that has some urgency attached to it.

The bill was discussed in committee in the other place, but if any honourable senator wants it referred to the Standing Senate Committee on Transport and Communications I have no objection. However, because of its simplicity I do not think it is necessary to refer it to committee.

Hon. A. E. Haddon Heath: Honourable senators, I have great pleasure in seconding the motion moved by Senator Cameron. I can add very little to his clear explanation of the difficulty we have in respect of this west coast harbour. It is an all-weather, deep water harbour, and because of the accumulation of large freighters and tankers on both our east and west coasts, you can imagine the urgency with which we view the need to expand the harbour facilities.

At present the various levels of government—local, municipal, regional, provincial and federal, because parks, recreation and so on come into the matter—are uncoordinated. They cannot communicate with each other,

although millions of dollars are being spent. It can be seen that this is a very worth while and simple bill, which will help to solve the harbour problem on the coast of Vancouver Island. I hope honourable senators will support it.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Cameron moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 12, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Agricultural Stabilization Board for the fiscal year ended March 31, 1973, pursuant to section 14 of the Agricultural Stabilization Act, chapter A-9, R.S.C., 1970.

Report of the Agricultural Products Board for the fiscal year ended March 31, 1973, pursuant to section 7 of the Agricultural Products Board Act, chapter A-5, R.S.C., 1970.

Copies of background information to Statement on Small Business by the Minister of Industry, Trade and Commerce relating to the proposed establishment of the Industrial Bank and Development Agency, dated July 11, 1973.

FOREIGN INVESTMENT IN CANADA

REPORT OF BANKING, TRADE AND COMMERCE COMMITTEE
TABLED AND PRINTED AS AN APPENDIX

Hon. Salter A. Hayden: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Banking, Trade and Commerce, which was authorized on Wednesday, May 16, 1973, to examine and consider the document entitled "Foreign Direct Investment in Canada," tabled in the Senate on Monday, May 15, 1972, and the subject matter of any bill arising therefrom, in advance of such bill coming before the Senate, or any other matter relating thereto.

I would ask that this report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings* of the Senate of this day and form part of the permanent record of this house.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of report see appendix, pp. 873-879.*)

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—REPORT OF COMMITTEE TABLED

Hon. John B. Aird: Honourable senators, it is with some pride and pleasure that I table today the report of the Standing Senate Committee on Foreign Affairs respecting Canada's relations with the European Community.

With leave of the Senate I should like to say a few words about it at this time.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

Hon. Mr. Aird: Honourable senators, your committee has worked hard and spent many long hours in the preparation of this report. In particular I want to express my appreciation to the deputy chairman, Senator Allister Grosart. His wise counsel and support have been of invaluable help. Literally he has been a tower of strength.

Hon. Senators: Hear, hear.

Hon. Mr. Aird: Also, at the risk of singling out certain members of the committee, I must record the unique contribution made by Senator Renaude Lapointe and Senator Paul Lafond. They have not only been of great assistance in committee, but have given up a good deal of their personal time in order to ensure that the French edition clearly reflects our views.

In addition, the committee was honoured by the presence in Brussels of the Leader of the Opposition, Senator Jacques Flynn. The fact of his attendance there did a great deal to enhance the prestige and stature of your committee.

Hon. Senators: Hear, hear.

Hon. Mr. Aird: Having paid those compliments, which I mean most sincerely, I wish to emphasize that this report is the product of each and every member of the committee. I have been singularly impressed by the interest and effort of every one of them.

● (1410)

I should now like to make a few remarks about the report itself. The first question I ask myself, in all frankness, is: Does it matter? As I have previously indicated in this chamber, I am most concerned about this point. Is the report of relevance and of use? The best efforts of your committee, most ably assisted by its secretary, Mr. Eric Innes, and by the first-rate staff of the Parliamentary Centre for Foreign Affairs and Foreign Trade, have produced what I believe to be a highly professional document. To the best of my knowledge, there is no other report, document or paper in Canada which presents the story of the European Community with such a range of authoritative material. Therefore, I suggest to you that this report may have a unique quality. It is the product of some of the best Canadian expertise available, and your committee has done its best to collate and distil their accumulated wisdom.

Therefore, honourable senators, once again: Does it matter? I believe it can, does and must matter. But it will only be of relevance and use if the public interest is served by it.

During our inquiry we realized how little material about the Community is actually available to Canadians. It seems to me that this report may well be the only one of its kind in existence. If you like, it could be the Canadian handbook on the European Community. Surely, we are not too modest if we hope that it will, in fact, become a very useful and timely guide, not only for the Canadian public and universities but, perhaps even more so, for Canadian businessmen who are thinking of approaching Community markets with export or investment projects and who may feel, as we did initially, bewildered by the complexities.

If I might turn to some substantive issues, the report recognizes that profound political and economic changes have been taking place in Western Europe, and the European Community has played a major role in these developments. With expansion at the beginning of this year from the original six to nine countries, the impact of the European Community, not only on Europe itself but also its impact on all nations of the world, has become increasingly evident.

A prime purpose of the committee in presenting this report is to help make Canadians more aware of the Community. It is true that a majority of Canadians have traditionally felt linked to Western Europe through cultural and linguistic ties. Many have also had wartime experiences, as I did myself, in Western Europe. However, the achievements of the Community in present-day Europe, its actual progress toward integration in trade and economic matters, and the significance of its future movement toward political integration, are matters which have not sufficiently registered in Canada.

At this time I should like to emphasize developments within the Community which I consider to be of particular importance to Canada, both immediately and in the longer term.

Firstly, the impact of the Community's voice at the forthcoming multilateral trade talks under GATT could well affect world trading patterns for years to come. It is in Canada's interests to point out clearly to the Community the folly of inward-looking protectionist policies which can only lead to the polarization of the world into major competitive trading blocs. It is surely in Canada's interests at these talks to try to persuade the Community to pursue liberal trade policies and that trade barriers of all kinds should be reduced or dismantled.

Secondly, I have already spoken in this chamber of the increasing direct economic importance of the Community for Canada. With the inclusion of the United Kingdom, the European Community has become by far Canada's second largest trading partner. In 1972 the nine member countries bought $2.5 billion worth of Canadian exports—that is 45 per cent of all our exported goods not going to the United States—and sold us $2.2 billion worth of goods. With a population greater than that of the United States—250 million compared to 207 million—and with relevant levels of imports significantly in excess of those of the United States, the Community market obviously presents a most important target for Canada's trading interests.

Thirdly, traditionally Western Europe has served as a market for Canadian primary and resource products. But the European member states actually form large and sophisticated consumer-oriented markets for finished goods, which Canadians have on the whole been slow to recognize. In 1971 the European Community imported over $10 billion worth of finished goods from outside countries, but Canada's share was only one per cent of this market. In view of Canada's fast-growing labour force and the employment which could be created in the processing of goods in Canada, the markets of the Community member countries offer an important challenge to the Canadian entrepreneur.

Fourthly, the Community can be of importance in future business and investment developments. Canada already has important investment links with the United Kingdom, which should be used as launching pads for further expansion into the Community. However, new techniques of joint production and joint development ventures with European entrepreneurs could also be increasingly attractive to Canadian investors for projects both within Canada and in Europe.

Clearly the growing importance of the Community to Canada means that Canadians should try to better understand this economic giant. As one of our witnesses put it, the Community:

> ... is a new political animal, neither a conventional grouping of States ... nor a single state but a mixture of the two ... a very difficult political system for us to try to comprehend from the outside; it is even difficult enough to comprehend for those on the inside.

The committee's report has sought to point out some of the present characteristics of the Community, its achievements, its goals, its strengths and its limitations, the complexities of its decision-making processes, and above all the relevance of its developments to Canada and to Canadians. Basic to the report is the committee's conviction that it is in Canada's best interests to develop closer relations with the European Community at this time. The growth of the Community offers Canada an important opportunity to diversify its international links, and in particular its economic interests. To this end, increased connections with member countries of the Community are urged at all levels, not only on governmental levels but in business and investment undertakings, through academic pursuits, and in all other aspects of Canadian national life.

At the intergovernmental level the committee endorses the present initiatives of the Canadian government in seeking the establishment of an appropriate structure for bilateral relations with the Community, including some form of satisfactory consultative arrangements. Increasingly, there will be areas of mutual interest relating not only to trade matters but to broader questions of economic co-operation. The government's approach to date has been imaginative and innovative, and it is to be hoped the Community will continue to respond positively to these Canadian efforts.

Particularly important for closer European Community-Canada relations will be increased efforts of Canadian businessmen and Canadian investors. This is an opportune moment for them to take a close, positive look at the Community, to assess methods such as export partnerships or consortia for facilitating export procedures and performance, to consider joint production and development projects with Community entrepreneurs, to make

use of government trade promotion programs as ways of stepping up the penetration of the European market.

In order to increase Canadian awareness of the Community, the committee recommends that the Prime Minister should find an early occasion to make an official visit to the Community headquarters in Brussels. This should be linked, if possible, with visits to European capitals of member states. Such a visit would be the single most effective way of focussing the attention of Canadians on the Community, and at the same time of illustrating to the Community a vigorous Canadian interest in closer bilateral relations.

● (1420)

In order to bridge what can only be called a serious information gap in Canada, the committee has urged the establishment at the earliest possible date of a European Community information office in Ottawa. This would work both ways: It could enlarge Canadian awareness of Community activities and developments; it could, at the same time, serve as a means by which the Community could become more aware of Canada and the Canadian viewpoint. In the past, there has been a tendency by Europeans to assume that Canadian views were probably similar to American on most issues, and that a common policy might do for both countries. A separate information office would help to overcome this situation. The Community has already established such an office in Japan, a country with whom it has only slightly more trade than with Canada.

One of the most stimulating meetings the committee had in Brussels was with a delegation from the European Parliament led by Mr. Peter Kirk, a British M.P., who is the Leader of the Conservative group. There can be little doubt that the European Parliament will acquire more influence, more responsibility and more democratic control over the affairs of the Community. The committee's report urges that some regular parliamentary link be formed between the Parliament of Canada and the European Parliament to promote increased contacts between Canada and the Community at the level of parliamentary representatives.

Honourable senators, I have touched briefly on some of the considerations and conclusions which have emerged from our study. It has been an interesting and rewarding examination. I know that those members of the committee who were able to visit the Community headquarters in Brussels felt that it was the highlight of the inquiry. We came away with a much deeper appreciation of the potentialities as well as the complexities of the Community. While in Brussels, we were treated with great consideration and courtesy during our tightly scheduled program. Committee members had the impression that they had encountered many dedicated Europeans who, while fully aware of the difficulties and obstacles ahead, were devoted to their task of moving the Community slowly ahead toward its goal of European union by 1980.

Honourable senators, I commend this report to you for your consideration. I trust that it is a report of which we may be justifiably proud and I would move, seconded by Senator Grosart, that it be taken into consideration at the next sitting of the Senate.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Aird, seconded by the Honourable Senator Grosart, that this report be placed on the Orders of the Day for consideration at the next sitting. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Allister Grosart: Honourable senators, it is not my intention at this time to enter into a full discussion of the report. I will hope to do so on another occasion. In the meantime, I think members of the committee would want me to comment on the modesty with which the chairman has presented this report. He has been extremely generous in giving credit to others, but the fact of the matter is that all of us on this committee know full well that the success of the proceedings of the committee and its report, assuming it proves to be a success, are due almost entirely to the leadership and extremely hard work of the chairman of the committee.

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: I would like to emphasize that this is not merely a perfunctory response to his very generous tribute to others. One of the things that amazes us on the committee is how a man with his interests, varied as they are, can find the time to give the attention that he has given to this and others of his responsibilities and duties in the Senate.

To those who sometimes wonder whether it is wise for senators to have interests other than those they have assumed in the Senate, I can think of no better answer than the tremendous usefulness to this chamber and to Canada of the fact that the chairman of this committee is also the joint chairman of the Canada-U.S. Defence Committee and the Canadian who was chosen to replace the late Right Honourable Lester Pearson on the Committee of Nine.

In addition, Senator Aird has interests which involve him in the world of international finance and international business. I am sure all members of the committee will recall with great pride one afternoon in Brussels, when Senator Aird questioned at length on behalf of the committee the leading bankers and financial men of Belgium. Not one of us could even have thought of the questions which Senator Aird put to those learned and experienced gentlemen, and we watched with pride as their eyebrows rose as they struggled for answers to questions which seemed at times to be beyond even their competence but which were fully within the experience of the chairman of the committee.

Senator Aird, as chairman, was responsible for choosing the particular focus of this part of the committee's work. He planned the proceedings himself; he was responsible for the decision to go to Europe, and, as some of us perhaps regret, he was also responsible for the work schedule which was set up there for us. We had no time for anything but hard work. Mornings, afternoons and evenings Senator Aird had arranged meetings with prominent members of the community. I say some of us had some slight complaint, but we got nowhere with Senator Aird. He said, "We are here to work and that is all." And he made sure that he held us to that.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Grosart: Typically, Senator Aird raised the essential question about the report when he asked, "Does it matter?" This committee has issued other reports—for example, the Caribbean Report and the Pacific Rim Report—and we are glad to see that there has been a degree of implementation by the government of the recommendations in those reports. But I say that it is typical of Senator Aird that when he brings a report to the Senate, and therefore through the Senate to the government and to the people of Canada, what is in his mind is, "Am I wasting my time? Are we wasting our time? Is this a waste of the Senate's time?" I am sure that he will make it his business, as he has for the other reports, to make sure that they are considered in the places where they should be considered first of all, and I am quite sure that once again Senator Aird's valuable time will not have been wasted in this his latest effort in the Senate.

Hon. Senators: Hear, hear.

Motion agreed to.

BUSINESS OF THE SENATE

On the Motion to Adjourn:

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, July 17, 1973, at 8 o'clock in the evening. Honourable senators, as usual I should like to give a brief preview of what is in store for us next week, but I find that as the session progresses and as the date of the summer recess draws nearer, my task as prophet becomes quite difficult, not to say impossible. However, so far as next week is concerned, we will have for consideration on Tuesday evening the report of the Standing Senate Committee on Foreign Affairs which has been tabled this afternoon by Senator Aird. It is also expected that at some time tomorrow Bill C-197, to amend the Immigration Appeal Board Act, should pass the other place and is likely to be available for consideration here on Tuesday evening.

● (1430)

I am informed that there is the strong possibility that other bills will be coming to us in the course of the next week. There is also the possibility of adjourning for the summer recess some time on Thursday or Friday next. I am afraid I cannot be more precise than that. For that reason I feel it is our duty to be on standby, at least, for any legislation that might come to us from the other place between now and the beginning of the summer recess.

Motion agreed to.

INCOME TAX ACT (No. 2)

BILL TO AMEND—THIRD READING—ORDER STANDS

On the Order:

Third reading of the Bill C-192, intituled: "An Act to amend the Income Tax Act (No. 2)".—(*Honourable Senator Martin, P.C.*).

Hon. Mr. Flynn: Honourable senators, I would like to move the adjournment of this debate until Tuesday next. I had intended to speak on it today, but I find I would like more time to consider the problems I want to deal with. However, I shall be ready to speak on it on Tuesday next. I understand that it is not intended to have royal assent this afternnon. If it had been intended to have royal assent this afternoon, then I would have let the bill go through.

Hon. Mr. Martin: Do I take the consequence of this to mean that having spoken to the bill Tuesday night we will then be able to pass it?

Hon. Mr. Flynn: Oh, certainly. I do not want to delay the bill; I just want to delay my observations on it.

Order stands.

INCOME TAX ACT (No. 3)

BILL TO AMEND—THIRD READING

Hon. Paul Martin moved the third reading of Bill C-193, to amend the statute law relating to income tax (No. 3).

Motion agreed to and bill read third time and passed.

HARBOUR COMMISSIONS ACT

BILL TO AMEND—THIRD READING

Hon. Donald Cameron moved the third reading of Bill C-21, to amend the Harbour Commissions Act (Nanaimo Harbour Commission).

Motion agreed to and bill read third time and passed.

CRIMINAL CODE AND NATIONAL DEFENCE ACT (TOTAL ABOLITION OF CAPITAL PUNISHMENT)

BILL TO AMEND—ORDER FOR SECOND READING DISCHARGED AND BILL WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Macdonald, seconded by the Honourable Senator Flynn, P.C., for the second reading of Bill S-8, intituled: "An Act to amend the Criminal Code and the National Defence Act (total abolition of capital punishment)".—(*Honourable Senator McIlraith, P.C.*).

Hon. John M. Macdonald: Honourable senators, with leave of the Senate, I move that the order for second reading of Bill S-8, intituled: "An Act to amend the Criminal Code and the National Defence Act (total abolition of capital punishment)" be discharged and the bill withdrawn.

I may say that I do this because I feel there is just not sufficient time between now and the summer adjournment for this chamber and the House of Commons to adequately deal with this important measure.

Motion agreed to.

THE SENATE

NEED FOR REFORM—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Croll calling the attention of the Senate to the urgent public need in Canada for Senate reform now.—(*Honourable Senator Molgat*).

Hon. Paul C. Lafond: Honourable senators—

The Hon. the Speaker: Is it agreed, honourable senators, that the Honourable Senator Lafond should speak now instead of Honourable Senator Molgat?

Hon. Senators: Agreed.

[*Translation*]

Hon. Mr. Lafond: Honourable senators, we are indebted to Senator Croll for raising in this house at this time the eternal issue of Senate reform, which will enable senators to express their views individually and, hopefully, to indicate collectively the orientation which the Senate should take and which the other sources of power should also adopt to influence the future achievements of this house, for I have no doubt about the Senate's future.

When concluding his speech, Senator Croll gave us only two choices: reform or abolition. This is typical of his categoric way of expressing himself. However, I think that as long as the Senate will include one or two obdurate reformers of the kind of Senator Croll, its existence will keep on being researched and guaranteed.

I am quite in agreement with this other aspect of Senator Croll's conclusion that:

> History has shown that Senate reform is much more likely to be achieved through the initiative of the Senate itself than through an outside agency.

It should be noted that he did not say "by the Senate" but "through the initiative of the Senate." I will come back to that later.

I shared the indignation of Senator Connolly, in February 1969, at the time of the almost indecent publication of the document entitled *The Constitution and the People of Canada.*

It would have been impertinent for me to speak then since I was still far away in the anteroom of the Senate. I am not sure at all that it is still not impertinent for me to do it today.

However, very soon after my coming into this chamber, I was assigned to the Special Joint Committee of the Senate and of the House of Commons on the Constitution, and I came, in a way, to grips with this issue. I then made up my mind to do my best to prevent in the future any further attempts to settle the fate of the Senate in the face of public opinion and without consulting us. Moreover, I came to the conclusion that the only way to avoid that kind of situation was for the Senate to step forward on the first occasion. This occasion is now on the Order Paper.

Honourable senators, I will not undertake to review or comment upon the numerous worthwhile or simply interesting suggestions that were made by the previous speakers who took part in this debate. I believe I have made a full contribution in this regard with respect to the report of the Special Joint Committee on the Constitution and, except for a few details, I still agree with the comments and recommendations it contained.

Hon. Mr. Asselin: Do you mean the minority report?

Hon. Mr. Lafond: No, I was referring to the committee's majority report.

There is a widespread feeling, however, that the Senate is somewhat outmoded with respect to its representation, its composition and the legislative role that it actually plays.

Let me make a digression at this point concerning the recommendation that the Senate's right of absolute veto be reduced to a suspensive veto of six months.

I entirely agree with Honourable John Connolly's suggestion that, if we were to have a right of suspensive veto, our right to absolute veto must be preserved for all constitutional matters. The main raison d'être of the Senate is to be the ultimate protector of provincial and minority rights. Though it is not always highly appreciated by those it protects, nevertheless it must have all the necessary means to defend their rights, and that means full veto.

But for many administrative or legislative measures of exclusive federal jurisdiction I would not fear the substitution of a suspensive veto for six months, as seem to do some of our colleagues. The report of the Special Joint Committee on the Constitution said:

> In the case of the Senate a curbing of its veto power would paradoxically, strenghten it... It would increase the possibilities of confrontation—

Of course, that suggestion calls for further consideration but I am not all that sure that the Senate would not gain by it in terms of increased consideration from the government, the other place, and the whole population.

The committee was first inclined to suggest a suspensive veto for 90 days which I successfully opposed by showing that even if the veto power of the Senate were to be limited it ought to retain the possibility of bringing its case before public opinion and that requires at least six months.

I do not doubt for a moment the ability of the Senate to bring its case before public opinion if it tried a bit to shake off the inertia and hesitations which at times seem to be part of this institution.

Generally speaking, it seems to me that it would be a first step toward a constructive reform if we resolved forthwith to stop ignoring or failing to recognize that inertia and hesitation.

Last week Senator Lapointe expressed the wish that French-speaking senators speak French more often. I accept my share of that remark. I make amends today but without forever giving up the extensive use of the other language because, after all, I do wish to be heard and understood.

On January 9 last, in this house, when the character of the debate called for me to speak in French, the interpretation system failed and a number of my colleagues told me how they regretted being unable to follow me. The visitors in the gallery are not provided with simultaneous interpretation. Honourable senators, to my knowledge, for at least 18 months and maybe much longer we have been suggesting the restoration of our sound equipment and

making it available in the galleries, but nothing has been done.

I will not deal today with the rooms where the committees meet. We have only one decent room and we need three. I will stick to the interpretation services.

On May 15 last, the Committee on Agriculture was assigned room 260N where we met 16 members of the executive committee of the Canadian Federation of Agriculture. One of them was French-speaking and it was to him that I directed my questions. I had to do it in English if his colleagues were to be informed about the matter with which I was dealing because even though senators were provided with interpretation services our guests were not.

On June 13 and 14, that same Agriculture Committee was holding public hearings in Moncton. We had with us interpreters, technicians, stenographers and sound equipment. Once again, the senators were served, but newsmen and public were not.

Yet, on May 20, 1971, two years earlier, when the Special Joint Committee on the Constitution met at the same place, in Moncton, several hundred seats in the auditorium had been equipped with interpretation facilities. Honourable senators, I ask you: is it absolutely impossible for us to borrow or even rent, if necessary, the equipment from the other place in order to provide proper service?

Last Friday, July 6, I received the minutes of the proceedings of two committees: one from the House of Commons, which had met 36 hours earlier and one from the Senate which had met eight days before. We have not yet received the minutes of the proceedings of the Agriculture Committee, even though it met one month ago.

Inertia has crept into many activities of our day to day operation. Too often, the moment a senator asks for something or some service, the immediate answer is negative or he is ignored until he raises hell. I would much prefer if individual senators did not have to protest but rather that the Senate do so collectively when necessary, and create a climate of alertness and efficiency which would allow it to take the steps needed to correct and improve its operations.

I digress once more to support a suggestion made by Senator McIlraith. I note, as he did, that in organizing our work we show little regard for those of our colleagues who are not permanent residents of the capital. It often seems to me that it would be much more convenient and effective if we were to sit for extended periods, four or five days every three weeks, rather than trying to stretch out ten or so hours of sittings over three consecutive days every week.

Honourable senators, to return to the main proposition, there are three means of reforming the Senate.

First, the Constitution governs the composition of the Senate, that is, the numbers of senators and the regions they represent, and also lays down the qualifications a senator must have and prescribes the powers of the Senate. We can make no changes in this sector, neither on our own nor in conjunction with the federal government. In my view, this would also require the unanimous consent of the provinces, or the consent of the majority, using a formula to which they had agreed unanimously.

Second, the Governor General in Council alone appoints persons to the Senate and can discern their political sympathies. He also has a lot to say about the legislative work the Senate must tackle and the conditions, among them the time limits, for carrying out this work. In this sector we can surely apply strong pressure and I for one would not be averse to the use, on occasion, of a certain amount of blackmail.

Finally, we have the areas over which the Senate has complete control: the use of its powers, the organization of its work and procedures. Of course, there is only one course open to us here: to take the bull by the horns and shake off the inertia that I have mentioned earlier.

[*English*]

• (1440)

Sometime last week, Senator Grosart employed the expression "the management of the house." I would like to borrow this expression from him, although in this context I conceive the management as being constituted of the leadership of both sides of the house, the Speaker, and the chairmen of one or two standing committees affected.

I would hope that the management of the house would endeavour to devise means, resolution, report, or what have you, whereby the Senate may collectively express its views and formulate guidelines for the Constitution-makers, the Governor in Council, and the management itself, as to the steps that should be taken to make the Senate at this time what we think it should be.

Surely we are not going to let this debate die away like embers choking on their own ashes.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Tuesday, July 17, 1973, at 8 p.m.

APPENDIX

(*See p. 867.*)

FOREIGN INVESTMENT IN CANADA

REPORT OF STANDING SENATE COMMITTEE ON BANKING, TRADE AND COMMERCE

Thursday, July 12, 1973

A. INTRODUCTION

On May 16, 1973, the Standing Senate Committee on Banking, Trade and Commerce was authorized by the Senate to examine and consider the following:

(a) the document entitled "Foreign Direct Investment in Canada" which was tabled in the Senate on May 15, 1972, and

(b) the subject matter of any Bill arising from that document, in advance of such Bill coming before the Senate.

This report constitutes the result of your Committee's examination and consideration of the said document and of the Bill C-132, intituled: "An Act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons" (herein referred to as "the Bill" or "the proposed legislation") which the Honourable Alastair Gillespie, Minister of Industry, Trade and Commerce, introduced in the House of Commons on January 24, 1973 in furtherance of the objectives set out in the aforesaid document.

Pursuant to the authority granted by the Senate, your Committee retained the services of the following advisers: Mr. R. J. Cowling, who served as legal counsel to the Committee, together with Mr. C. A. Poissant, C.A., and Mr. C. B. Mitchell, C.A., who acted as consultants on general business and economic aspects of the proposed legislation.

During the course of its study which involved twelve meetings beginning on May 23 and ending on July 12 of this year, the Committee received and heard representations from a number of individuals and organizations as well as from two of the provinces, all as listed in Schedule A to this report. Written submissions were also received from a number of other bodies who did not appear before the Committee.

Three meetings were devoted to the hearing of testimony of Mr. R. D. Gualtieri, Special Adviser to the Deputy Minister of Industry, Trade and Commerce and of Mr. F. E. Gibson of the Department of Justice. The Minister of Industry, Trade and Commerce was unable to appear before your Committee owing to the hearings which the Committee on Finance, Trade and Economic Affairs, of the House of Commons, was conducting at the same time on this matter.

The conclusions and recommendations contained in this report are based on your Committee's own study of the proposed legislation as it stands after second reading in the House of Commons and without regard to any amendments, proposed or otherwise, that may be made during its progress through the House of Commons. Due consideration has been given in formulating these conclusions and recommendations to the testimony and submissions presented to the Committee.

B. SUMMARY OF THE PROPOSED LEGISLATION

1. Purpose

The purpose of the proposed legislation is set out in subclause 2(1) of the Bill. This states that it is a matter of national concern that Canadians retain effective control over their economic environment and that it is therefore expedient to establish a means whereby control of Canadian business enterprises may only be acquired by persons other than Canadians if such control is likely to be of "significant benefit to Canada". The significance of the benefit to Canada is to be assessed by reference to the factors set out in subclause 2(2) of the Bill.

2. Scope and application

The proposed legislation differs in scope from Bill C-201, entitled the "Foreign Takeovers Review Act", which died on the order paper on the dissolution of the Twenty-eighth Parliament of Canada on September 1 of last year. Bill C-201 provided only for the regulation of foreign takeovers (i.e., the acquisition of control of an existing Canadian business enterprise by a non-eligible person), and did not extend to the establishment of new businesses.

By contrast, the proposed legislation is not restricted to foreign takeovers. A non-eligible person who proposes to establish a new business in Canada will also fall within the ambit of the Bill, and will therefore be subject to the review process, unless the proposed new business is related to another business which the particular non-eligible person is then carrying on in Canada.

Provision is made, however, for the Bill to be proclaimed in two parts. The Minister has stated that it is his intention not to proclaim the second part, dealing with the regulation of the establishment of new business, in force until approximately one year after the foreign takeover part is proclaimed.

Insofar as takeovers are concerned, the Bill covers "acquisitions of control" of "Canadian business enterprises" by "non-eligible persons". Insofar as the establishment of new businesses is concerned, the Bill covers the establishment of a new business by a non-eligible person, not already doing business in Canada, and the establishment of a new business unrelated to any business being carried on in Canada by a non-eligible person already carrying on business in Canada. The fact that the Bill contains no definition or other criteria helpful in identifying the nature of "unrelated business" was the subject of considerable concern to many of the parties appearing before your

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Committee and it would appear, from statements made both before your Committee and that of the House of Commons, that there is some confusion with respect to the understanding of the scope of these terms which may only be clarified through experience.

The definitions of non-eligible person and acquisition of control found in the Bill are complex and detailed. Generally speaking, a non-eligible person is a person who is neither a Canadian citizen ordinarily resident in Canada nor a landed immigrant; a government of another country; or a corporation, wherever incorporated, controlled directly or indirectly by non-eligible individuals.

Acquisition of control takes place under the proposed legislation by the acquisition of either shares or property. Briefly, acquisition of shares of a corporation to which are attached more than 50% of the voting rights is conclusively deemed to constitute acquisition of control (paragraph 3(3)(*d*)). Acquisition of less than 5% of the voting shares of a publicly-traded company or less than 20% of a corporation whose shares are not publicly-traded is deemed not to constitute acquisition of control (paragraph 3(3)(*b*)(i)). Between these two limits, control is deemed to be acquired "unless the contrary is established" (paragraph 3(3)(*c*)).

Transactions deemed not to constitute acquisition of control are the acquisition of shares by a trader or dealer in securities in the ordinary course of his business and, under prescribed conditions, by a person carrying on the business of providing, in Canada, venture capital (subparagraphs 3(3)(*b*)(ii) and (iii)).

3. Review Process

Every non-eligible person proposing to acquire control of a Canadian business enterprise with gross assets of more than $250,000 or revenues in excess of $3 million must give notice of his intention to the Foreign Investment Review Agency which is to be created under the proposed legislation. Effective upon the date on which the second part of the Bill is proclaimed in force, notice must also be given when a non-eligible person proposes to establish a new business in Canada, or to acquire control of an existing Canadian business enterprise with assets and revenues of an amount smaller than the previously described thresholds, unless the new business or the existing business is "related" to a business then carried on in Canada by the non-eligible person.

The Agency is not empowered to make any decisions but must refer the notice to such Minister as may be designated by the Governor in Council to act as Minister for purposes of the Act (Clause 9).

If, following his review of the notice, the Minister is satisfied that the proposed investment (i.e., the proposed acquisition of control or the proposed establishment of a new business) is, or is likely to be, of significant benefit to Canada, he may recommend to the Governor in Council that the investment be allowed and submit a report in support of that recommendation (Clause 10).

If, on the other hand, the Minister is unable to recommend that the investment be allowed, the applicant must be notified of the Minister's decision and be given an opportunity to be heard and make further representations. Following receipt of these representations and any undertakings which the non-eligible person may make pursuant to discussions with the Minister, the latter is to make his recommendation to the Governor in Council (subclause 11(4)).

The Governor in Council is in no event bound by the Minister's recommendation. However, where the Minister has recommended that an investment be allowed and the Governor in Council is of the opinion that it should not be allowed, the Governor in Council may refer the matter back to the Minister so that the latter can afford the parties the same kind of opportunity to be heard and to make further representations as they would have had if the Minister had been about to recommend that the investment not be allowed, provided that the parties have not already had such an opportunity before the Minister (subclause 12(2)).

If ninety days elapse from receipt of the applicant's notice by the Agency without any order being made by the Governor in Council, then the investment is deemed to be allowed (subclause 13(1)). However, where the Minister has been unable to recommend that the investment be allowed and has accordingly given the parties an opportunity to be heard, there is no longer any time limit within which the Governor in Council must make an Order.

4. Compliance provisions

The only offence created under the Bill (apart from violations of certain enforcement provisions) is the knowing failure of a person to give notice to the Agency of an investment. A heavier maximum penalty is provided in a case where the Minister demanded that a person give notice and he subsequently failed to do so than in a case where the Minister made no demand.

In a case where the applicant has failed to give notice to the Agency in compliance with a demand served by the Minister or where he has gone through the review process but has not complied with the Order of the Governor in Council, either by proceeding with an investment which the Governor in Council has refused or by failing to observe any term or condition upon the basis of which the investment is allowed, the Minister may seek in a Superior Court an Order to render the investment "nugatory". In addition, the Court may, amongst other things, order the party to divest himself of the shares of property he acquired on such terms and conditions as the Court deems just and reasonable.

The Minister may demand that a party give notice to the Agency even after an investment has been made and there does not appear to be any time limit within which prosecutions or other proceedings by the Minister must be taken.

C. GENERAL CONSIDERATIONS

Your Committee supports the objective of securing for Canada and Canadians the maximum possible economic benefit of foreign investment in Canada. It also concurs with the concept that Canadians must maintain effective control over their economic environment.

However, the Committee wishes to express its concern that the implementation of the measures provided for in the Bill will tend to reduce the inflow of capital necessary to maintain Canada's economic growth. Certainly, the review process may discourage the entry of such capital

into Canada and the locking-in effect will add to the difficulties.

Canada's need for such capital was referred to by your Committee on page one of the Prologue to its "Report on the White Paper Proposals for Tax Reform", where it was stated:

> "Canada is, of necessity, a capital importing country. The development of our natural resources such as mining and gas and oil requires substantial risk capital which in the past has come largely from the United States mainly because of our political and economic stability. . . . The competition for capital, including risk capital, in world markets makes it necessary that Canada meet such competition or suffer diminution in capital inflow with disastrous effect on our economic growth, prosperity and standard of living."

These comments are equally as valid today as they were at the date on which the said report was prepared. In fact, having regard to the measures which the United States has since taken to discourage the outflow of capital from that country and to encourage its nationals to invest in manufacturing and processing facilities in the United States, the risk of suffering a reduction in capital inflow through the introduction of unduly restrictive measures is perhaps more real today than it was then.

Your Committee recognizes that the conflict between the competing objectives of retention of control over our own destiny and the assurance of an adequate flow of capital to meet our capital needs is difficult to reconcile. A great deal has been said on this subject already without any wholly satisfactory resolution of the problem. As a consequence, your committee in consideration of the matters before it and in the preparation of this report, has addressed itself principally to the practical question of making the provisions of the Bill more realistic, workable and fair.

D. CONSTITUTIONALITY

Officials of the Department of Justice have indicated to your Committee that, while they concede that no single enumerated head of section 91 of The British North America Act provides the authority to make laws in relation to subjects such as those covered by the Bill, it is their opinion that the proposed legislation could be supported under a combination of a number of such heads. Aliens, Trade and Commerce and Criminal Law are the ones mentioned. The "residual" or "peace, order and good government" clause would also be invoked. However, Mr. Gibson conceded that

> ". . . short of restricting the application of this Bill very significantly, there is no way that all lawyers will agree with certainty that the Bill is, without question, within the authority of Parliament." (Proceedings of the Committee, Issue No. 4, May 30, 1973, p. 21).

An analysis of judicial decisions interpreting questions of the distribution of power between Parliament and the provincial legislatures indicates that there may be difficulties in supporting the legislation under the above-mentioned heads. Only recently have the courts begun to modify the position that the "peace, order and good government" clause may be invoked only in cases of national emergency, as opposed to mere national concern. Cases interpreting the Criminal Law power have laid down that the federal legislation under this head may not be colourable. While the federal government has undisputed authority to regulate the entry of aliens into Canada, regulation of the civil rights of aliens is not, according to the authorities, so clearly a federal matter. In view of its treatment by our highest courts, the Trade and Commerce clause has never been a reliable basis for legislation which could not also be supported at least incidentally under some other head.

Moreover, the provincial power in relation to property and civil rights would appear to encompass the subject matter of the legislation and the powers of the provinces in relation to other matters, such as the incorporation of companies with provincial objects and natural resources, would appear relevant.

It is possible that the application of the Bill may or may not be constitutional depending upon the particular circumstances. For example, a case where the immediate parties were federally incorporated companies and the non-Canadian element was other than British would present a stronger set of circumstances, at one end of the spectrum, in support of federal legislative activity than would, e.g., at the other end of the spectrum, circumstances involving British controlled provincial companies carrying on a mining operation.

It is not the intention of your Committee to offer an opinion on the constitutionality of the proposed legislation. Rather, the Committee would sound a note of warning in view of the apparently precarious foundations of the Bill and suggest the possibility of referring the Bill to the Supreme Court of Canada prior to its enactment. Otherwise, a climate of uncertainty as unsatisfactory for the federal and provincial governments as for potential investors and owners of Canadian businesses will prevail, since the constitutional question is bound to arise at some stage.

E. SPECIFIC RECOMMENDATIONS

1. Provincial participation in the review process

The most important area which, in your Committee's opinion, requires further clarification relates to the extent to which each province that is likely to be significantly affected by an investment will be permitted to participate in the review process.

In a presentation to the Committee of the House of Commons, the Provinces of New Brunswick, Nova Scotia and Prince Edward Island expressed their opposition to the Bill *in toto* on the ground that, in their view, it should be a matter for the provinces to decide whether foreign investment in the respective province should or should not be allowed.

The representatives of the Province of Quebec who appeared before your Committee left no doubt, under reserve of their right to challenge the constitutionality of the Bill, that they considered the proposed legislation inopportune and that, in any event, the province should have equal say with the Federal Government, especially in any case where the federal Minister proposed to refuse to allow an investment in Quebec. The Government of the Province of Newfoundland expressed a similar view to your Committee.

The representations received from the Government of Ontario, while not specifically requesting a veto over the

Federal Government's decision with respect to investments in Ontario, made it clear that it felt that the provisions for provincial consultation in the Bill are entirely inadequate.

The only reference to provincial consultation in the Bill is to be found in paragraph 2(2)(*e*) which reads as follows:

> "... the compatibility of the acquisition or establishment with national industrial and economic policies, taking into consideration industrial and economic policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the acquisition or establishment."

YOUR COMMITTEE THEREFORE RECOMMENDS:

(a) that paragraph 2(2)(*e*) of the Bill be amended to delete the words following "national industrial and economic policies",

(b) that a new paragraph be added to subclause 2(2) to provide that the "industrial and economic policy objectives enunciated by the government or legislature of the province in which the investment is located must be taken into account" as a factor in determining "significant benefit to Canada", and

(c) that new clauses be added to the Bill to provide

(i) that such province be given a copy of all notices received by the Agency under Section 8 of the Bill and of any other information submitted by any applicant immediately upon receipt by the Agency, and

(ii) that, where the Minister proposes to recommend to the Governor in Council that an investment not be allowed, the Minister shall not submit such recommendation unless the province in which the investment is located either advises him within a specified period of time that it concurs with such recommendation or fails to communicate with the Minister within such period of time.

2. Binding rulings

The Bill provides for the furnishing of opinions to the applicant by the Minister on questions as to whether a person is or is not a "non-eligible person" or whether a business would or would not be an "unrelated business". Such opinions, however, are merely for the guidance of the applicant and, accordingly, are not binding upon the Minister.

Your Committee considers that a great many hardships which the Act, perhaps unwittingly, may impose on everyday transactions because of the breadth and fine mesh of the net which the review process casts, could be avoided or mitigated by permitting the applicant to apply for a binding ruling, not only on questions of eligibility and related business but also on the question as to whether a given and actual set of circumstances would or would not constitute an acquisition of control within the meaning of the Act.

YOUR COMMITTEE THEREFORE RECOMMENDS:

(a) that the existing provision for furnishing of opinions (Clause 4) be extended to all questions arising under the Act except the application of the assessment criteria referred to in subclause 2(2) (amended as recommended herein),

(b) that a new provision be inserted providing for the issuance by the Minister of binding rulings on all questions upon which he may give guidance opinion under Clause 4, and

(c) that such ruling be given within fourteen days of the date of application therefor, in default of which a binding ruling in terms of the applicant's request shall be deemed to have been given.

3. Appeals

The Bill contains no provision for recourse to the courts against an Order adverse to the interests of the applicant. The earliest possible juncture at which a party adversely affected by an Order could have his position reviewed judicially would be on a penal prosecution under Clause 24 or on proceedings under Clauses 19 or 20 by the Minister for an injunction or to have an investment rendered nugatory. Even at this stage, however, it is not at all clear what matters a party could raise by way of defence.

The Minister's recommendation and the Order of the Governor in Council may have a profound affect on the civil rights, not only of foreigners but on those of Canadians as well. It is submitted that the inability to have administrative and quasi-judicial decisions of this nature reviewed, affecting as they do the legal relationships between two or more parties, rather than between the State and an individual, is inconsistent with and without precedent in our system of law and justice. The review process provided by the Bill, shielded as it is from any intervention by the ordinary courts, has been called a "Commercial Star Chamber".

The Minister of Industry, Trade and Commerce has indicated that there is precedent for decisions of this kind in the Income Tax Act and has referred to the exercise of ministerial discretion provided in Section 247 of the Income Tax Act. It is important to note, however, that subsection 247(3) of that Act provides for an appeal to the ordinary courts from such decisions by the Minister of National Revenue.

Reference was also made to the decision-making process under the National Transportation Act. Under that Act, however, there is an appeal to the Supreme Court of Canada on questions of law or jurisdiction and while the Governor in Council may vary or rescind any Order, etc., of the Canadian Transport Commission, it must be remembered that for the most part *inter partes* decisions of the Commission are rendered only after full hearings comparable to those available in the ordinary courts and the Governor in Council acts really, in matters under that Act, as a kind of appellate tribunal. This is in sharp contrast to the Bill under consideration where the only and final decision is made by the Governor in Council, and that solely on the basis of a summary of facts submitted by the Minister. Even the kind of hearing which the Minister is obliged to give the parties in the case where he is about to render an adverse decision is not clothed by the Bill with any formality which it would be normal to expect in judicial or quasi-judicial hearings.

YOUR COMMITTEE THEREFORE RECOMMENDS:

(a) That provision should be made for an appeal to the Federal Court, at the instance of any party to the transaction, from any

(i) ruling of the Minister (as herein proposed) (hereinafter referred to as a "ruling")

(ii) decision made by the Minister to recommend to the Governor in Council that the investment be disallowed (hereafter referred to as a "decision");

(b) That the appeal would be to the Trial Division of the Federal Court to which the record before the Minister, together with his reasons for such ruling or decision, as the case may be, would be transmitted; but the appellant would be entitled to adduce additional evidence before the Court;

(c) That in the case of an appeal from a ruling, the judgment of the Trial Division of the Court would be final and unappealable;

(d) That in the case of an appeal from a decision, a further appeal would lie by either the appellant or the Minister from the judgment of the Trial Division to the Federal Court of Appeal on any question of law or mixed fact and law, the judgment of the Court of Appeal to be final and unappealable;

(e) That in the case of an appeal from a decision, both the Trial Division and the Court of Appeal should be permitted to consider any matter not previously disposed of by judgment of the Court on an appeal from a ruling. In considering an appeal, or that part of an appeal dealing with the Minister's assessment of the factors in subclause 2(2) (amended as herein proposed), the Court would give its opinion as to whether or not the Minister

(i) failed to observe a principle of natural justice or otherwise acted beyond or refused to exercise his jurisdiction,

(ii) erred in law in making his decision, whether or not the error appears on the face of the record, or

(iii) based his decision on an erroneous finding of fact that he made in a perverse or capricious manner or without regard for the material before him;

(f) That the final judgment of the Federal Court should be conclusive for all purposes of the Act except as regards the matter of the application of the factors in subclause 2(2) (amended as herein proposed), but the Governor in Council would be directed by the Act to have due regard for the opinion of the Court on such matters;

(g) That the Bill should be further amended to provide for

(i) notification to the parties of the Minister's recommendation,

(ii) delays for launching appeals, and

(iii) deferring the Governor in Council's consideration of a recommendation pending the outcome of an appeal; and

(h) That the fact a party had not exercised his right of appeal should not prevent him from raising any matter which he could have raised on the appeal in defence of any proceedings instituted by the Minister in a Superior Court under Clauses 19 and 20, with the exception of the Minister's assessment of the subclause 2(2) factors.

4. Delays

In the light of representations made to it, your Committee considers that the ninety-day limit (Sections 10 and 13 of the Bill) within which an Order must be made following commencement of the review process by a notice given by the applicant to the Agency under Section 8 is too long having regard to the speed with which business decisions are and must be made and also bearing in mind the great number of transactions which will undoubtedly find their way into the review process. Moreover, your Committee considers that the indefinite delays which could result, in the event of a hearing under Section 11 taking place, are an intolerable hindrance to transactions in the business and financial community upon which the livelihoods of many Canadians, in a sense, ultimately depend.

YOUR COMMITTEE THEREFORE RECOMMENDS:

(a) That the maximum period for the making of an Order be changed from ninety days to thirty days (Clauses 10, 11 and 13);

(b) That the Minister be required to afford the parties the opportunity to make further representations, etc., in accordance with subclause 11(3) within thirty days of the date of receipt by the Agency of a reply to a notice under subclause 11(1), or within such longer delay as the Minister and the parties may agree to in writing;

(c) That the Minister's recommendation under subsection 11(4) be made at the latest within thirty days of the date upon which the parties certified to the Agency that all representations, etc., which they wished to make had been made, in default of which the investment would be deemed to be allowed; and

(d) That consequential amendments be made to Clause 13.

5. "Significant Benefit" Test

A frequently expressed criticism of the Bill is that the "significant benefit" test in paragraph 2(2)(*e*) of the Bill is too rigorous and that a proposed investment should be allowed unless it is contrary to Canada's national interest.

This would be similar to the test that is to be found in the equivalent Australian legislation which was adopted in November 1972. Your Committee considers that at the very least certain transactions, either for reasons of equity or because they are simply of their nature incapable of ever meeting the "significant benefit" test, should be withdrawn from the latter test and submitted to a less stringent test.

YOUR COMMITTEE THEREFORE RECOMMENDS:

that in applying the assessment criteria set out in subclause 2(2) (amended as proposed herein), the Minister be permitted to recommend that the investment be allowed unless the effect would be contrary to the national interest in any of the following circumstances—

(i) acquisitions through inheritance,

(ii) acquisitions by a non-eligible person from another non-eligible person where at the time the vendor (or any of his predecessors) made his investment that transaction had been found to be of significant benefit under the Act,

(iii) acquisition of control of a Canadian business where it is established that, after diligent effort, no eligible purchaser offering to make the acquisition for a reasonable consideration has been found and there are impelling reasons which indicate that failure to dispose of the control of such business would result in a serious prejudice to the owner or to the business,

(iv) a mandatory acquisition under a contract which provides that acquisition is to take place upon the death of an individual designated therein,

(v) acquisitions by a non-eligible person carrying on business in Canada at the date of coming into force of the Act from another such non-eligible person.

6. Exemptions

(a) Real Estate

The position of the real estate industry in Canada under the proposed legislation has been the subject of considerable discussion. There have been suggestions by the Minister and his officials that the Bill would not apply to certain real estate transactions, particularly the acquisition of raw land, because such transaction would not fall within the definition of "business" contained in subclause 3(1). However, it is by no means clear that such an interpretation is correct. If it is not, it would seem virtually impossible for a party to establish that a change of control constituted a significant benefit to Canada in the light of the factors enumerated in subclause 2(2). It can readily be seen that these criteria have been developed with the manufacturing industry in mind, viz., the references to employment, productivity, industrial efficiency, technological development, product innovation and variety, and industrial competition. In addition, the Federal Government's constitutional position may be more vulnerable in regard to transactions involving land.

YOUR COMMITTEE THEREFORE RECOMMENDS:

That an investment in a Canadian business enterprise whose sole activity is the ownership, development, management and/or operation of real estate be exempted from the application of the provisions of the Bill.

(b) Investment companies

Insofar as investment companies controlled by non-eligible persons are concerned, your Committee considers that investments made by such a company should be reviewed in the ordinary manner as provided for under the Bill. In view of this, it would appear unnecessary to review the actual establishment of the investment company because it would appear difficult, if not impossible, in such circumstances, to meet the specific criteria in subclause 2(2).

YOUR COMMITTEE THEREFORE RECOMMENDS:

That the mere establishment in Canada of an investment company controlled by a non-eligible person should be exempted from application of the Bill.

(c) Amalgamations

Where two or more corporations amalgamate, the amalgamated corporation is deemed under the provisions of paragraph 3(3)(*e*) to have acquired control of the businesses carried on by the amalgamating corporations immediately before the date of the amalgamation. Because of this, the amalgamation of, for example, two wholly-owned subsidiaries of a non-eligible person would automatically be subject to the review process even though there was, in fact, no change in control of the businesses. Such a result seems unreasonable.

YOUR COMMITTEE THEREFORE RECOMMENDS:

That intra-corporate amalgamations (i.e., the amalgamation of corporations having the same ultimate control) should be exempted from the provisions of subclause 3(3)(*e*).

(d) Other non-arm's length transactions

Your Committee noted that the Bill does not exempt any other non-arm's length transactions from the screening process. Thus, a non-eligible person carrying on business in Canada through a branch operation who wished to incorporate that business would be unable to do so without submitting the acquisition to the review process.

YOUR COMMITTEE THEREFORE RECOMMENDS:

That appropriate amendments be made to the Bill to exempt from the review process all non-arm's length transactions which do not involve a change in control.

7. Presumption of Control

An almost universal complaint made against the Bill was that the 5 per cent share ownership figure in the eligibility and control provisions of the Bill was unnecessarily low and would sweep into the review process a multiplicity of transactions unconnected with its purpose. In each case, the figure of 10 per cent was suggested as being more reasonable and as being in line with figures contained in other legislation and regulations, such as the insider rules under securities legislation.

YOUR COMMITTEE THEREFORE RECOMMENDS:

That the 5 per cent figure should be increased to 10 per cent, both in the definitions of a non-eligible person and acquisition of control (paragraph 3(2)(*b*) and paragraphs 3(3)(*b*)(i)(A) and 3(3)(*c*)(i)) and the 20 per cent figure in the definition of acquisition of control increased to 25 per cent (paragraphs 3(3)(*b*)(i)(B) and 3(3)(*c*)(ii)).

8. Similar Provisions in other Acts

Subclause 5(3) appears to provide that the provisions of the Bill should co-exist with provisions directed to similar objects in other Acts. This would appear to result in undesirable and unnecessary complications since Parliament has already provided rather elaborate rules respecting foreign control of such entities.

YOUR COMMITTEE THEREFORE RECOMMENDS:

That subclause 5(3) be amended to provide that when another Act (e.g., Bank Act, Canadian and British Insurance Companies Act, Trust Companies Act) deals with the question of foreign participation in the entities subject to it, the provisions of such Act shall apply to the exclusion of those in the present Act.

9. Other Amendments

In the course of its study your Committee identified a number of areas in which it was considered that the Bill would have unintended effects.

(a) Further share acquisitions by a person who already has control

Since the Bill is concerned with questions of control rather than ownership,

YOUR COMMITTEE THEREFORE RECOMMENDS:

That where a party already has control, subsequent acquisitions by which the party adds to his existing holdings should be exempted from application of the Bill.

(b) Rights issues

It was considered that the position of a "rights" issue should be clarified under the Bill since it is possible to interpret paragraph 3(6)(*c*) as deeming receipt of rights by a shareholder to be equivalent to an acquisition of the shares which the rights entitle him to subscribe for. On the other hand, where some shareholders allow their rights to expire or sell their rights to another shareholder, the holdings of another shareholder might thereby surpass the control limits provided in the Bill; therefore the actual subscription for new shares to which the rights entitle a shareholder to subscribe should be left within the review process.

YOUR COMMITTEE THEREFORE RECOMMENDS:

That the mere receipt by a shareholder of a company of rights to acquire additional shares in the company, when all shareholders of the same class have received the same rights *pro rata* to their respective holdings, should be excepted from the application of paragraph 3(6)(*c*).

(c) Foreclosure

In view of the mandatory nature of the circumstances described in the following recommendation and the virtual impossibility of establishing "significant benefit",

YOUR COMMITTEE THEREFORE RECOMMENDS:

that control should not be considered to have been acquired by reason only of the acquisition of property by a non-eligible lender who has taken over such property by default.

(d) Status of borrowers

Since it seems to be universally agreed that debt financing through non-eligible sources continues to be desirable in Canada,

YOUR COMMITTEE THEREFORE RECOMMENDS:

that the exception contained in paragraph 3(6)(*d*) should be extended to paragraph 3(6)(*c*) so that a company which has borrowed on the security of its assets from a "non-eligible" lender will not itself become tainted with non-eligible status for that reason alone.

(e) Powers of Court

The word "nugatory" in Clause 20 suggests that the Court has the right to annul the original transaction. Since this seems unnecessary and would result in severe practical difficulties, especially where the transaction had taken place on a stock exchange,

YOUR COMMITTEE THEREFORE RECOMMENDS:

that the powers of the Court under section 20 be limited to those set out in Clause 20(2), the effect of which is to permit the Court, among other things, to order an acquirer to divest himself of the shares or property representing his investment.

SCHEDULE "A"

BRIEFS RECEIVED FROM INDIVIDUALS AND ORGANIZATIONS WHO WERE HEARD BY THE COMMITTEE

1. Canadian Manufacturers Association
2. Independent Petroleum Association of Canada
3. Canadian Institute of Public Real Estate Companies
4. Topping Electronics Limited
5. The Province of Ontario
6. Sinclair Radio Laboratories Limited
7. Investment Dealers Association of Canada
8. Committee for an Independent Canada
9. The Province of Quebec
10. The Toronto Stock Exchange

SCHEDULE "B"

WRITTEN SUBMISSIONS RECEIVED FROM INDIVIDUALS AND ORGANIZATIONS WHO WERE NOT HEARD BY THE COMMITTEE

1. The Canadian Chamber of Commerce
2. The Communist Party of Canada
3. The Canadian Bankers Association
4. The Government of Newfoundland and Labrador
5. Citicorp Venture Capital Canada Ltd.
6. MacMillan Bloedel Limited
7. La Chambre de Commerce de la Province de Quebec
8. M.E.P.C. Canadian Properties Limited
9. The Mining Association of Canada

THE SENATE

Tuesday, July 17, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

JOINT COMMITTEE—CHANGE IN COMMONS MEMBERSHIP

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that the name of Mr. O'Connor has been substituted for that of Mr. Ritchie on the list of members appointed to serve on the Joint Committee on Regulations and Other Statutory Instruments.

IMMIGRATION APPEAL BOARD ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-197, to amend the Immigration Appeal Board Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding Rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

EXCISE TAX ACT AND EXCISE ACT (NO. 2)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-194, to amend the Excise Tax Act and the Excise Act (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of Canadian Commercial Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 13(1) of the Canadian Commercial Corporation Act, chapter C-6, and sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of the National Capital Commission, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Statement showing Classification of Deposit Liabilities Payable in Canadian Currency of the Chartered Banks of Canada as at April 30, 1973, pursuant to section 119(1) of the Bank Act, chapter B-1, R.S.C., 1970.

Report of the Canadian Broadcasting Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 47 of the Broadcasting Act, chapter B-11, and sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of the Superintendent of Insurance on the administration of the Pension Benefits Standards Act for the fiscal year ended March 31, 1973, pursuant to section 22 of the said act, chapter P-8, R.S.C., 1970.

Copies of a Statement by the Secretary of State for External Affairs, dated July 16, 1973, respecting the death of Canadian tourists at the Zambian/Rhodesian border on May 15, 1973.

Copies of background papers prepared for the conference on Western Economic Opportunities to be held in Calgary, July 24-26, 1973, entitled "Agriculture", "Capital Financing and Financial Institutions", "Industrial and Trade Development", "Mineral Resource Development" and "Regional Development Opportunities".

Green Paper, entitled "Members of Parliament and Conflict of Interest", together with copy of a statement by the President of the Privy Council thereon dated July 17, 1973, and copy of a press release relating thereto, dated July 17, 1973.

SCIENCE POLICY

REPORT OF COMMITTEE

Hon. Maurice Lamontagne, Chairman of the Special Committee of the Senate on Science Policy, presented the following report of the committee:

That the Special Senate Committee on Science Policy which was appointed to consider and report on the Science Policy of the Federal Government, reports that Volume III of the report is now being edited and will be in the hands of the printer shortly and your

committee asks leave of the Senate to publish and distribute the said Volume III as soon as it becomes available, even though the Senate may not then be sitting.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Lamontagne moved that the report be placed on the Orders of the Day for consideration at the next sitting.

Motion agreed to.

WESTERN ECONOMIC OPPORTUNITIES

CONFERENCE—ATTENDANCE OF PARLIAMENTARIANS—QUESTION

Hon. Mr. Manning: Honourable senators, may I ask a question of the Leader of the Government. Newspaper reports last week attributed a statement to the Minister of Justice to the effect that members of the House of Commons and members of the Senate for the Western Provinces were being invited as observers to the Western Regional Conference on Economic Opportunities. To the best of my knowledge there has been no notification of this, and I have seen nothing about it other than what appeared in the press. I wonder, therefore, if the Leader of the Government could enlighten us as to the government's position in this regard.

Hon. Mr. Martin: I shall make some inquiries and I shall reply tomorrow.

BUSINESS OF THE SENATE

ADJOURNMENT FOR SUMMER RECESS—QUESTION

Hon. Mr. Flynn: Honourable senators, in view of the contradictory reports appearing in the press, may I ask the Leader of the Government whether he foresees the adjournment of Parliament for the summer recess this week, and, if so, what legislation we may expect to receive and deal with this week.

Hon. Mr. Martin: Honourable senators, I do not know what final arrangements have been reached. Personally, I remain optimistic that we may finish this week, perhaps on Friday. At any rate I hope that this proves to be the case. I think that much depends on the disposition of the bill concerning capital punishment, and I believe there are some discussions going on in connection with that. We will have the Immigration Appeal Board bill tonight, and I understand that we will have the bill with respect to the Olympic Games, which is considered as a priority. Then we will have the bill to amend the Electoral Boundaries Act, and the bill to amend the Customs Tariff which we had hoped to get today and which is being discussed this evening in the other place.

I do not think that there is any real change from the list given on Thursday last by Senator Langlois, other than with respect to the disposition of the bill on capital punishment, about which we still have to learn.

● (2010)

Hon. Mr. Asselin: Has the government decided to postpone the debate on capital punishment until September?

Hon. Mr. Martin: That is the matter regarding which we have had no final word yet. The disposition was made by other parties.

Hon. Mr. Asselin: Yes, we made an offer to the government—

Hon. Mr. Langlois: Not the right kind of offer.

Hon. Mr. Asselin:—to postpone it for two weeks.

INCOME TAX ACT (No. 2)

BILL TO AMEND—THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill C-192, to amend the Income Tax Act (No. 2).

He said: Honourable senators, I would like to take advantage of the motion for third reading of this bill to answer a question which was asked by Senator Manning during debate on second reading, although I suspect that he may well have the answer in his own mind. He asked if the Government of Canada has obtained from the provincial governments any undertaking that they will not offset the corporate tax deduction by a comparable increase in the provincial corporate taxation. My information is that with respect to the Provinces of Ontario and Quebec, which have their own corporate tax legislation, there has been no discussion, no agreement and no undertaking.

With respect to other provinces, which operate under collection agency agreements, my information is that it is expected that no advantage will be taken, because that would appear to be part of the basis upon which the collection agency agreements operate and serious difficulties might develop if there were any attempt to take advantage of this reduction.

Hon. Jacques Flynn: Honourable senators, I moved that this item be postponed until today for the purpose of considering the comments made by the Leader of the Government in respect of the criticism I levelled against the bill when I spoke on second reading. It was also to give myself an opportunity to consider whether I was correct in my remarks at that time. I wish now to set the record right. After studying the matter I find that I was not entirely right and that the Leader of the Government was not entirely wrong. I suggested when I spoke on second reading that the process of review contained in the bill flies in the face of section 54 of the B.N.A. Act in that it provides for the House of Commons to direct the government, or the Crown, whether it likes it or not, to bring in a measure to amend a taxation bill. I commented that any such bill requires a message of the Governor General before it can be introduced. Therefore the machinery provided in the bill is an abdication by the government of its privilege to introduce a tax bill.

I was, I think, wrong in basing my argument for that on Section 54 of the B.N.A. Act. But the government leader, when he replied, mentioned that there was no obligation on the part of the government to follow the recommendation, that it was merely a wish that the members of the House of Commons would express by adopting a resolution indicating that they wanted the tax reductions to be entirely or in part discontinued. That was his mistake.

I disagree with his interpretation, although I agree that Parliament, or either of the Houses of Parliament, may recommend to the government that it adopt certain tax law. But a recommendation is not an order, and I suggest that this bill, as presently worded, does not provide for a mere recommendation but for an order.

In order to make myself clear, I wish to quote from the bill itself, commencing at page 5:

> (3) Where, at any time after March 31, 1974, a motion for the consideration of the House of Commons, signed by not less than sixty members of the House, is filed with the Speaker to the effect that section 125.1 of the Income Tax Act, as enacted by subsection (1), be amended or to the effect that subsection (2) be amended, so as to
>
> (a) discontinue the deduction that would otherwise be permitted by the said section 125.1,
>
> (b) reduce the amount of the deduction that would otherwise be permitted by that section, or
>
> (c) in any other manner, restrict the application of the provisions of that section, for any period commencing after the motion is filed, the House of Commons shall, within the first fifteen days next after the motion is filed that the House is sitting, in accordance with the Rules of the House, take up and consider the motion, and if the motion, with or without amendments, is approved by the House, the Minister of Finance shall take such steps as are necessary in order that a measure in his name giving effect to the motion may be placed before the House without delay.

The important words are:

> ... the Minister of Finance shall take such steps as are necessary in order that a measure in his name giving effect to the motion may be placed before the House without delay.

I said that the government, by this wording, was obligating itself to act in accordance with the motion adopted by the House of Commons, whether or not the government was in agreement with the said motion; and I said—I am paraphrasing what I said before—the government, in order to avoid a vote of non-confidence, said that it would avoid another vote of non-confidence by accepting any decision which the House of Commons would make after March 31, 1974. I say that whether or not we accept the argument that I made about section 54 being valid, the government was capitulating in this way by avoiding two votes of non-confidence and saying, "We are going to agree with anything you tell us to do concerning this tax measure."

It is a shameful and cowardly attitude, and I don't intend to change one word of my accusation.

● (2020)

I now come to my argument based on section 54. I agree that if one reads the text without giving it a wide interpretation, one may find that I was wrong. Section 54 says:

> It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.

I agree that if you give strict interpretation to the wording of this section, you will apply it only to appropriation bills, be they concerning appropriation in general of the consolidated revenue for any purpose whatsoever or an appropriation of the proceeds of any tax or impost.

In this respect I was wrong, because I included in this wording a "taxation bill," a bill imposing a tax, whereas the wording would suggest that it is a bill appropriating the revenue of tax or impost. But looking at the question more closely, I came to the conclusion that over the years either section 54 has been interpreted as including a taxation bill, which was imposing a tax or an impost, and not appropriating the proceeds thereof, or that it followed the usages of the British House of Commons and concluded that no tax bill could be introduced by a private member and had to be preceded by a resolution or introduced by a minister of the Crown and, therefore, that the message, which is mentioned in section 54, was not necessarily a message directly from the Governor General but an indirect message from the government or from a minister of the Crown.

To find support for this view I had a look at *Beauchesne*—I had forgotten about *Beauchesne*, there was a time when I had to read it very often—and I refer honourable senators to item 263 (2)—

Hon. Mr. Martin: The fourth edition at page 220.

Hon. Mr. Flynn: Ah, I see my honourable friend, the Leader of the Government, has done his homework over the weekend, as I did. This is a quotation from *May*, 511:

> The principle that the sanction of the Crown must be given to every grant of money drawn from the public revenue, applies equally to the taxation levied to provide that revenue. No motion can therefore be made to impose a tax, save by a Minister of the Crown, unless such tax be in substitution, by way of equivalent, for taxation at that moment submitted to the consideration of Parliament; nor can the amount of a tax proposed on behalf of the Crown be augmented, nor any alteration made in the area of imposition. In like manner, no increase can be considered either of an existing or of a new or temporary tax for the service of the year, except on the initiative of a minister, acting on behalf of the Crown; nor can a member other than a minister move for the introduction of a Bill framed to effect a reduction of duties —

Which would be the case in the present bill.

> —which would incidentally effect the increase of an existing duty, or the imposition of a new tax, although the aggregate amount of imposition would be diminished by the provisions of the Bill.

Then we go to item 265(1) at page 221, which reads:

> No member other than a minister of the Crown may introduce a Bill for the reduction of duties. The Government must take full responsibility for the taxation levied to provide the revenue. But the House enjoys complete freedom to make every representation possible—

I agree with that. The Leader of the Government tried to interpret the bill as being that it was merely a recommendation. I have already dealt with that aspect of the bill.

> —representation possible to the Government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the Administration.

Item 266(1), on the same page, says:

> A ways and means resolution is a necessary preliminary to the imposition of a new tax, the continuation of an expiring tax, an increase in the rate of an existing tax, or an extension of the incidence of a tax so as to include persons not already payers. According to present practice it is immaterial whether the tax is solely intended to provide revenue for the service of the year, or whether its primary purpose is to regulate imports.

Finally I quote from item 269, on page 223:

> No augmentation of a tax or duty asked by the Crown can be proposed to the committee, nor tax imposed, save upon the motion of a Minister of the Crown; nor would an amendment to extend the imposition of a tax to persons enjoying an exemption therefrom be now permitted.

That is quoted from *May*, 544.

What I say is that, whether the message from the Governor General is in the form of a resolution or in the form of the sponsorship of a bill by a minister of the Crown, the responsibility of the government, the responsibility of the Crown, as far as a tax measure of any kind is concerned, is to take the initiative and not surrender it to the members of Parliament, or to the members of the House of Commons in particular, in view of section 53 of the B.N.A. Act.

I therefore say that this bill provides for a capitulation by the Crown, by the government, to the House of Commons, especially when we know that there is a majority in the other place that does not belong to the government party. The 60 members could, of course, move the motion, but in the present circumstances with a minority government a motion like that could be adopted by the House of Commons against the wishes of the government, and then the minister, or the government, which is the equivalent, would have no choice but to accept the view of the House and discontinue the tax deductions provided in this bill.

I say that it would have been more courageous simply to provide that those deductions be operative until the end of December, 1973, giving the Minister of Finance discretion to include the continuation of these deductions in his next budget. But now he says, "I accept to bring in a measure in keeping with your wishes whether I like what you require me to do or not. I am telling you now that I would rather this measure not be temporary, but permanent. If you tell me, however, that it is going to be only temporary, I will do as you direct, whether I approve or not."

As I said, this government, in order to avoid a vote of non-confidence this year has agreed to jettison its responsibilities next year to avoid the same vote of non-confidence. That is cowardice such as I have never seen in my life. Whether or not it has been raised in the other place, as was mentioned by the Leader of the Government, is of no importance at all. As I said before, if someone asked for a concession and was given twice what he asked, he would be foolish to criticize. I rest my case on this. It is a very bad precedent, and it will haunt the government for a long time.

● (2030)

Hon. Paul Martin: Honourable senators, I take it that it is not necessary now to argue at any length on the relevance of section 54 of the British North America Act to this situation. This section reads:

> It shall not be lawful for the House of Commons to adopt or pass any Vote, Resolution, Address, or Bill for the Appropriation of any Part of the Public Revenue, or of any Tax or Impost, to any Purpose that has not been first recommended to that House by Message of the Governor General in the Session in which such Vote, Resolution, Address, or Bill is proposed.

The other day we did have some understandable difference of opinion as to whether there were three different measures contemplated in section 54—an appropriation, a tax, or an impost—but it is clear from the authorities, as Senator Flynn has just acknowledged, that what section 54 provides is:

> —or Bill for the Appropriation ... of any Tax or Impost—

This is borne out clearly, as he said, by Dr. Beauchesne, who says page 221 of *Parliamentary Rules and Forms*, regarding the 54th section of the B.N.A. Act—and this is in addition to what Senator Flynn has quoted:

> The 54th Clause of the British North America Act, 1867, merely relates to appropriations, and does not bear on the question of the imposition of taxes.

Dr. Driedger, a former Deputy Minister of Justice, in his pamphlet entitled "Money Bills and the Senate," says at page 42—

Hon. Mr. Flynn: This is something else.

Hon. Mr. Martin: He speaks of section 53 as well as section 54.

Hon. Mr. Flynn: Yes.

Hon. Mr. Martin: He said:

> Section 53 relates to both appropriation and taxation bills and requires that all such bills must originate in the House of Commons; it does not mention royal messages, recommendations or consent.

Then he says:

> Section 54, on the other hand, deals only with appropriation bills (the *appropriation* of any part *of* the public revenue, or *of* any tax or impost) and not with bills *imposing* or *levying* a tax or impost.

So Senator Flynn and I are not now in disagreement.

Hon. Mr. Flynn: On this point.

Hon. Mr. Martin: On this point.

Hon. Mr. Walker: This is the first time in history.

Hon. Mr. Martin: The other area of Senator Flynn's argument is essentially a political one.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Martin: I do not quarrel with his right to make that argument, even in the Senate. The fact is that, whatever the government would do in respect of a motion filed by 60 members of the House of Commons after March 31, 1974, whether the government's act of bringing in the necessary resolution and the necessary measure represents the government's convictions, or merely a compliance by the government with the provision in this bill—

Hon. Mr. Flynn: With the wish of the House.

Hon. Mr. Martin: —which provides that the 60-member motion must be filed with the Speaker and that, 15 days after Parliament is called, that motion must be dealt with; or whether the government acts in accordance with what is or becomes its conviction—

Hon. Mr. Flynn: Ha!

Hon. Mr. Martin: —the fact is that only the government, only the Crown, can bring in, in the necessary form, a measure that will meet the requirements demanded as a result of the action of the 60 members.

Hon. Mr. Flynn: I never questioned that.

Hon. Mr. Martin: Only the 60 members can give effect to their wish.

Hon. Mr. Flynn: A majority can.

Hon. Mr. Martin: What is Senator Flynn arguing now? He is arguing for a limitation on the powers of Parliament.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Martin: He is saying that there is a limit to what Parliament can do in respect of matters over which it has no constitutional authority.

This is an old question. Mr. Fulton argued it in 1960. Senator Flynn may recall that Mr. Fulton, when he was Minister of Justice, advanced the proposition in an even more extreme form than the proposition that was advanced by Sir John Thompson, to which Mr. Blake replied in that famous speech of his in 1890, when he talked of the rights of the House of Commons in respect of measures that were designed to force the government to adopt policies which Parliament wanted—

Hon. Mr. Flynn: That is something else.

Hon. Mr. Martin: —even in a form which Parliament itself could not do.

There is no doubt that 60 members and more have a right at any time to say to the government, "We want this and this done;" and they can so express themselves, for they have this power to advise. They can so express themselves in a form, as they are permitted to do in the bill before us, that requires of the executive to do something in a form which alone it could employ.

Hon. Mr. Flynn: It should resign.

Hon. Mr. Martin: As I said, that is Senator Flynn's political argument. I can understand Senator Flynn, in his frustration—

Hon. Mr. Flynn: No, no.

Hon. Mr. Martin: —saying that, but he will understand that I am not addressing myself to his political argument. I am addressing myself to the facts of the case.

[Hon. Mr. Flynn.]

Hon. Mr. Flynn: Frustration?

Hon. Mr. Martin: Parliament has the right to advise, Parliament has the right to take a position that will make its advice effective, as Mr. Blake said in 1890 and as Mr. Fulton said in March 1960. But only the government, as provided for in this bill, can give legal effect by the necessary resolution, and in accordance with section 53, to which Senator Flynn made reference a short time ago.

Honourable senators, while I think Senator Flynn has made a good argument, it is clear now that he must rise on some future occasion and say, "I was wrong on Thursday night with regard to section 54, and I am now wrong with regard to my implied assertions that there is a limitation on the power of the majority in Parliament to demand that the government take particular action, and particularly in this instance, that they will be required to do so by this very bill."

Hon. Mr. Flynn: Honourable senators, I quote something in French:

Courbe la tête, fier Sicambres.

[*Translation*]

Hon. Mr. Martin: You know your literature but you do lack the passion.

Hon. Mr. Flynn: It is not really necessary with you.

[*English*]

Motion agreed to and bill read third time and passed.

IMMIGRATION APPEAL BOARD ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Paul Deschatelets moved the second reading of Bill C-197, to amend the Immigration Appeal Board Act.

• (2040)

He said: Honourable senators, this bill is of an emergency nature, and its main purpose is to overcome an intolerable situation resulting from the incapacity at this time of the Immigration Appeal Board to deal with the increasing number of appeals.

I must say that this bill received unanimous support in the House of Commons and, after two sittings, was reported without amendment by the standing committee in the other place. I do not say that in order to prevent an examination of this bill by the Standing Senate Committee on Foreign Affairs. On the contrary, if this bill receives second reading it is my intention to propose that it be referred to that committee because, in my opinion, it is precisely the kind of bill which has to be examined thoroughly. In saying that I am not suggesting, however, that we are dealing here with what might be called a contentious bill. It is simply that in view of its implications and the great number of people it will help it is one of the most progressive steps ever taken by the Department of Manpower and Immigration in a long time and as such deserves our close attention.

The provisions of this bill are divided into eight clauses, and, after I have reviewed briefly with you the background leading to it, we can then examine the objectives

of the bill in the light of the acute problems it is designed to solve.

As honourable senators know, the present Immigration Act dates back to 1952, and in his opening remarks on moving the second reading of this bill in the other place, the Minister of Manpower and Immigration intimated that the government is now working towards a complete revision of Canada's immigration law. Since 1952, as everyone will agree, we have passed from an era of ocean transportation to one of air transportation which brings more and more visitors to our country each year. In fact, more than 3.5 million visitors cross our borders or enter our country by our airports and seaports annually.

This improvement in transportation facilities has created many phenomena. I read in the newspapers a week or so ago that even Quebecers, who as recently as 20 years ago were not known to travel to any great extent, have now begun emigrating to other countries. The fact that many thousands of them have done so is, of course, partly because of increased pensions and early retirement. At any rate, it is obvious that not only Canada but other countries as well are facing certain new phenomena resulting from the new developments in the field of transportation.

For these reasons the government has announced its intention to produce a policy paper on immigration later this year. Before a draft can be submitted to Parliament, however, there will have to be discussions with the provinces, since they also have a share of authority in matters of immigration. The matter will also have to be discussed with ethnic organizations and community groups and any others interested in the subject of immigration.

Honourable senators, why do we need this bill now and why do we need it so urgently? In simple terms, the facts can be summed up as follows: The Immigration Appeal Board now receives more than 30,000 appeals each year from deportation orders. You will note the number of 30,000 per year. As the board is constituted at the moment it can handle only 1,000 appeals a year. As a result there is a backlog of about 18,000 cases awaiting decision by the Appeal Board. This means that some appellants whose appeals have been filed and are now before the Appeal Board might, if nothing were done to correct the situation, have to wait about 15 years before receiving a decision.

Part of the problem is that unless this bill is passed the membership of the board cannot be increased, nor can the rights of appeal be modified. Neither of these things can take place without an amendment to the Immigration Appeal Board Act, which is the proposal we have before us tonight.

Some honourable senators might ask what the causes of this situation are. Well, in 1967 there was an amendment to the immigration regulations by which visitors to Canada were given the right to apply for landed immigrant status. Moreover, at that time any person subjected to an order of deportation, or any Canadian citizen sponsoring an immigrant, had the right to file an appeal. Yet, strangely enough, when these very generous provisions of the act were discussed in Parliament in 1967 there was actually very little discussion on what impact they might have on cases concerning visitors who wished to become Canadian citizens, or on cases of persons who entered Canada illegally. There is no doubt at all that the provisions were exceedingly generous.

● (2050)

I do not think that any country in the world had more generous attitudes towards visitors who were within that country and were asking for immigrant status. But experience has shown that this act contained many loopholes with the result that visitors and persons who had entered Canada illegally since 1967 were, in fact, the main beneficiaries of the act, since they represent about 90 per cent of the appeals received by the Appeal Board.

This situation again is largely due to the fact that rights of appeal against deportation orders were primarily intended for immigrants, but had, in fact, been exercised to an overwhelming degree by visitors. I am told that out of the backlog of 18,000 cases before the Immigration Appeal Board, 90 per cent represent cases of visitors who filed application while on Canadian soil.

Honourable senators, the government, being aware that this situation has developed, has already taken some emergency measures, at least, to correct the situation in part, by taking away as of November 6, 1972, the right of visitors to apply for landed immigrant status while still in this country. The new regulations came into force on November 6, 1972, and it is not now possible for a visitor within Canada to apply for landed immigrant status.

On January 1, 1973, the department also acted to require all visitors who wish to work in Canada to obtain an employment visa, a work permit, or to register, if they plan to stay more than three months. But these measures had relatively minor impact. Therefore, what is required to cope with this intolerable situation—and here I am thinking of the backlog of about 18,000 cases—is an amendment to the Immigration Appeal Board Act, and that is what we are considering this evening.

Honourable senators, there are two major features of this bill. First, there are some temporary measures. This bill provides for the appointment of an unlimited number of temporary board members to deal with the backlog to which I referred earlier. I would remind you that under the present act there are seven permanent members of the Immigration Appeal Board, and this number can be increased to nine. In this bill there is a permanent provision for the appointment of seven temporary members, together with a temporary provision for the appointment of an unlimited number of temporary board members in order to dispose once and for all of the backlog facing the Appeal Board. A second temporary measure is that appeals may now be heard by a single member of the board rather than by three members as is presently the case.

Let us now look at some of the permanent measures provided by the bill. It establishes a new basis of appeal from a deportation order issued by a special inquiry officer of the immigration division. Under the present regulations everyone who is ordered deported has a right of appeal to the Appeal Board but, in future, if this bill passes, the right will be restricted to persons to whom Canada has an obligation.

Let me give you a few examples of this situation. One is the case of a landed immigrant, or a person of immigrant or non-immigrant status deported at the port of entry.

Another concerns persons who can substantiate a claim to Canadian citizenship or refugee status, and so forth. The department recognizes that there are thousands of people in Canada, legally or illegally, who will lose their right of appeal when this bill is proclaimed unless they take advantage of a certain provision that I shall explain later. Many of these people have been in Canada for years. They are living useful lives here, and some of them are well known in their communities. Others are more recent arrivals who were in Canada or en route to Canada when the right of visitors to apply was removed on November 6, 1972.

This bill will give these people 60 days in which to come forward and apply for landed immigrant status. In other words, this privilege to apply is available to all, whether they were in Canada legally or illegally, as long as they were in Canada on November 30, 1972, and have been here continuously since that date. They will have the right to appeal during the 60 days, and this I shall explain further later.

● (2100)

If this bill is passed the department will establish by regulation—after the bill is proclaimed, of course—a number of criteria for use by the Appeal Board in ruling on applications which will be filed within 60 days of proclamation. The applications will be assessed on such factors or criteria as the length of residence in Canada, family relationships, employment record and the existence of compelling compassionate circumstances. Thousands have entered Canada illegally, without reporting to immigration offices. They might have been here for the last five or six years, and if they can meet the criteria contained in the regulations and in light of experience in similar cases they will be permitted to remain in Canada.

If this bill is examined in committee honourable senators, of course, will have the opportunity to obtain more information from the minister regarding these criteria. According to my information, however, any person of goodwill and good faith will be allowed to remain. As a personal guess, there are surely more than 100,000 instances of cases in breach of the regulations, and the number could possibly reach 200,000. However, in view of past experience it is estimated that approximately 90 per cent of these cases could meet the criteria and be permitted to stay.

I informed honourable senators that on November 30, 1972, new regulations revoked the visitor's right to apply. If there was any mistake made in 1967 it was in the fact that visitors entering Canada were entitled to file an application, and to appeal following a deportation order. The loopholes which existed and the legal advice that these persons no doubt received made it easier to do this than to visit Canadian immigration offices abroad for screening. They much preferred to come here as visitors and file applications, knowing that deportation orders against them might not be enforced for five or six years. In the meantime these visitors became entrenched in the country, married and had children. Their appeals, of course, then had to be decided on humanitarian and compassionate grounds.

In order to achieve the purpose of this bill the appeal system must be changed entirely. In the future those seeking admission at ports of entry will have the right to appeal deportation orders. This will apply to those to whom immigrant or non-immigrant status was issued overseas, landed immigrants, and persons having a claim to refugee status or Canadian citizenship. These provisions will avoid such an impossible situation arising in the future as is faced by the department today. It is not possible to assess the numbers to whom an appeal will be made to come forward in good faith and take advantage of a unique policy. It is the wish of the department to give most generous study to such cases, but it is useless to state that there will be no prosecution for the manner in which they entered or remained in Canada.

The bill also provides a legal basis for fulfilling the obligations accepted by Canada in acceding in 1969 to the United Nations convention relating to the status of refugees, which provides protection against deportation to countries in which they would be subjected to persecution.

● (2110)

Having said that, there will be a period of 60 days following proclamation of the act which will provide a final opportunity for perhaps a few hundred thousand people to regularize and correct their case with immigration officials. In my view, it is most important, if we wish to achieve this goal, for the department to organize the widest possible publicity program to ensure that during the 60-day period following proclamation of the act every person who wishes to regularize his case be informed of his rights and privileges under the amended act, including the criteria which he will be asked to meet in order that his application can be accepted.

The department intends to insert advertisements in newspapers across the country, particularly in foreign language newspapers and the ethnic press. There will also be radio and television announcements. The department also envisages participation in public affairs broadcasts, and departmental personnel may be at the disposal of community groups whenever meetings can be arranged.

It is also intended that Canadian immigration centres will remain open on evenings and weekends during the 60-day period in order to receive registrations, and consideration is being given to the possibility of departmental officers being sent to more remote communities to explain the program and accept registrations. It is also possible that the services of Canada manpower centres will be enlisted for registration purposes as necessary.

I am informed that the department has already received many applications, and although there is no legal authority for so doing, the names of applicants are being recorded in order that they may be notified when the advertisement program comes into force.

Honourable senators, I have tried to outline only the highlights of the bill. I hope that the Standing Senate Committee on Foreign Affairs will thoroughly examine the bill, and I intend to move accordingly if the house agrees to give the bill second reading.

Having said that, I have a personal appeal to make to the government leader and to the members of the Standing Senate Committee on Foreign Affairs. If the bill goes to committee, I would ask my colleagues—and I am myself a member of the committee—to ask the Minister of Man-

power and Immigration to consider a suggestion I shall make.

I have already mentioned that the Appeal Board will have to deal with 18,000 outstanding cases. Those cases are now before the Appeal Board. However, there will be more cases than that. Following the wide publicity given to the matter, there could be as many as 100,000 or 200,000 applications filed. If an application is turned down and a deportation order issued, the applicant is entitled, under the bill, to an appeal. So the figure of 18,000 outstanding cases could increase by 5,000 or 10,000.

When the bill was in committee in the other place, the minister informed the committee that he was planning to appoint as many temporary members as necessary to hear the cases. In speaking of the kind of persons he had in mind, the minister said:

> We also are interested of course in the people with competence and experience who have retired and who again would not be looking for a long-term attachment to the Public Service.

In my opinion it will not be possible to dispose of the backlog of cases in less than two or three years. Before anyone will hear a case he will be required to attend a refresher course for approximately two weeks. It occurs to me that there may be many honourable senators who would readily volunteer their help in this matter. It will be recalled that for many years members of the Senate presided over divorce cases, and during that time they showed a dedication to serve the public interest.

I hope that the government leader and other honourable senators, when in committee, will discuss this matter with the Minister of Immigration and remind him that he might find in the Senate many who would readily volunteer for this type of work.

[*Translation*]

Honourable senators, in just a few words I would like to sum up this bill. It is about the Immigration Appeal Board which is now faced with an entirely unacceptable situation with a backlog of 18,000 cases and those cases will not be disposed of before 15 years unless the bill before us is passed, because this bill sets forth changes to the Immigration Appeal Board.

Also, this bill will end the major problem which caused that backlog of cases, that is visitors coming to Canada to circumvent the law, apply for immigrant status and then appeal to enjoy four or five years before their appeal is heard, settle down here, get married here and, finally, nearly force the authorities to accept them.

So I made a suggestion to my colleagues and to the government leader because I sincerely think that the Senate can play a part as it did in divorce cases. We have here men of experience. We have men of talent. I remember the minister stating that of the number of temporary staff that will be hired 28 per cent at most will be lawyers.

Hon. Mr. Asselin: Are there any senators?

Hon. Mr. Deschatelets: There are no senators, and that is why I make that suggestion.

So, having said that, if honourable senators have any questions, I think that I have papers here which will enable me to answer some technical questions.

I hope I have stated the main purpose of the bill. This bill is to be referred to the committee because not only is it up to us to show that we have an interest in this tremendously important act but because of the interest of many senators in immigration I think it will be quite possible for them to give the minister very good advice in a very difficult situation.

• (2120)

[*English*]

Hon. Henry D. Hicks: Honourable senators, I rise to support this bill. I merely wish to make two observations on it. First of all, I am sure that everyone must approve of the appointment of additional temporary members to expedite the work of the Immigration Appeal Board. It seems to me that nothing discredits the law and destroys the respect which citizens hold for it more than long delays, delays which in the case of immigration appeals have been interminable under the present state of affairs. I do not think that this amendment will be questioned by any thoughtful person.

I wish to make special reference, however, to the provisions under clause 8 of the bill, to which my honourable colleague, Senator Deschatelets, referred. These provisions have to do with persons who were in Canada in November of 1972 without landed immigrant status and who found themselves unable, after the changes which were made on November 6, 1972, to apply for landed immigrant status while remaining in Canada. It is not fair to suggest that these people, or a great many of them, anyway, were in Canada illegally. Indeed, the common practice, which was condoned by immigration officials, was for persons to come to Canada as visitors and then to apply for landed immigrant status, it being well known that their cases could be dealt with expeditiously after they arrived in Canada and, in some cases, even more expeditously than previously.

Hon. Mr. Deschatelets: I am glad that the Honourable Senator Hicks has raised this point. Those individuals are going to be entitled to apply—

Hon. Mr. Hicks: Yes, I understand that perfectly. I merely wish to make a comment on it. I wanted to make the point that it is hardly fair to suggest that those people were in Canada illegally.

I am, of course, most familiar with this through my dealings with persons coming to Canadian universities. Over the past years many universities in Canada have recruited teachers from abroad, and it has been common practice for a university, rightly or wrongly, to suggest to new appointees that they could come to Canada without worrying about their status and then apply from within for landed immigrant status. Many of these people, some of whom came from Australia, India, the United States, and other parts of the world, found themselves in this position last November, only to be told that they must return to the country of their origin to spend a certain period of time, which I believe was three months, before they could apply for such status. Therefore, I welcome wholeheartedly the provisions contained in clause 8. I think they are altogether correct and will completely redress what to me seemed to have been an injustice in dealing with a great many people.

Hon. Mr. McIlraith: Perhaps it was bad advice which they were given.

Hon. Mr. Hicks: It may have been bad advice. I will not argue the point with my honourable colleague, Senator McIlraith. What I am saying is that the universality of the badness of it was certainly condoned and overlooked. In any event, the argument is academic at the present time.

I have one reservation concerning this bill, and that is with respect to the 60 days given for the applicant to apply. I am wondering whether 60 days is a sufficient period of time to enable applications to be made. I listened with interest to the account which Senator Deschatelets gave of the measures which the department intended to resort to by way of advertising these provisions. I am sure that will be helpful. Again, if I may refer to some of my academic colleagues, many of them do not stay at their home base during the summer months, and if this bill should be proclaimed next week, for example, they would only have until the third week of September to make application. I would hope that they would have at least until the end of October. This could be done, of course, by extending the 60 days to 90 days. I am not suggesting that we should do this now. It could be much more easily done by the Governor in Council proclaiming the bill late in August. It may well be that time before the bill can be proclaimed anyway, if they are going to organize this advertising campaign to which Senator Deschatelets referred.

This is an important point. I do not think that persons who came to Canada in good faith, even though, perhaps, on inadequate advice necessarily ought to be required to return to Australia, or wherever, with their families and live there for three months before being able to return to Canada in order to continue in jobs which they are performing satisfactorily to the benefit of themselves and the many Canadians they are serving.

Honourable senators, I welcome all aspects of this bill, and support the measure wholeheartedly.

Hon. Hartland de M. Molson: Honourable senators, I am not going to oppose this bill. However, I must say that I found its introduction to be a very disheartening affair, and a real reflection of incompetent administration over a period of time when what has happened could and should have been foreseen. Unless the bill is passed the wrong people are going to be hurt. The effect of the bill, of course, is to condone in many cases illegal acts, and to remove the necessity to comply with the requirements our immigration laws should have demanded throughout, and in fact did demand, I believe, until 1967.

● (2130)

My honourable friend said that this is an emergency. Why is it an emergency? I suggest it is because the government has been taken by surprise. It should not be an emergency. Immigration is nothing new in Canada. We have been getting immigrants since the country was first discovered. All of a sudden we find that our immigration system has been completely faulty, so we say we must have emergency legislation; that the Appeal Board we set up is inadequate; that there are 30,000 appeals a year. We must have known there would be these appeals when we set up the machinery for them. There are 18,000 people hanging around waiting for their chance to come before the Appeal Board. That is not good for them, or for the country, or for the Appeal Board.

Apparently the amendments made by the government in 1967—and I am sure passed by this house—have caused this situation. I feel this is a condemnation of the legislation that applies to immigration into this country. In my view, the government of the day when these amendments were passed should accept full responsibility. At the same time, as we all so well know, parliamentary procedure requires that all such measures be debated and passed in both houses, and receive royal assent, so I assume we all have to accept some blame for the present situation.

To me it is appalling to hear a bill introduced with words like, "Unfortunately, the main beneficiaries will be those who did something illegal—those who entered the country illegally." From what we have heard and read we know that in this way Canada has admitted perhaps hundreds of completely undesirable people. We have become a haven for crooks, gangsters, escapers, and other unattractive people. Why we admitted them as visitors, with the later privilege of applying for landed immigrant status, I really do not know. It seems to me that this whole thing could and should have been foreseen.

I must admit that the introduction of the bill has a degree of frankness that I can only say is most commendable, because it admits that awful mistakes have been made in the past. It would seem as though we are now in desperation throwing the baby out with the bath water. We do not know what to do, so we say that everybody who is now here will by this new process be permitted to stay, that we will start afresh and will not make the same mistake again.

I know that many of the people in question have had bad advice, and came here as a result of that. I know that if this bill is not passed there will be great suffering for those people, and we certainly do not want to hurt them.

Under normal circumstances, responsibility would be found for the basic cause of this situation and proper blame attached. It reflects not only on the government, but on our whole parliamentary system. I might even go so far as to say it is one of the factors that led to change in the political scene last autumn; it was one of the matters greatly criticized as not being administered efficiently.

It seems that we are moving, as Senator Manning said a few months ago, towards a permissive society in which we no longer hold people responsible for their actions. We are always finding some reasons why they do wrong, making excuses for them, and not insisting that they be held responsible. If we held the people who came here through misunderstanding responsible, there would be real hardship, and we could not even suggest such a step.

In passing this bill, as I am sure we will—and I shall certainly vote for it—we ought to realize how in this instance some colossal mistakes have been made in the process of government. We should take it as a lesson. What has happened has been a great disservice to this country. When the bill goes to committee, I hope we shall be able to find out how the mistake originally happened, why it happened, and ensure that this lesson will prevent a similar mistake in the future. As I see it, we have no choice but to give this bill speedy passage in order to relieve those

who are waiting to be admitted to the country. If in the course of dealing with it we can find out how it all happened, we will be further ahead in the future.

On motion of Senator Yuzyk, debate adjourned.

EXCISE TAX ACT AND EXCISE ACT (NO. 2)

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Second reading of Bill C-194, intituled: "An Act to amend the Excise Tax Act and the Excise Act (No. 2)".—(*Honourable Senator Martin, P.C.*).

Hon. Paul Martin: Honourable senators, I think Senator Lang, who will move second reading, would prefer that we do not go on with this bill until tomorrow. I would accede to that. I know that Senator Macdonald intends to speak on this bill, but if we accede to Senator Lang's wish I do not think it will stand in the way of giving full and efficient consideration to the bill, and will not destroy our timetable.

Hon. Mr. Macdonald: That is agreeable. My remarks will be very brief, and I do not see any need to send this bill to a committee.

Hon. Mr. Martin: It could certainly be given second reading tomorrow, if that is what honourable senators wish.

Order stands.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 18, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CUSTOMS TARIFF (No. 2)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-195, to amend the Customs Tariff (No. 2).

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

THE ESTIMATES

INFORMATION CANADA—INTERIM STATEMENT

Hon. Douglas D. Everett: Honourable senators, in the report on the estimates presented on June 21, 1973, I made the following statement on behalf of the committee:

> The report on the examination of Information Canada is being prepared and when it is ready it will be tabled in the Senate as a supplement to this report.

By way of an interim statement, I advise the Senate that we are still putting together information on these hearings and hope to have more to report when Parliament resumes in the fall or soon thereafter.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—QUORUM—AUTHORITY TO SIT DURING ADJOURNMENTS OF THE SENATE

Hon. Eugene A. Forsey: Honourable senators, I move, seconded by Honourable Senator McNamara, with leave of the Senate and notwithstanding rule 45(1)(h):

> That the quorum of the Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments be fixed at seven (7) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings and receive evidence so long as five (5) members are present, provided that both Houses are represented;
>
> That the Committee have power to sit during adjournments of the Senate; and
>
> That a Message be sent to the House of Commons to acquaint that House thereof and to request their concurrence in the fixing of the quorum as indicated.

Motion agreed to.

WESTERN ECONOMIC OPPORTUNITIES

CONFERENCE—ATTENDANCE OF PARLIAMENTARIANS—QUESTION ANSWERED

Hon. Mr. Martin: Honourable senators, last evening Senator Manning asked whether members of the Senate from the Western Provinces or elsewhere would be invited as observers at the Western Regional Conference on Economic Opportunities. At that time I told him I would make inquiries and have an answer for him today. The answer is definitely yes. As honourable senators are aware, the conference is to be held at Mount Royal College in Calgary on July 24, 25 and 26.

Hon. Mr. Flynn: Neutral territory!

Hon. Mr. Martin: Well, at the moment it is hostile territory. The government wishes to ensure that those members of the Senate who wish to attend during conference sessions will be welcome to do so. Those who wish to attend should contact Mr. Bélec of the Privy Council office before they leave. He will issue the necessary passes. If any senator wishes to get in touch with my office, we will be glad to assist in a similar fashion.

IMMIGRATION APPEAL BOARD ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Deschatelets for second reading of Bill C-197, to amend the Immigration Appeal Board Act.

Hon. Paul Yuzyk: Honourable senators, we can be grateful to Senator Deschatelets for explaining the main features of Bill C-197. His suggestion that many senators qualify to sit on the Immigration Appeal Board and should be invited to serve on a temporary basis to assist in the disposition of the heavy backlog of appeals is interesting. I wonder how many senators would offer their services and whether the Minister of Manpower and Immigration would consider such a proposal? Perhaps Senator Deschatelets should present this suggestion to the minister when he appears before the committee considering this bill.

Bill C-197 must be regarded as an emergency measure. It took almost nine months for the government to give it birth, a period which is normal with human beings but, in such cases as this, far too long for reasonable government action.

The changes in the immigration law and regulations introduced in 1967 making it possible for visitors, if they complied with the selection criteria and other regulations, to apply for landed immigrant status, caused an unprecedented surge in the flow of self-styled visitors into Canada. An intolerable crisis was reached last October, prior to the federal election, when some 4,500 people in this category arrived at Toronto International Airport in a single weekend. The number of applications in Canada for immigrant status began to escalate so rapidly that it shocked government officials and the government. The Minister of Manpower and Immigration, the Honourable Robert Andras, informed Canadians that 39 million visitors cross our border annually. What an appalling and unmanageable situation.

Thereupon the government announced last November 3 the revocation of section 34 of the Immigration Regulations, and on January 1 of this year introduced regulations requiring registration of visitors staying in Canada more than three months and employment visas for visitors who wish to take jobs in our country. This stemmed the flow of immigrants.

Honourable senators, in the past few years we have witnessed the bungling of the government in matters related to immigration policies in addition to the Immigration Appeal Board Act. We have witnessed errors of judgment, indecision, procrastination and inaction. The government has not shown a vital interest in immigration and the development of a sound policy in this area. How else can the fact that 10 different ministers have been involved with immigration in 10 years be explained? Five of those ministers have been in office since the legislation of 1967, which brought about the crisis we face today. The present Minister of Manpower and Immigration, Mr. Andras, has been in office only a short time and has to take the rap for the past blunders of the government in this field. How long will he last?

Already in 1968 the chairman of the Immigration Appeal Board warned the gonernment that the panel would have to be enlarged because a situation was being created which had not been experienced in any advanced industrial country.

The appeal backlog at first caused concern, which was quickly followed by alarm. Here are the figures:

January 1, 1969	200
January 1, 1970	1,750
January 1, 1971	4,750
January 1, 1972	8,081
January 1, 1973	11,875
June 1, 1973	17,472

With appeals being filed at the rate of 1,000 a month, there might have been another 12,000 cases awaiting the board had not the special administrative measures been taken last November 3.

Taking into account the existing capacity of the board and the rate of new appeals, unless the law is amended the backlog could reach 30,000, as was mentioned by Senator Deschatelets. This would mean that many persons would have to wait up to 20 years before receiving a verdict, which would be most unfair to the immigrant who had complied with all the regulations in his country of origin.

This is a shameful breakdown for a court of record. We are witnessing a chaotic situation which must be promptly remedied. The blame for this immigration mess must be placed squarely on the shoulders of the government and not on the visitors who want to become landed immigrants.

Just listen to the press release dated September 12, 1967, which was issued by the office of Manpower and Immigration under the charge of the Honourable Jean Marchand, now the Minister of Transport—and remember that it was read throughout Canada and in many parts of the world. Here is an extract:

> A complete innovation in the new regulations is the provision for the admission to Canada for permanent residence of persons already present in Canada such as visitors. From now on, any visitor to Canada can apply for permanent residence. Previously, with the exception of the remedial action instituted in July, 1966, visitors while in Canada were not allowed in the normal way to apply for immigration. This innovation recognizes the growing ease of transportation. In fact, a person visiting in Canada to "look things over" before making his final decision was penalized for this initiative.

It is obvious from this press release that anyone from any part of the world was invited to come to Canada as a visitor to "look things over" and consider permanent residence, which would hopefully lead to citizenship. Can any such visitor be blamed, after having read this press statement, for taking his case to the Appeal Board? What sense of justice does he feel when departmental officials tell him that he is not a bona fide visitor and must be regarded as an illegitimate visitor? The fault is definitely with the government, which should have foreseen these circumstances and consequences.

Now let us take the press release of the Minister of Manpower and Immigration which was issued on November 3, 1972:

> We advise that visitors will not have the right to apply unless their application was submitted before 12 noon on November 3.

Remember, this was issued on November 3. Continuing with the quotation:

> This decision has been changed in the light of evidence that this provision of our immigration policy has been flagrantly abused, particularly by racketeers who take advantage of the innocence and gullibility of citizens from many countries.

To the visitors then in Canada, this announcement must have come like a bolt from the clear, blue sky. It took effect immediately at the time of issue, without any warning. What sense of justice was experienced by those would-be immigrants? Is this sudden reversal of policy, and the manner in which it was proclaimed, good for the reputation of Canada? Realizing that such a situation is untenable, the present Minister of Manpower and Immigration is attempting to remedy it by bringing in legislation to amend the Immigration Appeal Board Act. Bill C-197, as has been explained by the sponser of this bill in the Senate, has two key objectives—first, to provide an opportunity for the adjustment of the status of most per-

sons who have lived in this country since November 30 without a legal claim to residence and, secondly, to restore order to the appeal process and eliminate the heavy backlog awaiting hearing by the Appeal Board.

Regarding the adjustment of status, any person who has entered Canada, legally or otherwise, or who has remained longer than he or she had a right to, can come forward within a period of 60 days after this bill comes into force and apply for permanent residence, with the right of appeal to the Immigration Appeal Board. The minister promises not to prosecute those people. Those who do not come forward within the time of 60 days will lose any right of application for permanent residence from within Canada. The opportunity for adjustment of status is not open to persons falling into the following categories: those in the country on a minister's permit, students here under contractual obligations with their home country, seasonal workers here from abroad under agreement to return, and persons who fall into the prohibited classes, such as criminals, and so forth, under the Immigration Act.

This is most generous treatment. I hope that those who are eligible to apply will take full advantage of this opportunity. Otherwise, they will remain underground for the rest of their lives in Canada, running the constant risk of detection and deportation.

The problem of eliminating the enormous backlog of appeals on deportation orders and of staying current once caught up, is being solved by the appointment of seven additional, temporary members to the Appeal Board. Those additional members will serve for terms up to two years. Also, the right of appeal will be given to persons who have a substantial claim to refugee status or to Canadian citizenship. Compassionate consideration or unusual hardship will be applied by the Board to set aside a deportation order.

These measures appear to be an excellent solution in dealing with the backlog of appeals. I trust that persons of high calibre will be appointed to the Appeal Board.

As an emergency measure to deal with a critical situation, Bill C-197 received the support of all parties in the other place. The Opposition in the Senate will also give its support for speedy passage of this bill after examination in committee. Once it becomes law, we hope that all those who are affected will promptly apply for landed immigrant status and Canadian citizenship. We urge the responsible minister to give wide publicity in the press, radio and television, focusing the attention of various ethnic groups on this at least two weeks before the 60-day period is proclaimed.

The passage of this piece of legislation, however, is far short of an immigration policy to suit the needs of our country. The world and Canada are much different today from 1952, when the last basic Immigration Act was passed. The Liberal administration of the past 11 years undertook a serious study of immigration in the white paper of 1966, but has done very little about the recommendations. The large array of former ministers of immigration could be engaged in working out a policy for the present times. Yet it appears that the Secretary of State, the Honourable Hugh Faulkner, has a better understanding of this problem. He has engaged Dr. Freda Hawkins to produce a study entitled "Canada and Immigration: Public Policy and Public Concern," which many members of Parliament received in March of this year. It is a thorough, indispensable work that should be read by all who are interested in this important matter. I should like to quote a brief passage which explains the urgency of establishing a new and more stable immigration policy for Canada:

● (1420)

> The fact of Canada's geography, her immense undeveloped natural resources, and increasing industrial strength suggest that immigration will continue to play a vital role in national development. And in a world of exploding populations Canada's vast empty spaces, inhospitable though many of them are, must surely be used at least partly as living space. It seems clear, however, that from now on immigration and particularly the pattern of immigrant settlement across Canada will need to be much more closely related to environmental and social, as well as to economic, considerations and to the needs of all provinces and regions. To relate immigration to environment in a positive way will require a far more wide-ranging and socially oriented kind of immigration planning than we have today. An essential feature of it will be the kind of provincial and community participation in immigration policy-making and management which has been envisaged in this study.

I understand that the Minister of Manpower and Immigration has set up a task force to produce another white paper on immigration. I am glad to hear that Dr. Hawkins is now holding consultative meetings arranged between municipalities, the provinces and the federal government, and that social agencies, ethnic groups and public spirited bodies will be involved. It is high time that such a paper be made available to the government and to the public, and that appropriate legislation be passed to make immigration policy serve the best needs of Canada, and to strengthen the cause of freedom and democracy, and to improve the well-being of our citizens.

For example, I believe that newcomers who are entering our country could be used to build up rural, depressed and depopulated areas of Canada, such as Saskatchewan, Manitoba and the Northern Territories. Incentives could be offered to immigrants who would go to such areas and such industries, which are necessary to the development of Canadian economic, social and cultural patterns. Immigration could make a much more effective contribution to the national objectives of our country if a long-range, sustained immigration program is implemented.

Canada has greatly benefited from immigration throughout the past 100 years. Immigrants of various backgrounds, colours and creeds have helped to open up vast empty spaces and to develop our rich economic resources, thus bettering their own lives and the prosperity of our country. Their contributions have greatly aided Canada to achieve one of the highest standards of living in the world and a prominent place among the advanced nations of the world. We are justly proud of our multicultural society and our Canadian mosaic and the peaceful and harmonious development of our country which is dedicated to freedom and democracy.

Let us also keep in mind that the recent immigration has already made substantial contributions to our country.

This is evident from the following statement that was made by the minister in the other house recently:

> —the immigration division of my department has case histories of more than 27,000 new businesses established by newcomers during the past 20 years. These enterprises directly created more than 83,000 jobs. Last year alone immigrants brought $334 million in capital into this country.

Therefore, Canada should welcome people from different countries and cultures, even if they do not measure up to the strict requirements of the moment. We need those who have the skills to fit into our present economic needs but we also need a great variety of other people who bring with them the capacity to work and enrich our way of life. After a comprehensive study of the problems in this field, which should include hearings of interested bodies, groups of people and individuals, I am looking forward to legislation in the near future which will establish a new immigration policy to reflect Canada's national objectives and the basic needs of our population and our country.

Hon. John M. Macdonald: Honourable senators, I wish to make a few remarks before this bill receives second reading, though I well understand that since it has been pretty well debated already much of what I will say will be repetitious.

However, as has been pointed out by the sponsor, Bill C-197 has three purposes. The first is to provide an opportunity, during a 60-day period, for persons to legalize their residence in Canada if they need to do so. Any person who has been living in Canada continuously since November 30 last, without being entitled to do so, can during the 60-day period apply for permanent residence without suffering any penalty for non-compliance with the immigration law in the first instance.

Hon. Mr. Choquette: Has that anything to do with the "60 days of decision"?

Hon. Mr. Macdonald: The second purpose is to prevent a recurrence of the situation now faced by the Immigration Appeal Board where a huge backlog of cases has been built up. Finally, a method is provided whereby the backlog of appeal cases will be dealt with.

Honourable senators, I do not think any objection in principle can be taken to the provisions of the bill, though there may be some objection to certain details. However, I am one of those who believe that great caution should be exercised when amendments are proposed to the Immigration Appeal Board Act to ensure that they would not weaken the act or involve any change which could result in discrimination against or injustice to any person or group of persons.

I believe it is very easy for a country such as ours to become too particular as to whom it wants as immigrants. It is very easy to become too selective, to become so determined to protect our standard of living that we forget our own beginnings.

Those who want to come here to better themselves, to give to their children all the advantages of life in Canada, should be encouraged to settle here and the rules and regulations regarding their entry should be as few and as light as possible.

Personally, I am always rather amused when I read or hear that people should not be allowed entry into Canada who are under-skilled, under-educated or under-financed, because if such rules had been followed in days gone by, I believe that not many of our ancestors would have qualified for landed immigrant status. Personally, I know my own ancestors, who came here about 150 years ago, would never have been allowed to come, because they had little skill, were under-educated, could speak neither official language, and certainly were under-financed because they had no money; but I will say, with all due modesty, they were very good people.

Hon. Senators: Hear, hear.

• (1430)

Hon. Mr. Macdonald: I realize that my remarks have been directed more to the Immigration Act than to the bill before us, and I will not continue in that vein, but I repeat that the idea of giving people who are in the country illegally a chance to come forward and legalize their position is good. I suspect that many of those who have broken immigration laws have done so through lack of knowledge or because other people who have been interested in using them have given them false information or have played upon their fear of not being allowed to live here.

I believe the minister is to be commended for his enlightened approach to this whole problem. Personally, I am somewhat concerned that the 60 days allotted in the bill will prove too short a period. I should like to see it set at six months. I do not know if there is any particular reason why 60 days was selected, but I do know that a strong effort is to be made during that time to bring this to the attention of all those who are interested. But I believe it should be recognized that there is probably a natural distrust and a natural suspicion which must be overcome. It is quite likely that many of those who would be affected would be afraid, or at least would be timid, about approaching an immigration officer, and it might take far more than 60 days for them to overcome that distrust or suspicion.

We must assure these people that the idea is to help them, not to harm them.

I also believe that many of them will be waiting to see what happens to others before they apply for landed immigrant status themselves. I certainly hope all applicants will be treated with great courtesy and will be given every possible consideration, for if they are not so treated and if there should be a great many deportations then the whole program will be endangered.

With respect to the second and third purposes of the bill, it is obvious that something had to be done. At the time that the right of appeal was given to those visiting Canada, it was not realized that it could be used for the purpose of simply delaying the enforcing of deportation orders. It was just another case of a good idea not working out as intended. The result is that bona fide visitors will not have the right to apply for landed immigrant status simply because persons who never had any intention of becoming immigrants were using this device to circumvent the Immigration Act– and apparently they were doing so on a large scale.

I was both surprised and shocked to read the remarks of the Honourable Bryce Mackasey, former Minister of Manpower and Immigration, who spoke on this bill on June 22 last. I should like to quote a paragraph of his speech just to show the extent of the problem. I believe his words are well worth listening to:

> One of the things that appalled me when I was Minister of Manpower and Immigration—I do not think too many people who are now in the House are aware of this—was that most of the backlog, or a sizeable number of cases to be heard by the Appeal Board did not comprise visitors who had applied for immigrant status in Canada and were refused because of the points system; most of them were persons hiding from something. In many cases they were criminals who crossed the border illegally, but once in Canada could not be legally deported because they were entitled to every step of the appeal process, including appeal to the Supreme Court of Canada. If you have the funds to do so—and the underworld certainly has that kind of money—you can gain many years of postponement by simply taking advantage of the legal procedures in this country, not to obtain immigrant status but simply to prevent your deportation back to the country of origin.
>
> I am not unaware of criminals coming out of jail after a two or three years' sentence and immediately launching an appeal against their deportation to the United States or some other country.

It would be interesting to see a breakdown of the backlog of appeals, showing the country of origin of those appealing and their reasons for appealing. In any event, it is obvious from Mr. Mackasey's remarks, if from nothing else, that the proposed amendments are necessary, but I hope that in preventing abuses great care will be taken not to reject legitimate appeals on purely technical grounds.

I hope these amendments will have the effect intended. Especially, I hope the appeal to those who are residing here illegally, the appeal to come forward and have their status legalized, will be successful, because it must be a dreadful feeling not having security of residence and being afraid of what might happen any day in the future.

I notice that up to June 28—and the bill has not even become law yet—1,114 people had already come forward. I also noticed that in the *Canada Gazette* of June 27 last there was a statement to the effect that, notwithstanding certain sections of the immigration regulations, certain persons might be granted landings in Canada, and 699 names were listed. I suspect, although I do not know for sure, that those were also as a result of the proposed amendments.

Honourable senators, while supporting these amendments I repeat that, when dealing with immigration matters, we should always be careful that we do not cause injustice by discriminating against any person or persons who wish to settle here. This country has been built on immigration. I am sure we all know people who, having come to Canada from other lands, have made valuable contributions to the building of our nation. While we must act to prevent abuses of our immigration laws, nevertheless we must welcome those, from whatever land they may come, who want to be Canadians because they believe our way of life is a good way and wish to share it with us.

[Hon. Mr. Macdonald.]

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Jean-Paul Deschatelets: Honourable senators, I move that this bill be referred to the Standing Senate Committee on Foreign Affairs.

The Hon. the Speaker: It is moved by Honourable Senator Deschatelets, P.C., seconded by Honourable Senator Hicks, that this bill be referred to the Standing Senate Committee on Foreign Affairs. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Martin: Senator Deschatelets has proposed that the bill go to committee, and normally we do send bills to committee after second reading, but many senators have spoken to me about this, wondering whether in all of the circumstances it is necessary to do so.

I certainly have no objection to sending the bill to committee, but if there is no disposition to do so, perhaps Senator Deschatelets would wish to examine the implications of his motion. If there is a desire to send it, then, of course, that is what we must do, but there must be an opportunity to determine whether that is the desire.

Hon. Mr. Deschatelets: Honourable senators, the general practice is that, after second reading, bills are sent to committee. That is the usual practice unless there is some indication by honourable senators taking part in the debate that it is not necessary to send the bill to committee.

When I introduced the bill I indicated that in my opinion it was the kind of bill which could be examined in committee, but in that respect I am in the hands of the Senate. On the other hand, when I listened to Senator Yuzyk a few moments ago I had the impression that he expected the bill to go to committee.

Hon. Mr. Choquette: Because you said it. You are the one who said it.

Hon. Mr. Deschatelets: Well, if that is the situation—

Hon. Mr. Yuzyk: Honourable senators, originally I had not intended to have this bill sent to committee for the simple reason that the principle of the bill is such that I can approve of it, and we can approve of it on this side of the house. We could ask the minister many questions. I am quite well aware of that. But that would really be more for future legislation than for the present legislation. Therefore, I personally would not insist that this bill go to committee.

● (1440)

Hon. Mr. Deschatelets: I was of the opinion that this was the kind of bill that honourable senators might like to study in greater depth with the minister. However, if it is the consensus that there is no advantage to be gained by sending this bill to committee, then, with the agreement of honourable senators, I would be quite ready to withdraw my motion.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Deschatelets shall have leave to withdraw his motion?

Hon. Senators: Agreed.

Motion withdrawn.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Deschatelets moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

EXCISE TAX ACT AND EXCISE ACT (No. 2)

BILL TO AMEND—SECOND READING

Hon. Daniel A. Lang moved the second reading of Bill C-194, to amend the Excise Tax Act and the Excise Act (No. 2).

He said: Honourable Members of Parliament, I do not use that appellation this afternoon in any way in error or by mistake; I do so simply to remind all members here that we are in fact members of Parliament. I am using this phrase as a means of making a personal protest against the use of the expression that one hears so often nowadays, "Members of Parliament and Senators". Not only do we hear this redundant expression used on radio and television and read it in the other media—and I am sure that that does not bother any one of us too much because some of the writers and commentators there show rather dubious knowledge of our parliamentary institutions—

Hon. Mr. Flynn: They have no knowledge of them.

Hon. Mr. Lang: —but what really did disturb me during the last few weeks was to see the same expression being used in letters being sent out from the offices of ministers, particularly the Minister of Transport and the office of the Secretary of State. When I see that degree of ignorance of our parliamentary institution expressed in this fashion and from those quarters, then I become very gravely concerned indeed.

I hope honourable senators will excuse me for that interjection, but I wanted to take this opportunity to express my concern, even though it is not particularly apropos of the bill we have before us this afternoon.

Honourable senators, if brevity is the soul of wit, then this is going to be a very witty speech. I say this because I am dealing with a bill which is brief and which is, I think, not at all controversial.

Honourable senators may recall that several weeks ago I had the very great pleasure of moving second reading of a very similar bill dealing with sales taxes and the reduction thereof. I might add that these bills always give me great pleasure. This one in particular gives me even greater pleasure than the one to which I have just referred because, as honourable senators will recall, while the reduction in taxes embodied in that bill amounted to some $25 million, in this bill the sum involved is somewhat in excess of $100 million. Further, the bill to which I have just referred arose out of the budget resolutions of May, 1972. I think it is a sign that we are making some progress now since this bill arises out of the budget resolutions of February of this year. So, honourable senators, you will see that reduction in sales taxes is continuing and we can be very greatly encouraged with the trend that this legislation confirms.

In this bill there are some 15 or 16 items which, when it is passed—and it will be effective back to the date of the resolution in February—will be totally exempt from sales tax or excise tax. These items range all the way from certain kinds of insurance premiums to containers for carrying poultry around. Honourable senators will recall that I dealt with this question of poultry containers a few months ago, and their importance to our economy. I gather since that time that the definition of containers for poultry has been broadened and, in this legislation, includes not only crates but also cages and boxes. From this you can see how our system works, and it is a wonderful, wonderful thing to see.

Within the broad range of items affected by the reduction or the elimination of the 12 per cent sales tax we have some that are of particular public interest. I should like very briefly to deal with these.

First of all, all children's clothing and footwear will henceforth be free of sales tax. Now, children and motherhood are things that you can never go very far wrong on politically, and the removal of the sales tax on these items will be of great benefit to those parents who are raising children who, within a few years, go from tiny toddlers around ankle-height to 6 feet 4 inches. The cost of clothing them and keeping them in footwear during these rapid changes places a strain on any family budget, and I am sure—at least I hope—that this 12 per cent reduction in the federal sales tax will be reflected in the retail cost of these items. That is certainly the expectation of the government in removing this tax. Incidentally, the reduction of tax on these items alone should amount to about $30 million in lost revenue to the exchequer, which means that the equivalent amount will be saved by the taxpayer.

Secondly, all sales tax now comes off confectionary, chocolate bars, soft drinks, juice drinks, cream and sugar substitutes. This will be welcome. It may not be all that good for the children's teeth, but I am sure that the $75 million that will be retained in the pockets of the parents will go a long way to pay for the additional dentist bills that may be expected. What is interesting and significant is that with the removal of the tax on these items, henceforth there will be no federal sales tax on any food or drink for human or animal consumption, across the board, but with one exception. The exception, and I am very sad to have to tell you this, is that the tax on wine, spirits, beer, malt liquor or other alcoholic beverages is, unfortunately, to be maintained, notwithstanding the fact that in many ways its retention is discriminatory legislation against a very important segment of our population.

Hon. Mr. Flynn: We definitely have a conflict of interest here. We had none in the previous items.

Hon. Mr. Lang: Thirdly, there is a further tax relief for municipalities who intend to construct incinerators. When those municipalities have completed the construction of an incinerator to be owned and operated by the municipality, they can claim back the sales tax levied on the components that went into the manufacture of that incinerator. Relief from federal sales tax is also provided on materials and instruments municipalities use or acquire in connection with their fight against pollution.

● (1450)

Fourthly, I might mention that the excise tax, which is a 10 per cent levy, on toilet articles and cosmetics is removed. It is interesting to note that this tax was imposed in 1939, at the beginning of World War II and has persisted at different levels since. Once such taxes are introduced they do tend to be rather persistent. The removal of that alone amounts to approximately $25 million in federal revenue which will no longer be incoming.

Fifthly, a special excise tax, again one which was imposed during World War II, on watches as being luxury items of jewellery is removed by this bill, that is, on watches of $50 or less in value. That item amounts to $2 million or $3 million per year in loss of revenue.

I have only mentioned those items which are of some importance and interest to the public. The bill contains others which are not of such general significance to the public but are of particular interest in certain areas. These are such provisions as the removal of sales tax on equipment for installation on board ships as they are built. In addition there are technical and drafting amendments affecting the Excise Tax Act and the Excise Act and their interrelation with each other.

Honourable senators, that is all I wish to say with respect to the bill. I believe I have broadly covered the main items with which it deals.

I should mention that some members in the other place referred to "the benefit" which this legislation will confer upon the Canadian public. Really, I find it hard to conceive that to be the appropriate word. If that could be extrapolated, the removal of all taxes should be the greatest benefit to the Canadian people. Further, I am not aware that when someone ceases taking money out of your pocket or hitting you on the head with a hammer he confers a "benefit" upon you. It is not a "benefit conferred," but rather a benign forbearance.

In my opinion it is of particular significance, however, that the removal of these taxes comes at a time when the Canadian public is very conscious of inflation. I am hopeful that in removing these taxes the government is in effect recognizing how inflationary the taxes themselves can be, and how they have contributed toward inflation. I would hope that in their removal we may experience a counter-inflationary trend, albeit small and in a relatively limited number of consumer commodities.

Honourable senators, I commend this bill to you. It is one I am sure we all welcome, as the Canadian public must welcome the removal of any sales tax.

I do not consider it to be the type of bill which it is necessary to refer to committee and I will not so ask, if such seems to be the opinion of speakers who may follow me.

Hon. John M. Macdonald: Honourable senators, I do not think that there is any part of this bill which calls for prolonged debate, and the sponsor in his rather extended remarks has discussed the details sufficiently. I expect the bill has general approval since it does, as was mentioned, remove various taxes. I was somewhat surprised to learn of the amounts involved. For example, the lost revenue caused by removal of the tax on children's clothing and footwear will be approximately $30 million. Although this may not amount to too much in individual cases, I have seen some criticism of the fact that the standard sizes used for children's clothing do not adequately provide for the situation. Apparently this clothing is sold by sizes and if a child is somewhat larger than usual, an adult size on which tax must be paid is necessary. Apparently the children must fit the clothes, and not the clothes fit the children. However, I understand also that the elimination of this tax has resulted in a lessening of the cost of such clothing since last February, but the increase in that time due to general increases in costs has not equalled the lowering in price through the removal of the tax.

Of course, in these cases it is questionable whether the consumer benefits and the tax relief finds its way right down to those who pay the bills, but apparently, in the case of children's clothing, this is so. I understand it is not so, however, in so far as the removal of the tax on soft drinks, chocolate bars, and other such items is concerned. For some reason or other the removal of the tax has not resulted in appreciable decreases in prices. As Senator Lang mentioned, it is amazing to think that the tax on these items realized approximately $75 million in revenue.

In some respects I would have preferred to have seen the bill go a little further. In fact, I will mention two items. One is the rebate of the tax to a municipality building an incinerator for its own use. I cannot understand why such a rebate cannot be extended to any incinerator built by private enterprise for the use of a municipality. Especially in the cases of smaller municipalities, they may not wish to become involved in the ownership of such construction. In my opinion, it would have been better if the rebate had been extended to at least all incinerators used by municipalities. I know there have been suggestions that it should have been extended to industrial incinerators, but that is another question.

I would also like to mention that in my opinion the clause dealing with the labour of handicapped persons could have been widened. A reference to page 6 of the bill indicates that the tax is eliminated on:

> All goods manufactured or produced in Canada by the labour of individuals who are
>
> (a) blind,
>
> (b) deaf and dumb,
>
> (c) mentally retarded, or
>
> (d) in any other manner mentally or physically handicapped,
>
> where a substantial portion of the sale price of the goods is in any way attributable to the labour of such individuals which labour has been performed in, or exclusively under the control and direction of, a certified institution.

I take two objections to that. If the labour is to be performed under the control and direction of a certified institution I do not understand why the word "substantial" should be included. If the labour of these handicapped persons adds to the value of the goods, in my opinion the tax should be eliminated. In the second place, I do not agree that such labour has actually been performed under the control and direction of an institution. If my memory serves me correctly, after the last war, when there were a great many handicapped people, some veter-

ans' hospitals sent people to teach handicapped persons in their own homes. Some of those handicapped persons are still working and doing fairly well, but they are certainly handicapped, and they certainly do not want to come under the direction and control of any institution. I should have liked to have seen the act broadened in that respect, and perhaps at some future date an amendment might be brought in to that effect.

● (1500)

Honourable senators, in looking at the reduction in taxes, there is one thing that puzzles me. I cannot understand the antagonism of the government towards removal of the sales tax on building materials. To my mind that would have been most beneficial. For some reason or other—I do not think for any good reason—the government will not do it.

I agree with the sponsor of the bill. I support the bill and do not see any point in sending it to committee.

Hon. Mr. Walker: May I ask my honourable friend, Senator Lang, a question? It is nice for the little boys and girls to have a reduction in the price of soft drinks and chocolate bars, but what good is it doing the little boys and girls? The reduction in tax has not been passed on to them. The only people who are benefiting so far are the manufacturers. The reduction has been in effect long enough for us to have seen whether it is being passed on to the consumer. As for cosmetics, it is nice for ladies to become more beautiful, and the reduction in the tax will enable them—

Hon. Mr. Flynn: If it is possible.

Hon. Mr. Walker: It is always possible—the reduction in tax will enable them to obtain more cosmetics.

My honourable friend, Senator Macdonald, as well as the sponsor of the bill, has considered this point. The reduction has not been passed on to the consumer. So, in the name of heaven, what good does it do to have these reductions in sales tax? If the 12 per cent tax had been taken off building materials, it would have been a great enough yardstick to determine whether or not the reduction was being passed on. However, that tax remains. A reduction there would have achieved some real good, and would have enabled people to buy their own homes.

Soft drinks, chocolate bars, and cosmetics are nebulous things, merely on the fringe. The reduction is not passed on. Only the manufacturers are being enriched.

I should like to ask the sponor of the bill whether there is any provision in the bill, or in the regulations, to determine whether or not these tax reductions are being passed on to the consumer, or whether any regulation exists to ensure that at any time they should be passed on?

Hon. Mr. Lang: I am rather surprised at the philosophical approach of my honourable friend, who seems to consider that the removal of tax enriches the taxpayer. I would have thought rather the imposition of tax enriches the exchequer. The candy makers and cosmetic manufacturers may be only keeping what is rightfully theirs.

Specifically, in reply to my honourable friend's question, there is no way of seeing how the benefit from this tax reduction is dealt with. However, I think that in due course the government will have the benefit of hindsight.

Undoubtedly in children's clothing and footwear, and in the confectionery and soft drink businesses, the reduction in the tax has already been reflected to a greater or less extent. This, I gather, is public knowledge, particularly with regard to children's clothing and footwear. It is also public knowledge in the area of chocolate bars and soft drinks.

The honourable senator knows well enough, from his own broad experience, that if the tax were not removed from some of these items, those items would have become more expensive for the consumer through the pressure of ordinary market forces. Hindsight experience with regard to these tax reductions will be useful to the government undoubtedly, and will be reflected in their future policy. This exercise will be a very useful experience.

Hon. Mr. Cameron: With regard to Senator Walker's comment on cosmetics, one or more newspapers published a story to the effect that the tax on cosmetics had been removed. But that is not the way the section reads. It says:

> Spirits used directly in the manufacture of cosmetics as defined in the Excise Tax Act are subject to no duty or excise.

That refers to one of the ingredients in the manufacture of cosmetics. I wonder if the sponsor of the bill would tell us what percentage of a cosmetic is made up of spirits? That is my first question.

May I also comment that I am sorry the excise tax on building materials has not been removed, as it would have helped to reduce the fantastic escalation in the cost of home building today. I am sorry it is not there.

The item on cosmetics intrigued me. I wonder if the sponsor of the bill can enlighten us on this question.

Hon. Mr. Lang: The honourable senator could easily be confused by the sectioning of the act. The section to which he referred, which ensures that no tax is levied on the alcoholic content of cosmetics, may have somewhat put him off. Incidentally, this is not a benefit for rub-a-dubs who drink cosmetics or other potable lotions. It arises because of the interrelation between the Excise Tax Act and the Excise Act and is included to ensure that alcohol used in cosmetics and toilet lotions is not subject to tax as is alcohol used for other more pleasurable purposes. I refer my honourable colleague to clause 5(1) which removes totally the tax on toilet articles and cosmetics. A special 10 per cent excise tax which hitherto had applied to toilet articles and cosmetics is now totally removed by clause 5(1) of the bill.

Hon. Mr. Flynn: This is typical of the generosity of the budget for this year.

Hon. Mr. Walker: They thought it was an election year when they made it up.

Hon. Mr. Flynn: I hope not.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Lang moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CUSTOMS TARIFF (No. 2)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Sidney L. Buckwold moved the second reading of Bill C-195, to amend the Customs Tariff (No. 2).

He said: Honourable senators, my colleague, Senator Lang, I am sure, pleased both the members of the Opposition and those on the government side with the previous bill that provides for excise tax reductions. It is a pleasure for me to add more good news, and introduce to my colleagues Bill C-195, an act to amend the Customs Tariff (No. 2). This bill reduces the rate of duty by an average of about 5 percentage points on imports which last year amounted to $1.4 billion. I might say that of this amount, one-third is represented in food items.

● (1510)

These reductions are intended to counteract, in particular, the strong upward pressures on prices which were expected to result from the accelerated pace of the Canadian economy. Earlier reductions in corporate taxes, together with the latest reduction in personal income taxes and removal of the sales and excise taxes on a wide range of products which we heard of this afternoon, have resulted in a powerful stimulus to the Canadian economy. In this context, the tariff reductions are intended to reduce the cost of imported products, the demand for which was expected to increase with the larger disposable incomes available to Canadian consumers. The demand for Canadian-made goods was also expected to increase even more rapidly, and these reductions are intended to apply some pressure on Canadian producers to exercise moderation in their pricing in response to the increase in demand.

I might point out to honourable senators that there is a unique aspect to this legislation. To my knowledge, and from inquiries I have made of departmental personnel, this is the first time in the history of Canada that the Customs Tariff has been used as an implement in an attempt to minimize increases in the cost of living. These reductions became effective on February 20 last, and the great bulk of the bill—and I will explain this in a little more detail later—represents items on which tariffs will be reduced for a temporary period. They are in effect for one year from February 20 last. On February 19, 1974, the original tariffs will go back on the books, unless the government reconsiders them in the meantime.

There is another unique aspect in that this bill also allows the re-imposition of these duties at any time by the Governor in Council if, in the opinion of the government, any harm is being done to those producers or manufacturers who could be affected. So I suggest to you that it is a very new kind of approach and one that is worthy of careful consideration.

I am sure that Senator Walker and others will ask the same question: Have these been effective? There has been a reduction in many tariffs involving goods coming into Canada, especially in food items. I would agree that it is sometimes difficult to pinpoint whether these reductions have resulted in lower prices to the Canadian consumer, who they are intended to benefit.

I think it is fair to say, certainly with respect to food items and in many other instances, that increased prices,

[Hon. Mr. Lang.]

which otherwise would have come into effect, have been minimized as a result of the tariff reductions which are included in this bill. I would agree with Senator Walker, along with Senator Lang, that there is a very significant role for the Department of Consumer and Corporate Affairs to play in following through the effects of these reductions as we move into this new approach to controlling this difficult problem of inflation. I would hope that department, or perhaps some other government department, will take an increasingly active role in making sure that we follow through the effects of these tariff reductions.

Honourable senators, care was taken in selecting the products for tariff reduction to avoid disruptions in Canadian production and employment. Consumer goods which were in short supply, or for which prices were increasing rapidly, are included. Other consumer goods subject to duty above the average, particularly those dutiable at more than 15 per cent, are also selected. It was realized, however, that with the selection being made on the basis of a general criteria of this kind, Canadian production of certain goods might be adversely affected.

To deal with that, the government has asked Parliament for authority to restore the pre-budget rates by order in council. The minister has made it clear that he is fully prepared to take such action where a genuine case of hardship resulting from increased import competition can be made. I would point out that already in the area of greenhouse tomatoes such action has been taken, and also, I believe, in the case of sweet cherries. So the government has tried to be responsive to the pressures, especially those that have been put on our agricultural community.

I might mention at this stage, too, that the Customs Act provides authority for the government to reduce the duties by order in council on parts and materials imported for the production of goods in Canada. Where relief for Canadian producers can be provided through this means, it is the government's intention to use this authority and thus avoid, wherever possible, resorting to the authority requested in the present bill to restore pre-budget rates of duty.

An example of that would be in the case where a product was being made in Canada involving the importation of component parts, and this was affected by the tariff reductions on the entire product brought in from a foreign country. It would then be the intention of this bill to reduce the duty on the component parts to make the Canadian producers more competitive.

The terms of the bill clearly provide that the reductions are to remain in effect for a period of one year after February 20, 1973, following which the pre-budget rates will be automatically restored. It is the government's intention, during this one-year period, to review carefully the reductions made in this bill and to examine their impact on Canadian production, employment and prices before considering any proposal for the extension of any of them. I think this answers the point previously raised so effectively by Senator Walker.

There are, in fact, two main clauses to the bill. The first is relatively simple. It involves a few items for which the tariffs are completely removed and free entry into Canada provided. This particular clause is not of a temporary

nature; it is an amendment to the act. It involves such items as heavy fuel oils, low temperature metal containers for use in the storage or shipping of vaccines for poultry, recordings of an instructional character, and so forth. The tariffs have been eliminated on those items and free entry into Canada provided.

On the other hand, clause 2 of the bill deals with the changes of a temporary nature. I am sure honourable senators do not want me to go through in detail the literally hundreds of items that are affected. Perhaps I could generalize them by categories. This bill will result in lower customs tariffs on animals and meat products; coffee and coffee substitutes; confectionery and cereals; fresh fruits and vegetables; canned fish; sugar and related products; fruit juices; and soaps and toilet preparations, which seems to be of great concern to members of the Opposition. I might add, for their enlightenment, that there has been a reduction not only in sales tax but also in the customs tariffs on perfumed spirits, bay rum, cologne and lavender waters. I thought the last one might be of great interest. The duty on the most-favoured-nation tariff has been reduced from 20 per cent to 15 per cent, which should result in substantial savings for the learned gentlemen on the other side of the house. The bill also provides for lower customs tariffs on drugs and pharmaceuticals; china, earthenware and glassware; spectacles and parts; sporting equipment and toys; and a variety of miscellaneous items.

● (1520)

Honourable senators, at this point I want to suggest that the government has responded, wherever possible, to representations that have been made by a number of Canadian producers since the reductions were put into effect on a provisional basis on February 20. We have had several months of actual experience with this experiment in the control of prices, or the attempt to control at least some of this price rise through the Customs Tariff.

Most of those representations have been concerned with the fact that there had been no prior consultations with the industry involved, or that the reductions had been made on a unilateral basis and no attempt had been made to secure reciprocal concessions from other countries. Others expressed concern that the reductions might be extended beyond the one-year period provided for in this bill. Temporary reductions covering a very broad range of goods were considered necessary in the context of the other economic and fiscal measures which were being proposed. It would not have been possible to hold meaningful consultations in advance without possibly revealing the content of the budget. The industries affected are, of course, currently expressing their views on the reductions, and these will obviously be taken into account.

Since the reductions are clearly temporary, with no international commitment to maintain the rates at these lower levels, there has been no loss in their value as possible concessions in a future tariff negotiation. A more detailed examination of the position of Canadian suppliers and of the general Canadian trading interest will, of course, be required before the Canadian negotiating position for the forthcoming round of multilateral tariff negotiations can be decided.

Other representations which should perhaps be mentioned are those from the fruit and vegetable growers and processors. These have emphasized certain problems in the present tariff structure. The Minister of Finance has directed the Tariff Board to review the tariff items covering these products, and to make recommendations with respect to rates and rate structure.

Finally, I would like to say a word on assessing the effects on Canadian prices which these reductions may have had since their introduction. I mentioned this earlier, but it is an important point. It should be borne in mind that a number of other factors affecting prices must be taken into account. There have been, for instance, significant changes in exchange rates since February 20. Worldwide shortages in certain products have developed and, indeed, export controls have been introduced in certain countries to assure adequate domestic supplies. This does not mean that the reductions have had no impact on prices. The real question, I believe, is: How much higher would prices, and the cost of living, be currently if these reductions had not been in effect since February 20?

Honourable senators, that concludes my presentation in support of this bill, and I shall be pleased to hear the discussion which follows.

Hon. Mr. Burchill: Honourable senators, I have been waiting since February to ask this question.

Hon. Mr. Flynn: You are very patient.

Hon. Mr. Burchill: I must confess that I do not expect Senator Buckwold to be able to answer it, but I would very much appreciate it if he could get the information for me so that I may pass it on to my friends who have been pressing me for an answer. I refer to tariff item 50715-1, plywood, on page 17. I think the duty has been reduced by 10 per cent with, as I understand it, no corresponding reduction from nations to whom Canada ships plywood. I am referring particularly to the United States. I think about 100 million feet of soft wood plywood and 500 million feet of hard wood plywood were imported into Canada last year, so it is a quite considerable item.

Due to recent political events in the United States, and fluctuations in the exchange rate of the American dollar, plywood prices have softened. My information is that some American plywood is drifting into Canada. I would be very happy indeed if the honourable senator could obtain information on this for me, if he has not got it now.

Hon. Mr. Buckwold: I can say that to my knowledge there were no attempts to use these reductions as a trade-off with other countries, in view of the fact that they are of a temporary nature. In other words, if they were in effect for a short period they could be re-imposed if the industry was suffering. Certainly this question could be asked in committee. There was no sort of meeting with other nations with the intention of saying, "We reduced our tariffs; you reduce yours on our exports." That was not really the purpose of the game. I think this question could be answered in committee.

Hon. Mr. Grosart: Honourable senators, it is my intention to move the adjournment of the debate, but in view of the time schedule and the possibility that the bill might not go to committee, I should like to give notice to the sponsor of the bill, Senator Buckwold, of two questions

that I shall be asking, in the hope that he will be able to get the answers if he does not already have them.

First, I would ask him if he would provide us with some comparative price figures on a selective basis. Would he obtain some figures giving us the prices at which some of these items were sold before the revised tariff came into effect, and the present prices? I am fully aware of his comment that we should look at what might have happened, but it would also be interesting to look at what *has* happened in a few selective cases.

Hon. Mr. Buckwold: Might I ask a clarifying question? Is the honourable senator referring to retail prices, wholesale prices, or import prices?

Hon. Mr. Flynn: All of them.

Hon. Mr. Grosart: Whichever is the easiest to arrive at. It is possible that the wholesale price index might be a better indicator. As long as the comparisons are valid I will be very glad to have them at either the wholesale or retail level.

Hon. Mr. Flynn: Both.

Hon. Mr. Grosart: Perhaps at both levels, if they are available.

I would also be very interested in knowing how the department arrives at the specific items on which it has decided to make reductions. It has been stressed that there has been no previous consultation with the industries affected. We understand that there might be some restriction on that, because this is a budget item. On the other hand, obviously there must have been some requests from industries, merchants or business people affected. It is hard to believe that the department itself would be able to go over the whole list of tariff items and say, "We will pick this one and that one." It would be interesting to know where the incentive, impetus or motivation came from for these reductions. Perhaps there are some examples in the files of the department that could help to answer that question.

I give the honourable sponsor notice that I will be asking for answers to these questions, since he may wish to seek information elsewhere.

On motion of Senator Grosart, debate adjourned.

TRANSPORTATION

FREIGHT RATES AND NEW TECHNOLOGY—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Cameron calling the attention of the Senate to the need to re-examine the structure of freight rates in Canada and the importance of new technology to the economics of transportation.—(*Honourable Senator McIlraith, P.C.*).

Hon. Gildas L. Molgat: Honourable senators, in the absence of Senator McIlraith, I should like to ask on his behalf that this order stand until September 20.

Hon. Mr. Walker: October 10, the government have notified us.

[Hon. Mr. Grosart.]

Order stands.

● (1530)

SCIENCE POLICY

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Report of the Special Committee of the Senate on Science Policy which was presented yesterday.

Hon. Maurice Lamontagne: Honourable senators, I move, seconded by Senator Lang, that this report be now adopted.

As the report implies, the drafting of the third volume of our report was completed last weekend. We are now at the stage of editing and printing. Our best forecast is that, provided the translation services are slightly more efficient than they have been in the past, the report will be ready for publication early in September.

I understand, from the slight reference made a moment ago, that we are not likely to reconvene until some time in October.

Hon. Mr. Flynn: Is that so?

An Hon. Senator: What about September 20?

Hon. Mr. Martin: The Opposition—

Hon. Mr. Lamontagne: I hope that the Leader of the Government will not insist on any answer to this question, because I would probably refer to him as a source. In any case, there will be this lapse of time between when the report is ready for publication and the reconvening of the Senate.

We have been very fortunate up to now in not having been victims of leaks, and we would like this to continue. I remember that Senator "Chubby" Power, one of our former colleagues, said one day that if you want something to become known say it in the Cabinet, and if you want something to remain secret say it in the Senate. This axiom might have been true when Senator Power was sitting in this house, but it has proved to be wrong recently. I am sure that Senator Croll would agree with me in that respect.

Hon. Mr. Walker: No one leaks in the Cabinet.

Hon. Mr. Lamontagne: Another reason why we are asking for the adoption of this report is that experience has shown that debates on reports of committees such as ours prove to be of higher quality if senators have had an opportunity beforehand to look at the reaction from the scientific and engineering community and other interested organizations.

Finally, we have good reason to believe that the government is waiting for the publication of this third volume of our report in order to arrive at substantial decisions on its overall re-organization plan, related to its involvement with science, technology and innovation.

For all these reasons, I urge honourable senators to adopt the report of the committee.

Report adopted.

PROPOSED CONFERENCE TO ESTABLISH COMMISSION ON THE FUTURE—DEBATE ADJOURNED

Hon. Maurice Lamontagne moved pursuant to notice:

That the Special Committee of the Senate on Science Policy be authorized to organize and hold a conference to be held in 1974 for the purpose of establishing a Commission on the Future, whose responsibility would be to help as many private and public organizations as possible to forecast and build their future not only in isolation but together, as was recommended by Chapter 13 of Volume II of the Report of the Special Committee of the Senate on Science Policy; and

That the committee have power to engage the services of such counsel, staff and technical advisers and to incur such other special expenses as may be necessary for the purpose of organizing and holding the said conference.

He said: Some honourable senators may have forgotten that a substantially similar motion was adopted by this chamber on March 28, 1972. The only significant change appearing in the new motion is in the timing of the proposed conference on the future. According to the motion agreed to in March 1972, the meeting was supposed to take place in the autumn of that year. We are now suggesting that the conference be held in 1974.

Hon. Mr. Flynn: We will be into a general election again then.

Hon. Mr. Lamontagne: I do not want to use any blackmail tactics in this matter but if honourable senators are not ready at this stage to accept the motion, similar to the one they accepted about a year ago, I will have to impose on them at least a 20-minute speech.

Hon. Mr. Flynn: We will accept it.

Hon. Mr. Martin: Let us have the speech.

Hon. Mr. Lamontagne: Is there unanimous approval for me to remain silent?

Hon. Mr. Martin: No, let us hear your speech.

Hon. Mr. Lamontagne: In a more serious vein, I think we were rather imprudent last year in being too precise on the timing of the conference. I recall, however, that during the debate then, and in answer to a question put to me by Senator Buckwold, I warned that we might not be able to meet the deadline. I said then, as reported in *Hansard:*

● (1540)

If we feel as we proceed that we will not be ready to make it [the conference] a success next fall, then the honourable senator may rest assured that we will delay the calling of the conference.

Honourable senators are well aware of what happened in Canada last fall, and will readily agree that it would have been very undesirable to hold the conference in the kind of political climate which prevailed at that time. The steering committee of the Special Committee of the Senate on Science Policy had two preliminary meetings in the early summer with an informal advisory group, including Dr. André Raynauld, chairman of the Economic Council; Ronald S. Ritchie, president of the Institute for Research on Public Policy; and Mr. Cruickshank, then vice-president of Bell Telephone of Canada. Other preparatory work was done on the content of the conference and on the concept of the commission on the future to be set up, hopefully, at the conclusion of the proposed meeting. That work was interrupted when serious rumours about a fall election began to circulate.

Early in 1973 the steering committee reconsidered the situation and decided that it would be inappropriate to hold the conference this year. One of the considerations which justified this decision was that the Special Committee of the Senate on Science Policy should first complete its assignment and issue the final volume of its report before concentrating on the preparation of the conference.

The committee has now completed its work for all practical purposes. As the foreword of its final volume will indicate, the committee will probably ask the Senate for a new assignment enabling it to start a new inquiry into the contribution that research and development can make to social innovations, more particularly to the improvement of our social systems, in terms of both efficiency and costs. Even if the Senate decides to give this new assignment to the committee, as I hope it will, it will be impossible to launch this investigation properly before March or April next year. Thus, the new assignment would hardly conflict with the substantive preparatory work of the conference.

Moreover, I would expect that a new nucleus will have to assume the main working load involved by the committee's new assignment. So far as I am concerned, I should like to make it clear that if the Senate does decide to launch the new investigation, I will not accept a nomination for chairmanship when the committee is reconstituted. I feel that I have done my share of the work in the past few years, and that the time has come for somebody else to assume this responsibility. In reaching that decision, I am conscious of the fact that I am implementing one of the proposals put forward by Senator Croll for the reform of the Senate.

However, I consider the preparation of the proposed conference a temporary assignment following up the work of the committee which I had the honour to chair. After taking a short holiday, I will therefore be prepared to devote most of my time for the next few months to the conference on the future, if this motion is approved.

Hon. Mr. Walker: May I ask the honourable senator a question? You will be chairman of that one, will you not?

Hon. Mr. Lamontagne: That will depend upon the decision of the committee and, of course, upon the decision of this chamber so far as this motion is concerned.

Hon. Mr. Walker: It is just so we all understand.

Hon. Mr. Lamontagne: I am even more convinced than I was a year ago that a permanent and private commission on the future, as envisaged in Volume II of our report, is essential if we are to reach a broad consensus on planning Canada's future, and I am convinced that the Senate is the only appropriate Canadian institution to sponsor the conference which would lead to the creation of that unique agency in the world.

Two observations are becoming increasingly obvious. First, individual organizations in the public sector such as

federal and provincial departments and agencies, municipalities and school boards, and organizations in the private sector such as firms, industries, labour unions, universities, co-operatives and other voluntary agencies, are forced daily to take decisions too often in isolation and without proper consideration of the medium- and long-term future.

I was, told, for instance, that suppliers of energy equipment in Canada had to determine their production plans in isolation without knowing the long-term specific needs of power utilities and the new technological opportunities these public utilities were prepared to consider. This highly undesirable situation is unfortunately not limited to this illustration.

Secondly, it is equally obvious that in the 1960s, but especially in recent years, scientific studies on the future have increased at a tremendous rate in both quantity and quality. I have become interested in this subject during the last few years and as a member of the Club of Rome I could speak for several hours—but I will not—on this explosion of knowledge on the future, and on the major methodological breakthroughs that we are witnessing at the moment. Even before this recent spectacular progress, most of the crucial problems that we experience today had long been foreseen by experts. I will only refer to the food and energy crisis.

In a book written in 1954—almost 20 years ago—entitled "The Challenge of Man's Future," the great futurologist Harrison Brown foresaw an emergency food crisis. He predicted that demand for food would rise rapidly with the increase of population and the standard of living. But, referring to the supply side, he added:

> The greater part of the world's agricultural production comes from regions which were originally prairies, steppes and broad-leaf forests ... Most of these areas are now under cultivation ... and we cannot look forward to any major expansion of agriculture in such regions.

In the sector of energy, Harrison Brown was fairly optimistic in his outlook for the end of this century, but he said:

> —before we become too optimistic about the future of mankind, it should be emphasized that difficulties appear on the horizon to mar the otherwise hopeful prospects.

He predicted an energy crisis for the not too distant future and stated, at a time when coal mines were beginning to close, that "the price of coal, relative to the general price level, is bound to rise considerably during the course of the next few decades."

Thus, individual organizations, both public and private, have a growing need in our rapidly changing world for a better knowledge of the future in order to improve their decision-making process and to deal effectively with problems before they reach the crisis stage. On the other hand, experts are rapidly improving the techniques they use to detect medium- and long-term trends as well as their knowledge of the future. But we have found that this vastly improved knowledge of experts is not easily accessible to those who need it. Very often potential users of such information are not even aware that it is available. In other words, the supply of and the demand for information on the future rarely meet; they live in isolation.

The tragic result of this situation is that leaders in the public and private sectors are becoming a fire brigade in a society facing a series of simultaneous crises such as galloping inflation, pollution, food and energy shortages, a growing international monetary disequilibrium, and the rapid destruction of traditional values with the great danger that represents for the survival of Western civilization.

The major and most regrettable gap between the supply of valuable information on the future by experts, and the timely use of that information by decision-makers, represents a basic element of our present predicament.

● (1550)

It would be one of the major tasks of the proposed commission to close that dangerous gap. As I said last year, it would not carry out research of its own on the future. It would be rather an intermediary between experts and potential users, between supply of and demand for information on the future. It would seek primarily to develop and maintain a network of information. It would supply individual organizations with the available data they require, and keep experts and agencies conducting research on the future better informed of users' needs for information which is not available.

The first task of the commission would be to convince as many individual organizations or groups of organizations as possible that they need better information on the future to improve their decision-making process and that, to meet this need, they should set up their own units on the future. Such individual units could be very small in terms of staff because their role would be simply that of determining the information needed by the organization, to ask the commission to supply it, and to transmit it to the top management of the organization concerned.

The second major task of the commission would be to supply to these units in the various organizations affiliated to it the information they need on a fee basis. This mission, in our view, would not be unduly complicated and would not require a large staff. For instance, our committee has had access, in the preparation of its report, to the most significant information on science policy available in the world through the services of a single expert in this area.

Finally, the commission would hold regional and national annual meetings of its affiliated organizations. These meetings would afford an excellent opportunity for them to exchange views on their respective futures and to review the work of the commission. In addition, a general topic concerning the future would be selected each year as the main theme to be discussed, with the expectation that a consensus would be reached. It would be important indeed for these organizations to go beyond their respective spheres of activities and interests, and consider together the alternative technological, economic and social environments in which they would be likely to operate in the future.

A common, conscious and systematic consideration of the future must become an essential ingredient of today's decision-making processes in the public and the private

sectors. If we can develop a consensus on the challenges of the future, we will be in a much better position to meet them before they degenerate into crises. Otherwise, our society, as it is subjected more and more to perpetual motion, will get out of control, and this, in turn, will bring consternation and disillusionment not only about technology but also about our institutions and the values they represent.

If we want, as a nation, to avoid chaos and anarchy, we must dedicate ourselves to the future. Our commitment does not just require the preparation of papers and forecasts by experts although this is essential to develop an enlightened approach. It also requires a collective involvement. In other words, our dedication cannot be only an elitist and ivory-tower exercise; to be practical and meaningful, it must develop a grass-roots and action-oriented approach. According to Alvin Toffler, we must complement participatory democracy by anticipatory democracy, and organize some kind of parliament or continuing plebiscite on the future. But we cannot expect this anticipatory democracy to develop by itself as a natural process. On the contrary, it is the gap between experts in their ivory towers and decision-makers in the real world which is natural and which must be removed by artificial means. This would be the main mission of the commission envisaged by our committee. As such, it would be the first institution of its kind in the world.

The concept and purpose of the proposed commission do not represent a theoretical and impractical dream. Dr. Alexander King of OECD, who is one of the world's wise men in the area of science, technology and innovation, reviewed Volume II of our report in a long article published in *Science Forum*. He wrote:

> I particularly welcome the proposals concerning the establishment of a Commission for the Future to help organizations, public or private, to build their futures not in isolation but together. This may well beome an essential feature of all national science policies.

SCITEC, the Association of the Scientific, Engineering and Technological Community of Canada, which represents about 60 affiliated professional and scientific associations in our country, circulated a detailed questionnaire on the recommendations contained in Volume II of our report. Nearly 80 per cent of those who responded said they were in favour of the creation of the proposed commission. To be precise, 79 per cent of those who responded said they were in favour of this commission.

I would also like to put on the record the reaction of some professional and industrial associations to our recommendation regarding the proposed commission. The Association of Professional Engineers of the Province of Ontario stated, "We endorse this recommendation without further qualification." The Bell-Northern Research Company said, "We agree that such a conference would be useful to launch a Commission on the Future." The Canadian Chemical Producers' Association had this to say: "A Commission to encourage and assist public and private organizations to engage in forecasting would form a useful liaison between the experts ... and various private and public organizations." The Chemical Institute of Canada claimed that "the proposed Commission on the Future to be sponsored by the Senate for the purpose of assisting private and public organizations in forecasting could be valuable particularly if it served to point out to industry the areas where an infrastructure is being created." The Geological Association of Canada indicated that "some aspects of the report win support from many of our members, e.g., the forward-looking attitude with its suggestion of a Commission of the Future." The Pharmaceutical Manufacturers Association of Canada stated: "PMAC would like to comment favourably, and briefly, on the recommendations made in the report of the Special Committee. The first five recommendations, dealing largely with planning for the future, are endorsed by PMAC."

In addition, I would like to point out that members of the Steering Committee, including Senator Cameron, Senator Grosart and myself, have had several occasions to discuss the concept and role of the commission with important Canadian groups and audiences such as the Montreal Chamber of Commerce. On all such occasions, the reaction we received was favourable. The only conclusion I can reach from this evidence is that there is strong and broadly based support for the commission.

● (1600)

The only other point I wish to make relates to the proposed conference to be sponsored by the Senate for the purpose of creating the commission. It is quite clear that while the commission is strongly supported, it will not be born spontaneously. If it is to be launched successfully, as it should, some one must take the initiative. Moveover, a fairly large number of organizations, widely representative of the various segments of Canadian life, should be willing from the start to support the activities of the commission and to use its services.

This is why we believe that a well-planned conference, attended by a sizeable group of Canadian leaders representing organizations capable of supporting the commission, is necessary as a successful launching pad. In turn, if the conference is to achieve its practical purpose—that is, the setting up of the commission—it must be sponsored by an appropriate body.

As I said last year, we could not find any private organization sufficiently representative of all the different and varied segments of Canadian society to take this particular initiative. On the other hand, we also came to the conclusion that the government should not sponsor the conference. The commission can only be a success if it is and remains a private institution. This does not mean, however, that top government representatives should not be closely associated with the conference. Mr. Gillespie, the Minister of Industry, Trade and Commerce, as I indicated last year, has already expressed his wish for such a close association with the conference. The present Minister of State for Science and Technology, Mrs. Sauvé, made known the same desire to me yesterday.

Under such conditions we feel that the Senate would be the most appropriate sponsoring agency. As a chamber of sober second thought, we are above the immediate concerns of political parties and can serve as a valuable intermediary between the different spheres of the public and private sectors. The committee is conscious of the fact that such an initiative is without precedent in the activities of this chamber. We have an excellent opportunity here, however, to show that the Senate is not merely an

institution of the past, that we can also take a long-term view of the future, and that we can provide our country with the grass-roots organization that it needs to remain on the difficult but inevitable path of rapid and pervasive change.

If the conference is to be a success, it will require a good deal of preparatory work and preliminary contacts with interested organizations. To help in this work and to facilitate these contacts, it would be highly desirable to establish a high-level advisory committee composed of Canadian leaders representing various segments of Canadian society. We have already been assured of such collaboration. But there is no doubt that a small staff will be required and that other disbursements will be necessary. Therefore, a special budget will have to be provided. It will be prepared as soon as this motion has been approved and submitted, according to our rules, to the Committee on Internal Economy, Budgets and Administration.

There may be some worry related to expenditures devoted to support the activities of special committees. In my view, these increased activities are a crucial and essential element of the reform of the Senate. Those of us who are prepared to devote a great deal of time and energy to the work of these committees should receive full support from honourable senators who have other priorities.

I can only speak from personal experience in connection with the Senate Special Committee on Science Policy, and say that we have been so careful in controlling expenditures as to impose an undue burden on members and on our small staff. This committee began its activities in 1968 and has spent since that time approximately half of the funds which are allocated to the Science Council in a single year. Yet it is now widely recognized that the committee has had a much greater impact on Canadian science policy and on the Canadian scientific and engineering community than the Science Council has had since it was established in 1966. Again, in the last two weeks the government has announced the implementation, in a slightly modified form, of two other important recommendations contained in Volume II of our report. Thus, I suggest that as part of Senate reform we should not take a veiled puritanical attitude which could inhibit honourable senators who claim the right to work in committees under relatively decent conditions.

In the context of these remarks, I want to give assurance that the budget which will be submitted for the preparation and the holding of the conference will be most reasonable compared to expenditures devoted to other similar undertakings. It will represent a small investment with potential substantial long-term benefits for the country as a whole, and for the Senate in particular. Indeed, it will be significantly lower than the approximate amount of $150,000 spend by the Department of Justice for the Conference on Law held in Ottawa a few years ago.

For all these reasons, I hope that honourable senators will approve this motion before the adjournment, so that the preparatory work can start as soon as possible.

Hon. Mr. Martin: May I ask Senator Lamontagne a question, offered in full appreciation of his remarks? Unless I misunderstood him, I do not believe he has explained that once the commission is established it will be a private body rather than a government organization. I wish the senator would respond to that.

[Hon. Mr. Lamontagne.]

Hon. Mr. Lamontagne: I am glad that the government leader has asked that question, but I do not believe he could have really listened when I read my statement. I referred on at least two occasions to the point that the commission would be a permanent, private organization which would be financed on a fee basis by other organizations in the private or the public sector.

Hon. Mr. Asselin: Have you received assurances that private companies will finance such a commission?

Hon. Mr. Lamontagne: Yes, we have had quite a number of contacts with private industry. We would hope, however, that not only private industry but other organizations in the public sector, such as school boards, the Canadian Federation of Mayors and Municipalities, labour unions, and all kinds of organizations including voluntary organizations, would also actively participate in the work of the commission and pay their part of its financing.

Hon. Arthur Laing: Honourable senators, I am indeed a very brave person to stand up and make any remarks following the presentation by the honourable senator. He spoke from a great depth of experience, being more or less the father of the committee which studied the subject of science policy in Canada. However, I was not here a year ago when there was unanimity on this point in the Senate, and I would like to ask some questions regarding this type of organization and study.

I could make the general criticism that in Canada today we are studying everything and not doing enough. Studies are in process all over the country. If anyone attempts to put anything into effect, or to do anything, in Canada today apparently a reaction at once manifests itself, that we should wait until a full study is carried out.

Hon. Mr. Lamontagne: If I may interrupt my honourable friend, I should point out before he continues developing this argument that I was very careful to emphasize that the proposed commission is not to be a study group, but a commission to organize a network of information. Its function is to take the studies, where they are available, and transmit them to the potential users of those studies, so that they will not pile up unused in warehouses, as they are at the moment; so that they will be used by those who are responsible for the various aspects of the decision-making process in our country.

● (1610)

Hon. Mr. Laing: I am familiar with the writings of Dr. Harrison Brown, whom I know. There was another man, a representative of the Olivetti Company, who wrote a book called "The Abyss Ahead." These people are overpessimistic, in my view. I do not think there is any chance in the future of a shortage of any kind, except in the short term. I have read many of those books. By their remarks fears are engendered in people's minds. One could compare them to the author of the original Book of Lamentations. I do not think their fears are justified in the world today. A great deal of the breakthrough, and much that will be done, will still be engineered and done by individuals—

Hon. Mr. Martin: Did you say the book of Lamontagne or the Book of Lamentations?

Hon. Mr. Laing: Senator Lamontagne was repeating some of the fears which have been expressed, fears which I think are groundless. There is talk about a food shortage. In most nations in recent years, legislation has been designed to prevent food prices from collapsing. This is the case in Canada. There are regulations made by marketing boards to prevent overproduction.

In 1965, while visiting the Soviet Union, I met one of their scientists who was engaged on getting a man to the moon, and he introduced me to three or four of his colleagues. I asked him, "What are you people up to?" He replied, "We should be doing this together instead of separately, because it costs each of us too much." I reported that statement to another Soviet scientist and asked him the same question, and he said, "Would it not be better if you weighed 90 pounds instead of 180 pounds and lived to be 125, and if a locomotive weighed 50 tons instead of 100 tons and lasted twice as long?" I said, "You don't mean that!"

Next year I will go back to the Soviet Union to find out how that scientist is making out. In the meantime, I am trying to keep my weight down to 180 pounds. This is the sort of thing that is envisaged in the world. Only the great nations can spend that kind of money.

At lunch today I was talking to one of our colleagues. We recalled that not very long age there was found in the American budget an allocation, under Defence, of $11 billion which did not go to defence but which went to American universities for educational purposes. Those were votes taken under Defence, and therefore obtainable, and they would probably not have passed Congress had they been votes for educational purposes.

This is the kind of competition that we are facing. We should be realistic about it. We have the National Research Council. I have been critical of the National Research Council, which receives $140 million or $160 million a year. I am dissatisfied with its productivity, and have been so for years.

People have to do things, and when we get down to meeting and discussing with the corporations in Canada and with those people who are doing things, there will be an osmosis. Governments are miles behind technology in this country. I am trying to put in a word of caution so that we will not become involved in one of those continuing committees of academics or specialists, not recognizing what is going on in the country. We should go out and see people at work. We should go and see agriculture as it is being practised today. There are farms on the Prairies of six to ten sections, where a man will say, "All I need is two men and a hundred thousand dollars worth of Massey-Harris machinery." This is the age of technology. There is a mine in British Columbia that with modern technology is excavating 44,800 tons of ore per day. How we provide an advantage to these people by calling a conference like this, I do not know.

I would like to see less preparation of reports. I have in my office reports collected over the past 18 or 20 years which have cost in excess of $100 million. Most of them have never been read by anyone capable of taking any action. Action is being taken by people in the private sector—people who have to make their corporations successful, who have to produce results or lose their jobs.

In the academic field the position is entirely different. Our colleague has put up a very good case for bringing these people together. I doubt very much whether the government should be influenced to continue giving annual grants. These things are entitled to stand on their own feet.

Are we going to bring these persons together for an exchange of secrets? Most industries in Canada are not inclined to exchange secrets. That is the name of the game. If you have something, you do not tell your competitor about it. We should pay a little more attention to practical solutions, both here and in the other place, because we are not conversant with what is going on in the field of technology.

In mining and agriculture we are just as efficient as any other nation on the face of the earth, and quite likely we are the most efficient. We should take advantage of those areas in which we can demonstrate excellence, and expand on them, instead of engaging ourselves in going to the moon, or remaining in that far-off haze where people sit around and predict the demise of the world.

There will not be any demise of this world. In 40 years' time we shall not be using uranium. We are now developing fusion power. The Soviets told me that they will definitely have it in this century. They referred me to their colleagues in London. I went to see them, and they confirmed what the Soviets had told me. I then met an American scientist, who was going around betting people $100 they would have it in 15 years. The only raw material involved is salt water, and the best scientists in Germany are now studying the development of plasma to reduce the immense heat associated with fusion power.

All these things are going on in the world, and we should not be pessimistic. If we have people uniting to share knowledge, that is fine. But I would counsel care about the expenditure of public funds merely to bring people together. We have done too much of that.

Hon. Mr. Langlois: Honourable senators, I had intended to speak on this subject this afternoon, but I am now expected at a committee meeting called for the purpose of drafting a report. If no other honourable senator wishes to speak now, I will move the adjournment of the debate.

Hon. Mr. Lamontagne: I would plead with Senator Langlois, that unless he has a very important message to bring before the house, we should try to adopt the motion this afternoon. I understand that Senator Smith is prepared to call a meeting of the Standing Senate Committee on Internal Economy, Budgets and Administration to consider the proposed budget. I would hope to have this budget proposal considered and reviewed before the recess.

• (1620)

An Hon. Senator: There is lots of time.

Hon. Mr. Smith: Honourable senators, I might add a few words to emphasize what Senator Lamontagne has said. The system under which we now operate requires two meetings. We are first required to call a meeting of the subcommittee, at which the chairman of the committee

has to make his case for the approval of the budget. Following that step, it is necessary to have a meeting of the full membership of the committee. This would be fine if we were to be here all next week. However, the business of this house could reach an end very suddenly on Friday, and we would not have the budget prepared.

I join with Senator Lamontagne in asking members of the Senate to give their approval before the end of this week.

Hon. Mr. Flynn: The end of the week is not today.

Hon. Mr. Cameron: Honourable senators, my intervention will be short. As one who has been associated with Senator Lamontagne and Senator Grosart in giving some study to this matter, I am naturally very much in favour of the motion. I listened to the remarks of my colleague, Senator Laing, and I was struck by his statement that he had reports that cost $100 million on his desk. I do not doubt that. I am concerned every day about the amount of material, slick cover material, which comes to my desk and which I do not have time to read.

The purpose in setting up this committee, as Senator Lamontagne has emphasized, is to turn the work over to a private institution. It will be financed by a private institution and, hopefully, will lead to the kind of results which Senator Laing and all of us want to see.

Senator Lamontagne mentioned the possible budget as being less than $150,000, which was the cost of the Conference on Law. That may seem like a lot of money to some, but in terms of what is happening today, it is a very small amount.

Hon. Mr. Martin: That is not the amount that he mentioned.

Hon. Mr. Lamontagne: I mentioned the amount of $150,000 in relation to the conference organized by the Department of Justice.

An Hon. Senator: It was much less.

Hon. Mr. Cameron: Yes, he said it would be less than that. The avalanche of new information, coming out with increasing rapidity and not being co-ordinated or passed on to the action front, is really frightening.

Just a very short time ago we were talking about an energy crisis. We are asking ourselves whether we are going to run out of oil, or run out of this and that. As an aside, one of the most significant problems facing municipalities today is the disposal of waste. The disposal of farmyard waste, which is causing pollution, is a major problem. Work has been done in the last ten years on the utilization of farm waste and it has been demonstrated experimentally that we can economically produce 200 million barrels of oil a year from farm waste, and from municipal waste we can produce gas at 50 cents a thousand cubic feet.

This is the kind of technology that is coming. Yet how many people know about it? How many people have this presented to them at the decision-making level? I think this proposed Commission on the Future will be a very important follow-up to the work on the Science Policy Committee. In the last few weeks I have gone over the final chapters of Volume 3, and what has impressed me most is the need for some agency to take the information that is coming out and put it in a place where action will be taken. Hopefully, this kind of commission will be one of the agencies that can make that possible. I certainly hope that this commission will commend itself to the members of the Senate.

On motion of Senator Langlois, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, July 19, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENT TABLED

Hon. Paul Martin tabled:

Quinquennial report on actuarial examination of the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 1972, together with Treasury Board Order, dated July 12, 1973, pursuant to sections 56(3) and 57(3) of the Royal Canadian Mounted Police Pension Continuation Act, chapter R-10, R.S.C., 1970.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow at 11 a.m.

Motion agreed to.

IMMIGRATION APPEAL BOARD ACT

BILL TO AMEND—THIRD READING

Hon. Jean-Paul Deschatelets moved the third reading of Bill C-197, to amend the Immigration Appeal Board Act.

Motion agreed to and bill read third time and passed.

EXCISE TAX ACT AND EXCISE ACT (No. 2)

BILL TO AMEND—THIRD READING

Hon. Daniel A. Lang moved the third reading of Bill C-194, to amend the Excise Tax Act and the Excise Act (No. 2).

Motion agreed to and bill read third time and passed.

CUSTOMS TARIFF (No. 2)

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Buckwold for second reading of Bill C-195, to amend the Customs Tariff (No. 2).

Hon. Allister Grosart: Honourable senators, Senator Buckwold has given us an interesting explanation of this bill, and, in fairness to him, I would say as complete and comprehensive an explanation as has been given from the government side. However, I have to say that the explanation we have had on this bill so far has been so incomplete in some essentials as to confirm in my mind the suspicion that has been raised that this is mere window dressing.

I say that because very serious doubts have been raised as to whether it will achieve its two main purposes, one being to decrease the price of certain products to the Canadian consumer, and the other being, naturally, to deal to some extent with our continuing problems of inflation and unemployment.

The casualness with which it has been presented to Parliament, the lack of background information which we have been given, and the lack of proof as to what its effects may be, indicate to me that it may not only be window dressing, but very bad window dressing—window dressing which will fail in its purposes, which will increase the prices to Canadian consumers instead of decreasing them, and which could perhaps increase rather than decrease unemployment. I do not say that those will be the facts, but I do say that knowledgeable people have suggested that there will be deleterious effects as a result of this bill, and certainly the government has made no effort that I have been able to discover to counter those suggestions.

On the surface it appears to be a very simple bill. It has three clauses only, all of which affect the Customs Tariff. The first clause—I am going over some of the ground that was covered by Senator Buckwold, but it is perhaps advisable to get a clear picture of the bill as it stands—amends the Customs Tariff in respect of certain items which appear in schedule A of the bill. Those are items which will now enter Canada generally free of duty, with minor exceptions. Petroleum fuel oil is one. I would hope that Senator Buckwold, in replying to the comments which have been made on the bill, will give us a little more information, because it seems extraordinary to me, in view of the general energy situation, that we should be reducing the tariff on petroleum fuel oil coming into Canada at this time. There are two rates in the bill. I would be interested in knowing the reasons for the two rates.

The bill deals also with vaccine containers used in the poultry trade, with some medical and surgical supplies where they are used in public hospitals or for the benefit of disabled persons. Finally, it deals with certain educational sound recordings.

Clause 2 also amends the Customs Tariff with respect to items which appear in schedule B of the bill. I counted them quickly, and it seems to me that there are about 250 Customs Tariff items which are amended. Many are amendments to lower the tariff in respect of goods produced in Canada, and there is evidence, certainly in the *Hansard* of the other place, that the effects may be very serious with respect to certain Canadian producers, particularly agricultural producers in the horticultural field. In the past, these types of tariff reductions have actually put some Canadian horticultural producers out of busi-

25862—58½

ness. Also, we have the famous case of the Ontario sugar beet industry, which was put out of business and which is now in the process of rehabilitation, because it has been proven that the action of the government which resulted in its going out of business was very unsound.

● (1410)

I mention that because a very large number of the items contained in clause 2 of this bill relate to sugar. Sugar, to Canadians, is a sensitive area of imports. Some of us are very much ashamed of the Canadian position on the import of sugar, particularly from the Caribbean. It so happens that both the United States and Great Britain pay for their Caribbean sugar at a rate higher than the world market. Canada, however, still insists on buying it below the world market price, and for that reason Caribbean sugar only comes to Canada when the people there cannot help themselves. As I say, this is an area in which some of us who are interested in the Caribbean continue to be embarrassed and ashamed.

I mentioned the 250 items. Yesterday I asked Senator Buckwold if he would be good enough to obtain some information as to how these 250 items were chosen. The minister has stated that there was no consultation with the industries concerned prior to the decision to reduce the tariffs on these items. In one way, that is understandable, if prior consultation meant revealing the government's intention in this area. But the minister's argument in that respect, to me, is a very weak one, because consultation about tariff changes may take place without any revelation of the government's intention.

We are faced in this bill with decisions made in the department, decisions, I presume, made by bureaucrats, as to these particular 250 items on which the government, in its wisdom or otherwise, has decided to make tariff reductions. On what bases have these decisions been made? Has industry itself asked for these tariff reductions? Have consumer associations asked for them? Have users, other than consumers at the retail level, asked for these reductions? It would be interesting to know how the bureaucracy works, when we are suddenly confronted with a situation where we are asked to pass a bill making these reductions in a very sensitive area of the Canadian economy, without this kind of explanation.

I am quite sure that Senator Buckwold, with his usual attention to such details, will give us the answers before we are called upon to vote on this bill.

Clause 3 is the operative clause. It merely says that these tariff reductions will come into effect on February 20 this year, in the usual way following the ways and means motion flowing from the budget; and that they will end on February 19, 1974, giving a period of one year in which they will be in effect. They are temporary tariff reductions, and I will have some comments to make on that aspect in a moment. Clause 3(3) gives the Governor in Council the authority to restore any of the tariff rates if, on the basis of information or observation, these reductions are clearly harmful to some existing Canadian producers.

I am concerned about the temporary nature of these reductions and the power given to the Governor in Council to restore the rates at will. These are, in essence, tariff safeguards, and the use of safeguards is one of the problems complicating world trade today.

The background of the bill is that it implements the ways and means motion. It reduces by 5 per cent the effective tariff on $1.4 billion worth of imports into Canada at last year's rates. The total of imports into Canada last year was about $18.6 billion, so the reduction does not affect a very significant area of our total tariffs. Perhaps when he has the opportunity, Senator Buckwold would let us have the figures of the total effect of these tariff reductions. This is 5 per cent of $1.4 billion. Some arithmetic is needed there, and some input other than arithmetical into the equation is needed to give us the information of the total effect of these tariff reductions on the whole range of the Customs Tariff.

I say that because this is something the world is looking at with considerable interest. Not long ago I quoted *The Economist*, a financial paper, as saying that Canada is lagging behind in implementing the agreements made in the Kennedy Round, that we are hiding behind one of the highest protective tariffs in the developed nations. There are many interested nations looking at this and asking, "What is the total effect? What have you done?" When they do that, they will naturally look to our position in the forthcoming round of GATT tariff reductions. In that sense, this action is very ill-advised; it completely compromises our position in the GATT rounds.

We have reduced tariffs on a continuing basis unilaterally, without consultation, and the minister blandly says, "Oh, this is just a domestic thing." That is the statement he made. It is *not* a domestic thing; no tariff reduction in a country as dependent as Canada is on international trade is purely domestic. This will affect our position in the world market. In the debate to date, not a jot or tittle of evidence has been presented by the government to show that this has caused them any concern. I suggest that Parliament is entitled to an explanation of the government's approach in respect of that very great danger to our position in international trade.

Yesterday I asked Senator Buckwold if he would produce some figures on the effect of these tariff reductions on the cost of living. There are those who say that they will have no effect whatsoever. To do any good, the reductions will need to have a very great effect, and there is not the slightest possibility that they will have a great effect. The cost of living, in terms of food on the household table, has risen by 30 per cent in the last three years. We are asked to believe—and this is why I used the phrase "window dressing"—that a 5 per cent reduction in certain tariffs, not all food tariffs by any means, affecting $1.4 billion of our imports, will really have a great effect on the cost of living.

Having asked Senator Buckwold that question, I checked a few sensitive prices myself, and I found that in every case the prices of these household articles and foods today are considerably higher than they were on the day these tariff reductions went into effect. I will be told that there are many reasons for this, that the cost of living is always going up, that there have been changes in the value of the dollar; I will be told many other things. They will all be excuses, because we were told that the purpose of this was to reduce the cost of these consumer articles. The

evidence is that in that respect the bill has been completely ineffective. Somebody will have to do a lot of hard work to prove to me that these reductions have had other than a minimal effect. If that is so, what was the purpose of playing around with the Customs Tariff at this particular time in this way, without consultation domestically, without consultation internationally, doing it on a completely unilateral basis? It seems to be part of the general policy of this government at the moment to find domestic reasons to take unilateral action which is greatly harming the credibility of Canada around the world.

● (1420)

After all that has been said, written and preached by ministers of this government about the importance of our consulting our partners in the world before we take these steps, why do we continue doing so without that consultation? I may say that I am not guessing that there was not consultation; the minister himself said that this is purely domestic, that we have not talked to anybody.

Honourable senators, I suggest that if we have a government that says it can make tariff changes and regard them purely as domestic, we are headed for very serious danger in our position in the international markets.

Surely the time has come, when we are presented in the Senate with a bill such as this, for us to be given a much better explanation of its purpose, its background and its possible effects, than we have been given today. It is quite possible that Senator Buckwold will remedy this situation—I hope he will, and I wish him luck.

Hon. Sidney L. Buckwold: Honourable senators—

The Hon. the Speaker: Honourable senators, if the Honourable Senator Buckwold speaks now, his speech will have the effect of closing the debate on second reading.

Hon. Mr. Buckwold: As usual, Senator Grosart was able to put his finger on those problems which concern all of us when we view the impact of a measure such as Bill C-195. On the other hand, I was a little disappointed that he did not express some feeling of appreciation, not to the government—that would be too much to expect—

Hon. Mr. Grosart: I have done it.

Hon. Mr. Buckwold: —but to the philosophy that tariffs have been reduced. It seems to me that most of us look at this from the point of view of the nation's well-being and we keep in mind our desire to have our own industries relatively prosperous, competitive and not undermined by foreign goods. Nevertheless, in spite of it all—and perhaps I speak especially as a Western Canadian—any reduction in tariff should be greeted with more enthusiasm than is shown in the rather desultory remarks we heard from Senator Grosart.

The fact is that there has been a substantial reduction in a number of items. Hopefully, the result will be a minimization—and I have to repeat that—a minimization of price increases. The government should be given some good marks for using this means of attempting at least to hold down the spiralling inflation which is facing not only Canada, but indeed the world.

I compliment the government for the unique approach it has made. I agree that it is difficult to pinpoint the effects, and I agree that by itself this will not wipe out the speculative inflation which is haunting every Canadian household, but I do feel that it is at least one small step in the right direction, a step worthy of favourable consideration because of the effort that is being made.

Honourable senators, I now have the answers to some questions that were raised in the Senate yesterday. First of all, Senator Burchill asked why the United States did not make a reduction in the duty on soft wood plywood corresponding to the Canadian reduction. In reply to that question, I believe that Senator Burchill referred to a reduction of 10 percentage points in the duty on plywood, but the Canadian duty was reduced by only 5 percentage points—that is, from 15 per cent to 10 per cent. The U.S. rate is 20 per cent. The tariff reductions in the bill were made for domestic reasons, and not in the context of international negotiations. Therefore, it was not a question of obtaining reciprocal tariff reductions from other countries. Before the start of the next round of multilateral tariff negotiations the government will, of course, be consulting in detail with all interested parties. In the meantime—and I am sure this will reassure Senator Burchill and those who have spoken with him—representations made by the Canadian soft wood plywood industry about the temporary tariff reduction on plywood are receiving very careful consideration.

Senator Grosart asked two questions. He asked whether a comparison could be made of the retail and wholesale levels of prices before and after the tariff reductions. I think that in asking the question he knew very well the difficulty of coming up with the answer. I had indicated earlier in my address yesterday that it is very difficult to follow through not only these reductions but the excise tax reductions that are provided for in the bill sponsored by Senator Lang.

Senator Walker also asked a very good question, but was really asking the same thing. He asked: How do you relate the reductions to the actual cost effect to the consumer in due course?

I can only say to Senator Grosart that the Department of Consumer and Corporate Affairs has been directed to monitor the impact on prices of the temporary tariff reductions. The department has not yet completed its study. It should be borne in mind that there are difficulties in singling out one factor, such as a lower tariff, from other factors which may affect prices, and I referred to some of those other factors in my address yesterday. Appreciation of the currencies of a number of other countries has more than offset the reductions in tariffs on some products. Shortages of certain products obviously have a direct impact on their prices.

Finally, the Minister of Finance said in the House of Commons on July 17:

> —if one were to judge from the objections which have been received since the budget from a number of Canadian firms who consider that their competitive positions have been adversely affected by the temporary tax cuts, then, although I would not accept all their complaints as valid, I think one has to assume from these complaints that there are pressures on prices in a number of sectors affected by the tariff cuts.

In other words, what he has said is that there have been a lot of complaints from Canadian industry that may have been affected or think they have been affected, and, if that is valid, then the very points that have been raised by the Opposition are negated by the fact that there is a pressure for downward prices which could adversely affect the Canadian industry concerned.

So that Senator Grosart does not feel he is being neglected, I have here—and am quite prepared to pass them on to him—the consumer price indices for 1972 and 1973, indicating groups of items which have been affected by the changes in the act as brought forward today. These are given not individually, but by groups. Some of them have gone up but—and Senator Grosart might be surprised at this—some of them have also gone down slightly. For example, frozen orange juice had a price index of 105.6 in June 1972, whereas in June 1973 it was 103.7. Vacuum cleaners had an index of 93.3 in June 1972, whereas in June 1973 that index was 91.8. As was pointed out the other day, these are some of the things that are a direct result of some of these tariff reductions. For example, for light bulbs—and I guess this is an important item for those on the other side who might need them—the index was 115.0 in June 1972, while June 1973 it was down to 109.9.

I am not in any way trying to suggest that this has made a material difference in the cost of living. The fact is that the bakery and cereal products index has gone up from 129.1 in June 1972 to 137.3 in June of this year, and the pork index has gone up from 127.4 to 155.1. I am sure there are many more increases than those I have referred to. All I am suggesting is that in some cases there have been reductions, and I feel that we could attribute them to the impact of the legislation we are now considering.

● (1430)

Hon. Mr. Flynn: Those are very amusing examples you have picked.

Hon. Mr. Buckwold: Thank you. I am glad that I have been able to amuse the honourable Leader of the Opposition. He is sometimes difficult to amuse.

Hon. Mr. Flynn: I agree.

Hon. Mr. Buckwold: I should be glad to have this list of items which I have here considered as read into the record. It is a list of prices, some of which will make good material for the Opposition and some of which support the points I have made today.

Honourable senators, I refuse to accept Senator Grosart's statement that in his opinion this act will increase prices to the Canadian consumer rather than decrease them. I think that is a pretty broad generalization, and one that is hardly worthy of the usually intelligent presentations made by that distinguished senator.

Hon. Mr. Grosart: On that point, may I say that if that is what I said, it was not what I meant to say. I thought I was very careful to say that that was the opinion of others, and I think I used the phrase "knowledgeable people." I think I added, "It may be so or it may not be so." I was not reading from a text and so I cannot be sure, but I can assure Senator Buckwold that it was not my intention to say that I knew personally it was going to have this effect.

[Hon. Mr. Buckwold.]

Hon. Mr. Buckwold: Honourable senators, I equate knowledgeable people with Senator Grosart, and that is what led me to say what I have just said.

Senator Grosart also asked about petroleum fuel oil entering Canada generally free of duty, and asked the reason for this. Petroleum fuel oil, which is tariff item No. 26906-1, enters Canada free of duty, and this has been continued for a further period of one year. This is an extension of the existing tariff structure.

If Senator Grosart wishes any more information on that particular item, I have it here. It was felt, as a general conclusion, that the existing prices for heavy fuel oils are at such high levels that they should be allowed continued free entry for users such as the pulp and paper industry and power companies.

Another question asked by Senator Grosart concerned the problem of consultations. I think the question read something like this: Since there were no consultations with the industries affected before the tariff reductions were introduced, how did the department arrive at specific items on which it decided to make reductions? In reply I should like to say it is evident that if the reductions were to be meaningful they would have to cover a wide range of consumer goods in the food and non-food sectors. The Department of Finance has a considerable amount of information on various areas of the economy. The agricultural sector was reviewed with the Minister of Agriculture and his senior advisers. The non-agricultural sector was reviewed with the Minister of Industry, Trade and Commerce and his senior advisers.

I also referred in my statement to certain criteria which were followed—for example, products in short supply or for which prices were rising rapidly. It was also considered reasonable to reduce rates above 15 per cent to the 15 per cent level—the basic protective rate—for a temporary period. The 15 per cent rate has applied for some time to such consumer products as air conditioners, dishwashers, radios and television sets.

I would again like to remind honourable senators that the bill does provide authority for the Governor in Council to restore rates of duty on products to the levels in effect prior to February 20. The Minister of Finance has indicated that he is prepared to use this authority in any case where the facts warrant such action.

Hon. Mr. Flynn: At this point may I ask Senator Buckwold a question? Does he know why the Minister of Finance in this bill has reserved the right to restore the rates that prevailed before the budget speech when he has not reserved to himself this right in the matter of Bill C-192? It would have been a simple device.

Hon. Mr. Buckwold: Again I think it would be presumptuous of me to attempt to answer that, except to indicate that one is of a temporary nature, whereas the previous bill provided for permanent reduction in a series of sales taxes.

Hon. Mr. Flynn: It does not.

Hon. Mr. Buckwold: Well, I think—and perhaps Senator Lang can answer that—it is a permanent reduction.

Let me conclude by saying that I believe this is legislation in the right direction. I believe it is legislation which presents an interesting new experiment in the control of

the cost of living. I am sure all of us will be watching with interest the impact of these changes as they affect the Canadian consumer, and I for one—and I think I speak for this side of the house—am delighted to see tariff reductions as long as Canadian industry is not adversely affected by them.

The Hon. the Speaker: Does the Honourable Senator Buckwold wish to have the list from which he read printed as part of his speech?

Hon. Mr. Buckwold: Yes.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Buckwold: The list is as follows:

The Consumer Price Index
1961 = 100

	Index 1973		1972
	June	Feb.	June
Bakery and cereal products	137.3	136.2	129.1
Jam	133.3	130.7	123.2
Pork	155.1	155.4	127.4
Canned peaches	155.4	152.4	138.2
Canned tomato juice	147.3	145.8	130.9
Frozen orange juice	103.7	106.5	105.6
Soup	99.7	100.6	99.0
Chocolate bars	126.2	129.4	127.9
Furniture	138.5	132.5	130.7
Vacuum cleaners	91.8	91.2	93.3
Refrigerators	92.1	91.2	91.6
Ranges	95.3	92.4	94.1
Washing machines	102.2	98.2	101.4
Dryers	112.8	113.1	113.4
Light bulbs	109.9	111.8	115.0
Razor blades	108.5	109.4	109.4
Tires	112.2	115.8	118.2
Pharmaceuticals	100.1	99.4	97.5

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Buckwold moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

MEETING TO CONSIDER IMPACT OF OIL TRANSPORTATION ON WEST COAST OF CANADA

Hon. Alan Macnaughton: Honourable senators, I wonder if I might have permission to make a short statement of general interest to the Senate at this time?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Macnaughton: Honourable senators, I happened to be in the gallery of the House of Commons about 15 minutes ago, and I should like to bring to the attention of the Senate the fact that the other place passed unanimously a motion proposed by Mr. Knowles to the effect that the Canada-United States Interparliamentary Group be convened immediately and placed in contact with their counterparts in the United States for the purpose of bringing to the attention of the American members of that group the matter of the transportation of oil on the west coast of Canada. Before long the same message will probably be given to the leader here, but I thought I should bring this to the attention of the Senate so that it might be considered and not take us by surprise.

Hon. Mr. Flynn: Do I understand that there would be a meeting arranged in the next few weeks?

Hon. Mr. Macnaughton: Yes.

● (1440)

SCIENCE POLICY

COMMITTEE AUTHORIZED TO HOLD SPECIAL MEETING TO DETERMINE FEASIBILITY OF ESTABLISHING A COMMISSION ON THE FUTURE

On the Order:

Resuming the debate on the motion of the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Cameron:

That the Special Committee of the Senate on Science Policy be authorized to organize and hold a conference to be held in 1974 for the purpose of establishing a Commission on the Future, whose responsibility would be to help as many private and public organizations as possible to forecast and build their future not only in isolation but together, as was recommended by Chapter 13 of Volume II of the Report of the Special Committee of the Senate on Science Policy; and

That the committee have power to engage the services of such counsel, staff and technical advisers and to incur such other special expenses as may be necessary for the purpose of organizing and holding the said conference.—(*Honourable Senator Langlois.*)

Hon. Mr. Langlois: Honourable senators, I understand that Senator Rowe wishes to speak at this stage, and I am pleased to yield to him.

Hon. Frederick William Rowe: Honourable senators, first I wish to thank Senator Langlois for being so gracious as to yield at this time. He appreciates that there are other factors over which I have no control, and if I wish to say a few words in support of Senator Lamontagne's motion I must do so now or not at all.

I would like also to express my congratulations to the distinguished Senator Lamontagne, not only for introducing this motion in this chamber, but also for the great contribution that he and his committee have made in

recent months to this whole matter of science and the implications of scientific development in Canada.

I shall compress my thoughts as much as possible and am afraid that consequently my remarks may be a little disjointed and haphazard. I will, however, confine myself to the enunciation of only a few principles as I see them with reference to this resolution.

Senator Lamontagne has proposed that the Senate should take the initiative in this matter. I heartily support that. I intend on some other occasion, if the opportunity offers, to speak to Senator Croll's inquiry on reform of the Senate. I realize that perhaps it would be presumptuous for one who has been in the Senate only a relatively short time to speak categorically on such an important and, shall I say, completely misunderstood matter as Senate reform. I feel, however, that I am entitled to express a few thoughts in that respect. Allow me to say now with reference to Senator Lamontagne's motion that I have had a somewhat depressing personal feeling since being summoned to the Senate that to some extent there is an inferiority complex at work here. This inferiority complex, it seems to me, arises from the fact that we are an appointed rather than an elected body. However acceptable appointed bodies may have been one hundred years ago, there is a feeling among senators and many others, I suppose, that appointed bodies are something of an anachronism. I do not agree with that entirely, but I believe that is a feeling.

I seems to me that this may explain—again I do not wish to be presumptuous—why the Senate has been so reluctant at times to take the initiative in matters such as that brought to our attention by Senator Lamontagne. I feel that we must assert and reassert a basic fact that this body, the Senate, is part of the Constitution of Canada and has rights and responsibilities. These rights are just as important in the whole scheme of things as the rights and responsibilities of the House of Commons. The Parliament of Canada is not a single body.

Another fact which in my opinion enforces the validity of Senator Lamontagne's motion is that in the Senate—we can say this factually, without being accused of boasting—we do have a reservoir of talent, experience and, although I do not like the word, expertise. We do have that reservoir which, in my view, is not being utilized sufficiently in the interests of the nation. In this respect Senator Lamontagne does us and Canada a service by his proposal that the Senate take the initiative. There is, of course, the obvious fact, which he brought out, that we being an appointed body are not so much concerned with the day-to-day, short-term political factors which concern our friends and colleagues in the other place. Therefore we can devote ourselves more to the long-term view and long-term deliberations. Several of the principles which I shall now enunciate were put forward yesterday by Senator Lamontagne in his eloquent address to this chamber. They are so important that in my opinion they should be reiterated, repeated and re-emphasized. Of these I shall name two or three.

First of all, we must face up to the fact that national and international crises will increase, both numerically and in complexity. We are not living in the 1800s or 1700s, but in the 1900s—and the late 1900s at that. We will face increasingly crises in such basic fields as food supply, energy, housing and, perhaps most of all, human relations. I would again support the thought expressed by my colleague yesterday when he pointed out that we cannot deal with these crises on a fire-brigade basis. I would go further and say that we cannot deal with them on a Manhattan Project basis. They must be dealt with more scientifically and logically than that.

Past attempts to predict the future have for the most part been miserable failures. This has been partly due, in my opinion, to the fact that these attempts to make predictions have been based on unscientific and emotional approaches rather than carefully studied, deliberated and rationalized long-term approaches. A basic ingredient which I believe has been absent from most predictions is the use of the imagination. I look back over my span of life and remember the predictions made during the 1930s and 1940s.

I remember particularly those made by President Conant of Harvard and other internationally known educators in the late 1940s and early 1950s. These predictions proved to be inadequate, erroneous and incomplete. In my opinion the main reason for their invalidity was their lack of imagination. For some reason we seem to be afraid to use our imagination when predicting the future and, as a result, make miserable mistakes. I am sorry that I do not have time to develop that thought now, but perhaps I can do so at some other time.

I can understand the feelings of almost irritation expressed yesterday by Senator Laing because so many scientists and pseudo-scientists have cried wolf when there have been no wolves around. This is a serious tactical and strategic error, of a type which we cannot afford today. It is just as dangerous as was the practice a few years ago with respect to new philosophical or political ideas to accuse those putting them forward of being communists or "pinkos." That accusation was not a service to our society, whether made by a would-be President of the United States or by an obscure businessman in France or Italy. We cannot afford that type of talk today, and neither can we afford alarmist predictions which are not based on careful study and scientific principles, but on emotional standards.

Having said all that, I wish now to say that we must recognize the simple fact that most of the physical resources of this planet are finite, exhaustible and irreplaceable. There are a few exceptions, I suppose. I cannot think of solar energy as exhaustible, as not very much of it is used. I suppose atmospheric movement does not become irreplaceable, because it is a continuous process. Atmospheric movement does not destroy itself even if it is utilized, but the atmosphere itself, of course, can be destroyed and is being destroyed.

● (1450)

Another principle that I would enunciate is that Canadians cannot live in a vacuum. Far too many of us think that we can, that we can live unto ourselves. I have to remind myself of the fact that we in Canada, with our small population, are controlling a disproportionate amount of the physical resources of this planet. That has a serious implication. Whether we like it or not—and many people will be horror-stricken at the implication of what I am

about to point out—if pressures become sufficiently heavy on more heavily populated parts of the world, they will demand that action be taken—either we must take it or they will take it—in respect of our physical resources.

Let me give a simple example. If in 20 years the population of the United States reaches 300 million—and this could well happen—and our population at that time is 30 million, and if at that time the life of the United States is threatened by a serious shortage of fresh water, as may well be the case, does anyone in his right senses think that the United States will sit back and do nothing? Either we must take action or the United States should take action. That, I think, is the simple fact. We have to face up to the implications of that situation. We in Canada control an undeniably large amount of the finite resources of this planet.

At times I like to make use of the Greek myth of Cassandra. Cassandra's predictions and warnings were ridiculed and ignored, and she became a bore to her family and the rest of society. That is what we remember most about Cassandra. We forget the all-important fact that Cassandra was invariably right in her predictions.

I am reminded of another "Cassandra" of more recent times in the person of Malthus and the Malthusian theory. Malthus was incorrect in certain details. He was incorrect chronologically. The catastrophes, such as war, famine, and so on, which he predicted did not occur when he predicted they would. But he was right in his basic principle, namely, that the law of arithmetic and geometry are inexorable and that if you have food resources increasing arithmetically and the population increasing geometrically, we are headed for trouble, for disaster, somewhere along the line. It may not occur for 100 years because of scientific advances or increased development in agriculture, but what is 100, 200 or 300 years in the lifetime of a planet?

Some honourable senators may have read that little work put out a few years ago by Lady Jackson under her professional name of Barbara Ward, in which she introduced the concept of the spaceship *Earth*. Her concept was that earth was going through space as a very small and insignificant ball of matter, and that we are travellers on it.

If anyone thinks that we can separate Canada from the rest of the world, he is in for a rude awakening. I say that deliberately because the proposal that Senator Lamontagne has introduced represents something that the Senate and Canada should be doing not only for this country but for the rest of the world. Canada has a duty to the spaceship *Earth*.

Hon. Chesley W. Carter: I should like to speak briefly to this motion. My remarks may be a little disjointed because I decided to speak only about 10 minutes ago. I want to say at the outset that I support Senator Lamontagne's motion, which I consider to be a natural and logical extension of the committee's report. We are concerned not so much with crises but with the changes that are taking place all around us, changes to which Canada must adjust or suffer very serious consequences.

Canada's economy today is based on an industrial strategy which rests on heavy exploitation of her natural resources, and small branch manufacturing plants supported by a high tariff protection. It is evident from the committee's report that if we continue along this road we shall be heading for disaster. If we are to map out another road and another course for Canada, some planning is necessary. This planning of our free enterprise economy should be carried out by the enterprisers themselves. It should not be forced upon them as a result of state planning or the ideas of bureaucrats.

As I understand the motion, the purpose of the conference is to bring together heads of companies and industries in order that they may discuss these problems in a co-operative manner, work out a new strategy, and make the necessary adjustments within their own industries and within the larger relationship of their industry to the economy as a whole. Very serious and drastic adjustments will have to be made in some instances in order that Canada may survive as a trading nation, that our resources can be used to the maximum benefit of all Canadians, and to enable us to cope, in a logical and orderly manner with pollution and other problems which are a concomitant part of industry today.

There is also the problem of unemployment in Canada. We can see no way of expanding our economy sufficiently to take care of our growing labour force if we continue along those lines which we have followed in the past. We have to greatly expand our trade. As Senator Aird and Senator van Roggen recently pointed out, the entry of the United Kingdom into the European Common Market, the emergence of the European Community, and the trading blocs, mean that Canada must take action to readjust in a logical and orderly manner to those problems which are staring us in the face. We must not wait until tragedy is upon us.

Unless I misunderstood the whole exercise, the purpose of the proposed conference is to bring together the proper people who can sit down and discuss these problems among themselves and work out the kind of strategy which must be followed if we are to get out of this mess and adjust to the new set of circumstances that face us in the world today. It is not, as my honourable colleague Senator Lamontagne pointed out yesterday, another study. I agree with him that we are studied to death. This is a plan for action. I hope honourable senators will support this motion.

● (1500)

Hon. Allister Grosart: I, too, thank Senator Langlois for yielding at this time. I have not yet spoken on this motion. I rise now to agree, first of all, with the very generous tribute which Senator Rowe has paid to Senator Lamontagne and his exciting project for which the Senate gave a mandate a year ago, and which will be renewed if this motion is passed.

I find myself also in general agreement with Senator Laing, particularly with his suggestion that the modern prophets of doom may have overstated their case. However, I also believe that the prophets of doom, the Cassandras of Senator Rowe's classical allusion, the modern pessimists, have done the world a great service in focusing attention on the problems of the future, and particularly in their insistence that there must be serious planning now to avert the disasters of which they have warned.

However, the prophets of doom are always suspect in their own time. I feel that, like the prophets of old, the Old Testament prophets, although they may not always be right, they have certainly done a great deal of good.

In using the word "prophet," I could not help thinking of a quotation from the New Testament. We are all aware that Senator Lamontagne has had some difficulties and some frustrations in convincing the Senate that it was in the interest of the Senate and the public and, indeed, the world, for the Senate to spend the money to sponsor this project. That recalled the statement which we find in all of the four gospels, so it was regarded as highly important by all of the writers of the gospels; "A prophet is not without honour, save in his own country . . ." And honourable senators may be surprised if I complete that quotation as it is written in the authorized King James' version, ". . . save in his own country, and *in his own house*." That is the exact quotation, from St. Matthew 13:57.

Hon. Mr. Flynn: The French phrase is: "Nul n'est prophète dans son pays."

[*Translation*]

Hon. Leopold Langlois: Honourable senators, I would like to join my colleagues who preceded me in this debate and commend Senator Lamontagne for the excellent initiative he had when proposing the resolution before us. I was asked to study this resolution and in spite of the limited time at my disposal I quickly came to the conclusion that it was a very good motion which the Senate should study with all its energy and resources.

For those who have read—as did thousands of Canadians—the two volumes published so far by the Special Committee on Science Policy, it was no surprise to find this development following the tremendous amount of work accomplished by the committee. However, during discussions with my colleagues I have noted certain hesitations and reservations concerning the timeliness of adopting the resolution proposed by our colleague Senator Lamontagne. They boil down to this: First, launching such a conference or meeting seems without precedent in the history of the Senate.

Second, we are entering a new field and some people fear that should the Senate stray from beaten paths we might commit some errors.

The third reservation I have found with my colleagues is that they seem to believe that the objective of this resolution does not necessarily stem from the terms of reference given by this house to the special committee of Senator Lamontagne. I wish to give the following replies to those reservations.

First, as regards the argument of established Senate practices, I have much respect for practices and usages derived from years in this house but I wonder what they would be today if, in the past, the Senate had not created any precedent? Usage and practice are the repetition of precedents created by institutions such as ours. To those who speak today about reforming the Senate, as Senator Lamontagne pointed out yesterday, if we really are to reform the Senate, not only in theory but also in practice, we must necessarily develop new approaches. We must necessarily open new horizons, create precedents in initiatives like the one proposed today by Senator Lamontagne.

[Hon. Mr. Grosart.]

As for the allegation that the motion may not fall within the terms of reference that were assigned to this committee, that is to say before it began its study on science policy, I will answer that Senator Lamontagne is now asking this chamber to widen these terms of reference to allow the meeting or the conference—call it as you wish—which, I hope, will result in the setting up of the proposed Commission on the Future. Besides, as Senator Lamontagne stated yesterday, when doing so the Senate Special Committee on Science Policy is only asking this chamber to implement one of its recommendations; I would say the one which may have received most support from all those who are interested in science development, both in the public and the private sectors.

Yesterday, Senator Lamontagne gave us detailed explanations on evidence he received and which support, without any hesitation or reservation, the Senate special committee's recommendation to convene a conference, or rather, to arrange a meeting, in order to set up this Commission on the Future.

Hon. Mr. Martin: An extension of the committee.

Hon. Mr. Langlois: This is, as our leader has just noted, a continuation of the committee's work through the implementation of one of its main recommendations.

I believe that the few remarks I have made answer objections and reservations that were put forward during my research on this proposed resolution. However, other objections were raised which, in my opinion, came to some people's mind because, perhaps, the wording of the resolution now before us is not clear enough. The word "conference" has frightened some people.

The Senate wants to arrange a conference. That is breaking new ground. It is a gigantic undertaking and we may be wrong to engage in such a project. The word "conference" is perhaps too pompous and I think that the mover of the motion would not object if it were replaced by the word "meeting" or "special meeting" as the purpose of the motion.

Not only did my colleagues hesitate to accept that word "conference" but they also seemed to have a certain fear about the cost of that special meeting of the committee to create this Commission on the Future.

First of all, I must remind the honourable senators that even though this house is authorizing, by means of this motion, the Committee on Science Policy to spend money on this meeting, it is still true that pursuant to our rules, and particularly rule 83A, the expenses of the committee must be strictly controlled by the Committee on Internal Economy, Budgets and Administration. I quote for that purpose the first paragraph of rule 83A:

> A committee that has been empowered by the Senate to incur special expenses in respect of any matter referred to it by the Senate, shall not incur any such special expenses until the chairman of that committee, or a Senator acting for him, has presented to the Committee on Internal Economy, Budgets and Administration a budget setting forth in reasonable detail estimates of its proposed expenditures for a specific period of time, and until the said budget has been approved in whole or in part by the latter committee.

And paragraph 2 says:

> When the expenditures of any such committee have reached the limits set forth in any such budget, the committee shall not incur any further special expenses until a supplementary budget or supplementary budgets has or have been presented by or on behalf of its chairman to the Committee on Internal Economy, Budgets and Administration and approved in whole or in part by the latter committee.

I think that those two paragraphs of rule 83A of this house are enough to dissipate the fears that some senators could have in that regard. Moreover, according to the information received up to now from the chairman of the Special Senate Committee on Science Policy, that budget should not exceed $110,000. Once again, that budget—even the expenditure of that proposed amount, as I said—is subject to final approval by the Senate Committee on Internal Economy, Budgets and Administration.

About two years ago I suggested before the Committee on the Rules of this house that in my opinion rule 83A that I just quoted went perhaps a bit too far because it amends in a certain way and can even nullify a decision made by this house authorizing those expenditures so that a committee of this house is granted veto power over the expenditures authorized by the house itself when the final decision should rather remain here in this house and not rest with one of its committees.

However, in the discussion I had before the Rules Committee on the subject the committee was unanimous in rejecting my suggestion. However, my views are still the same in that respect but I must abide by the rules which exist and accept it as all other senators must do because those rules were sanctioned by this house.

● (1510)

[*English*]

MOTION IN AMENDMENT

I suggested a while ago that the word "conference" mentioned in the original resolution by my colleague is perhaps somewhat pompous. This is not intended as an unpleasant remark. I am merely suggesting that it is perhaps a wrong choice of words. I intend to propose that the words "special meeting" be substituted therefor and in order to further clarify that resolution I move the following amendment:

> That the motion be not now adopted but that it be amended by striking out the first paragraph thereof and substituting therefor the following:
>
> That the Special Committee of the Senate on Science Policy be authorized to organize and hold a special meeting to be held in 1974 for the purpose of determining the feasibility of establishing a Commission on the Future, whose responsibility would be to help as many private and public organizations as possible to forecast and build their future not only in isolation but together, as was recommended by Chapter 13 of Volume II of the Report of the Special Committee of the Senate on Science Policy; and

The remaining paragraph remains unchanged.

[*Translation*]

I commend this amendment to the consideration of the nouse, assuring it once again that it is only suggested for elucidation purposes. I feel that it does not alter in any way the object of the original motion. I think that this amendment will be sufficient to lessen the fears and reservations expressed by some colleagues about the motion now under consideration.

Before resuming my seat, I wish to advise the honourable senators that if the motion is carried by this house, the committee—

Hon. Mr. Flynn: As amended.

Hon. Mr. Langlois: As amended, of course. If the motion is passed by this house, the budget of the Special Science Committee for this special meeting will be studied by the Committee on Internal Economy, Budgets and Administration at the end of our sitting this afternoon. The committee has been called not only to study that budget but also to examine the supplementary budget of the Committee on National Finance. This is why I gave notice, even before the passage of this motion in the house, that another item will be considered by that committee.

[*English*]

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Lamontagne, seconded by the Honourable Senator Cameron:

> That the Special Committee of the Senate on Science Policy be authorized to organize and hold a conference to be held in 1974 for the purpose of establishing a Commission on the Future, whose responsibility would be to help as many private and public organizations as possible to forecast and build their future not only in isolation but together, as was recommended by Chapter 13 of Volume II of the Report of the Special Committee of the Senate on Science Policy; and
>
> That the committee have power to engage the services of such counsel, staff and technical advisers and to incur such other special expenses as may be necessary for the purpose of organizing and holding the said conference.

In amendment it is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Martin, P.C.:

> That the motion be not now adopted but that it be amended by striking out the first paragraph thereof and substituting therefor the following:
>
> That the Special Committee of the Senate on Science Policy be authorized to organize and hold a special meeting to be held in 1974 for the purpose of determining the feasibility of establishing a Commission on the Future, whose responsibility would be to help as many private and public organizations as possible to forecast and build their future not only in isolation but together, as was recommended by Chapter 13 of Volume II of the Report of the Special Committee of the Senate on Science Policy; and

Is it your pleasure, honourable senators, to adopt the motion in amendment?

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I listened with great interest, with great pleasure, and possibly with some amusement, to my honourable friend Senator Langlois speaking of timeliness. He said the Senate should break new ground. He certainly did so himself today by replying to objections that were not raised in this chamber. A senator's objections are seldom disputed when they have not been expressed here. To want to reply to people who have not expressed their views is certainly something new, and shows a will to innovate.

I know not whether Senator Langlois wanted to meet the objections which were, according to him, put forward outside, or to please Senator Lamontagne, but I think he managed to reconcile extremes, if they did exist in fact. To my mind, they do not, and in this case, it was mere caution.

I agree that the proposal of Senator Lamontagne is very attractive. It is so attractive that some, outside this chamber, have said: Let's go, but let's be careful. In fact, the amendment proposed by Senator Langlois reflects that caution and does not take anything away—

Hon. Mr. Langlois: May I point out to my honourable friend that he is making the same mistake for which he took me to task a moment ago by commenting on the remarks—

Hon. Mr. Flynn: I had to explain why Senator Langlois spoke as he did. Otherwise, no one would understand. One wonders who he is fighting, with whom he is arguing. It is therefore necessary for the record that I may say that discussions actually took place.

It is merely a precaution, for there are indeed people, like Senator Lamontagne, whom I could describe as "thinkers" and who may be inclined to daydreaming.

Hon. Mr. Lamontagne: One should not—

Hon. Mr. Flynn: You may rest assured that I shall not follow you on those grounds and, having just mentioned the need for discretion, I shall take care. I shall be very careful.

As I said, the Senate only wants to suggest to Senator Lamontagne and his committee a policy of discretion. He wants to be able to follow the preparatory work of this meeting, not to foster hopes that may be frustrated. It would be much better to be careful now, in order to realize more than we promised, than to come a short distance from the objective indicated previously.

Senator Langlois mentioned restrictions imposed on a Senate committee authorized to make special expenditures for a definite purpose. He referred to rule 83A which, in his opinion, could deny or even nullify a decision of the Senate.

I simply state this: When you examine the text of the rule, if you want to play on words, or interpret it strictly, you find that the Committee on Internal Economy, Budgets and Administration can only empower, totally or partially, such a committee to incur expenses. In other words, you can use all the budget, or reduce it, but you cannot cancel it completely. I submit that, in a case where the Committee on Internal Economy would hinder a committee authorized to act by the Senate, then there is always an appeal to the Senate. I think that, in this case, there is nothing to fear, or no cause to doubt the usual wisdom of the Committee on Internal Economy.

Under these conditions I believe that we can, without hesitation, approve the principle of the motion before the Senate, and then wait and see. At any rate, we hope that the project submitted by Senator Lamontagne will bring the best possible results. In this regard, we have complete confidence in the wisdom of this committee.

[The Hon. the Speaker.]

● (1520)

[*English*]

Hon. G. Percival Burchill: Honourable senators, before Senator Lamontagne winds up the debate, may I say I welcome and approve very much the principle of the resolution. I commend those who have spoken in tribute to Senator Lamontagne. He has done a tremendous job. The work of the Science Policy Committee has enhanced the Senate in the eyes of the Canadian public and for this we are indebted in great measure to Senator Lamontagne.

Honourable senators, I am not a scientist, I am a manufacturer, so I am rather stupid as far as science is concerned. I should like Senator Lamontagne to make clear to me, if he can, the tie-in between what he has in mind and the manufacturing industry. Applied science is a secret. It is not enough to know how to do these things; one must know how to apply them to industry. We must not forget that. I know wonderful things have been done by scientists and wonderful studies have been made, but the difficulty is to apply those achievements to industry and to manufacturing.

I might mention a crude example, which relates to our natural products. Some years ago one of my friends wanted to make a starch from potatoes, and he could not find out from scientists in Canada the most modern method of doing so. Starch factories have now been established in my province, of course; but I remember that incident very well indeed and I think my friend had to get his information at that time from the United States.

I can give another example. In trying to make plywood out of eastern woods, we could not discover the particular type of glue that was necessary for the species of wood we wanted to use in Eastern Canada. Westerners had solved their own problem, but we ourselves had to find the most suitable method for Eastern Canada.

Again may I say I am wondering about the tie-in between the manufacturing industry and the result of this conference which Senator Lamontagne has in mind. It is wonderful to know all these things, but we have to apply them to Canadian industry in order to compete in the markets of the world.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Hon. Maurice Lamontagne: Honourable senators, I would like to speak just for a few minutes on the amendment.

[*Translation*]

First, I would like to thank very sincerely Senator Langlois and the Leader of the Opposition, who were kind enough to support the motion I introduced yesterday, and also for having understood its true scope.

[*English*]

I would like to thank those who have participated in this debate and who have supported this motion. I am quite sure that my colleagues and I will do our best to make this new undertaking a success.

May I emphasize that this new undertaking is really within the scope of the activities of the committee. We will approach it with the same prudence and the same dedication with which we have approached our work since 1968.

• (1530)

I suppose I could at this stage express my view about the amendment, since I am the sponsor of the main motion. Before this amendment is carried by the chamber I should like to indicate that I was made aware yesterday that this amendment would be proposed today. I want to indicate to the house that I do not intend at this stage to object to it.

Finally, I wish to thank Senator Burchill for the support he has given to this motion and I wish to tell him that the real purpose of the conference and of the establishment of the commission would be exactly as he said, to bring the knowledge of the experts and the results of their research closer to the users of that information, namely, private and public organizations, including the manufacturing industry, so that our industrial leaders will have the kind of information that they do not have at the moment. It will be in a usable form so that—as you expect, Senator Burchill, and as you expect, Senator Paterson—they will be in a better position not only to develop but also to export.

Hon. Mr. Carter: Honourable senators, if I understood the wording of the motion in amendment, it is:

> That the Special Committee of the Senate on Science Policy be authorized to organize and hold a special meeting—

To my mind that indicates a special meeting of the committee.

Hon. Mr. Flynn: Why not?

Hon. Mr. Carter: The intent of the original motion, as I understood it, was to hold a special meeting of more than just the committee.

Hon. Mr. Flynn: Of course. The committee can hear anybody it wants to hear.

Hon. Mr. Grosart: You could have the whole world at a special meeting.

Hon. Mr. Carter: I was not quite clear that that interpretation could be placed on the wording.

Hon. Mr. Flynn: There is no problem at all. It could be either "conference" or "meeting".

Hon. Mr. Lamontagne: The wording, Senator Carter, is quite acceptable at this stage, I believe, and it covers the activities we have in mind.

Hon. Mr. Grosart: I wonder if I might make the suggestion, following Senator Carter's observation, that the letters "s" and "m" in "special meeting" be capitalized in the resolution.

Hon. Mr. Flynn: Agreed.

Hon. Mr. Grosart: If the mover of the amendment would accept that, I think it would help Senator Carter, and make the intent clearer.

Hon. Mr. Langlois: I have no objection to that at all.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Hon. Senators: Agreed.

Motion as amended agreed to.

Hon. Mr. Forsey: Honourable senators, do I understand the main motion, as amended, has carried?

Hon. Mr. Flynn: Yes, but technically, if you want to speak on the motion as amended, Senator Forsey, you may do so.

Hon. Mr. Forsey: Heaven forfend!

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, July 20, 1973

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE—MESSAGE FROM COMMONS CONCURRING IN QUORUM

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons as follows:

> That the quorum of the Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments be fixed at seven (7) members, provided that both Houses are represented, whenever a vote, resolution or other decision is taken, and that the Joint Chairmen be authorized to hold meetings and receive evidence so long as five (5) members are present, provided that both Houses are represented; and
>
> That a Message be sent to the Senate to acquaint Their Honours thereof.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL TO SUSPEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-208, to suspend the operation of the Electoral Boundaries Readjustment Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

> Report of the Northern Canada Power Commission, including its accounts and financial statements and the Auditor General's report thereon, for the fiscal year ended March 31, 1973, pursuant to section 24 of the Northern Canada Power Commission Act, chapter N-21, and section 75(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

INTERNAL ECONOMY

SUPPLEMENTARY BUDGET OF NATIONAL FINANCE COMMITTEE TABLED

Hon. Gildas L. Molgat: Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on National Finance for the proposed additional expenditures of the said Committee on National Finance with regard to its examination and consideration of such legislation and other matters as may be referred to it, authorized by the Senate on March 15, 1973.

SUPPLEMENTARY BUDGET OF SPECIAL COMMITTEE ON SCIENCE POLICY TABLED

Hon. Gildas L. Molgat: Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration has examined and approved the supplementary budget presented to it by the Chairman of the Special Senate Committee on Science Policy for the proposed additional expenditures of the said Committee on Science Policy respecting the holding of a special meeting to determine the feasibility of establishing a Commission on the Future, as authorized by the Senate on July 19, 1973.

TRANSPORT AND COMMUNICATIONS

REPORT OF COMMITTEE ON RADIO AND TELEVISION COMMERCIAL ADVERTISING BROADCAST IN CANADA PRESENTED—DEBATE ADJOURNED

Hon. Maurice Bourget: Honourable senators, I have the honour to present the report of the Standing Senate Committee on Transport and Communications on Radio and Television Commercial Advertising Broadcast in Canada.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Maurice Bourget moved, with leave of the Senate and notwithstanding rule 45(1)(f), that the report be adopted now.

Hon. Mr. Macdonald: Explain.

Hon. Mr. Bourget: Honourable senators, on May 24, 1973, Senator Sidney L. Buckwold moved the following motion in the Senate:

> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the question of the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent.

This motion was adopted on the same day, and the question was referred to the Standing Senate Committee on Transport and Communications.

The committee held its first meeting on May 30, at which time it was agreed that it would be desirable to have the study completed before the summer recess.

The committee invited representative organizations to present briefs and, if possible, to appear before the committee to answer questions. With very few exceptions, those invited responded favourably and appeared before the committee.

It should be made clear that at this point the committee felt it advisable to hear invited groups only, in order to develop a general reaction by interested parties on the impact of the motion.

The hearings commenced on Tuesday, July 10 and continued through July 11 and 12, with morning and afternoon sittings each day.

I should like now to give a short resumé of the briefs presented to the committee.

The first witness to appear before the committee was Agency Forum. It represents 52 small and medium-sized advertising agencies, all of which are Canadian owned and operated. This presentation was in favour of the motion and suggested that the government publish and enforce "Guidelines for Good Corporate Citizenship," and that the television and radio advertising industry should be asked to abide by these guidelines which would involve an increased percentage of Canadian content.

The submission emphasized the importance of the cultural impact of advertising, and concluded with the following words:

> We sincerely believe that the overall result of implementing this proposal would be freer trade in a fairer market that more closely reflects a cultural milieu created by ourselves.
>
> We also believe that if Canada is not soon to become simply a marketing-module in a multinational society with head offices in New York, then now is the time for our Government to act.

The second organization to appear before the committee was the J. Walter Thompson Company Limited. This company is an American-owned, multinational agency which has operated in Canada for 43 years. It is one of the largest advertising agencies in Canada. Although foreign controlled, this agency is operated almost exclusively by Canadians. This brief pointed out that about 68 per cent of the English-language and 76 per cent of the French-language television commercials are produced in Canada. It was pointed out to the committee that there has been a small but significant increase in Canadian advertising production during the last five years. This agency agreed in principle with the objectives of the motion, but warned that there could be adverse repercussions to the industry generally if 100 per cent Canadian content was insisted upon.

● (1110)

This brief concluded by indicating that the continued growth of Canadian commercial production is a positive and attainable goal. It was pointed out that there is a need for further information and they suggested it is essential before action is taken that the subject be thoroughly researched.

The third witness was the Association of Canadian Television and Radio Artists, known as ACTRA.

No written brief was received from this organization, but a very extensive and informative oral presentation was made. The Association of Canadian Television and Radio Artists represents the English segment of professional performing and writing talent in the recorded media. The spokesman for this organization said:

> We believe that the survival of Canada as a distinct nation is linked directly with communications.

He pointed out the difficulties experienced by Canadian talent in obtaining employment, and that increased production of Canadian-made television and radio commercials would open up many job opportunities for Canadians involved in this field. It was emphasized that it would be difficult to achieve 100 per cent Canadian content because of geographic and climatic limitations.

ACTRA considers that the number of commercials made outside of Canada is "inordinately excessive." It was also stated that foreign produced commercials have a very clear and, perhaps, undue influence and impact on our culture. ACTRA emphasized that a substantial field of talent was available, and the committee was assured that Canadians were well able to provide professional know-how in making Canadian production possible. ACTRA did not consider the increase in the number of Canadian produced advertisements over the past five years as being adequate. It was very strongly in favour of the objectives of the motion.

[*Translation*]

The fourth witness was L'Union des Artistes from Montreal.

L'Union des Artistes is a professional union of more than 1,550 paid-up members and more than 800 trainees, including announcers, singers, comedians, dancers and others, all performing in the theatre, films, radio, television, dubbing and commercials.

In their brief, they state that the situation of French-speaking performers is just about the same as that of their English-speaking colleagues because, as they say, if the latter have to fight against the invasion of American culture, they have much to do to avoid being submerged by the increasingly marked invasion of productions from France and French-speaking countries.

This organization says it is affected by the importation of commercials. In the cultural field, the meaning of these commercials, in their opinion, reflect in no way our Canadian way of life.

The brief also mentions that the French synchronization of American commercials involves hiring only one or two announcers who, ordinarily, are already full-time employees of radio or television stations.

The group estimates that the production of these same commercials in Canada would bring jobs to hundreds of Canadian technicians, producers, writers and performers, which would help greatly in a more rapid establishment of a profitable film industry.

[*English*]

Our fifth witness was the McConnell Advertising Company Limited. This is a large Canadian owned and operated advertising agency. The brief emphasized the importance of the cultural impact of advertising and indicated that advertising contributed "to the moulding of a distinctive Canadian identity and a significant fact in the development of a culture for our nation." It was suggested that a realistic goal would be to see 80 per cent Canadian-produced television and radio commercials as an optimum level to be achieved by 1977. This brief recommended that incentives should be created to encourage domestic production of radio and television commercials rather than penalties imposed for the importation of materials produced in foreign countries.

This agency proposed that:

> a company producing commercials for radio or television in Canada be allowed to claim 150 per cent of the cost of production of the commercial as a deductible expense when calculating its corporate taxes.

Our sixth witness was the Association of Canadian Advertisers Incorporated. It is a non-profit service organization with a membership of over 200 Canadian advertisers whose combined budgets form approximately 75 per cent of the total amount spent on national advertising. This brief emphasized the difficulties that would be encountered in advertisers achieving 100 per cent Canadian content. The ACA expressed sympathy with the objectives. It was considered that the present rate of expansion of Canadian-made television and radio commercials was satisfactory, and that advertisers were responding to the request of the CRTC for increased Canadian production. It was indicated that there could be adverse effects on the advertising revenue of television and radio stations, in that increased production costs for some advertisers might result in a shift in the use of advertising media.

This brief concluded as follows:

> The Association of Canadian Advertisers is in favour of progressively increasing the use of Canadian produced commercials. The Association does not, however, believe that it is advisable at this time to take steps to ensure that all radio and television advertising be completely produced in Canada.

Our seventh witness was The Canadian Broadcasting League. It is an affiliation of associations and individual members, including 32 principal national and regional organizations. The Canadian Broadcasting League requested regulations requiring 100 per cent Canadian content. Under questioning from the committee, they agreed that some exceptions would be necessary. The brief concluded as follows:

> The Canadian Broadcasting League, therefore, urges that this Committee act to ensure that all commercial content of radio and television programming be produced in Canada, and utilizes Canadian resources to the maximum possible extent, to reflect the tastes and character of Canadians.

Our eighth witness was Mr. Sidney Handleman, member of the Ontario Legislature. He is also a member of the Ontario Select Committee on Economic and Cultural Nationalism, but he made it very clear that the views he expressed were his own and not those of the committee. He made available to our committee copies of a study of the advertising industry made for the Ontario committee by Kates, Peat, Marwick and Company. This publication provided our committee with valuable background statistical information. He pointed out that their studies indicated that, while 70 per cent of the commercials are now being produced in Canada, the 30 per cent which are imported represent a great deal more in dollar value. Mr. Handleman, while agreeing with the importance of Canadian content, stated:

● (1120)

> I am philosophically opposed to 100 per cent content because there are many examples where it would be completely unworkable.

The next witness was the Canadian Broadcasting Corporation. The CBC stressed that its main interest lies in the field of broadcasting. The corporation agreed that greater Canadian content in advertising is desirable, but stated that private broadcasters affiliated with the CBC expressed concern if restrictions were imposed on foreign-made advertising. These affiliated stations feared a substantial loss of revenue.

It was also stated that if such restrictions were made it is possible that advertisers might switch to other media and perhaps would make greater use of U.S. broadcast stations serving border areas.

The CBC stated that progress is being made toward the greater Canadianization of commercials on Canada's broadcast media. It would be happy to co-operate in assisting Canadian advertisers to achieve this objective.

Our last witness was the Canadian Radio-Television Commission. The CRTC considers this subject very important, not only to Canadian performers but also to Canadian production companies and all those who are employed in the industry. It was most emphatically stated to the committee that the CRTC has been seriously considering this subject for a number of years. In the late winter of 1970 Mr. Pierre Juneau, who, as you know, is Chairman of the CRTC, expressed the opinion of the commission that advertisers should regulate themselves in this regard and make their commercials in Canada. This request was reiterated in a speech to the Association of Canadian Advertisers in May, 1972.

In its brief to our committee it stated:

> The CRTC has watched with considerable interest to see the effects the appeals to advertisers to produce their commercials in Canada have had.

And after thoroughly reviewing the results the commission has concluded that "in today's context the situation now calls for formal regulatory action."

The commission considered also that in the case of radio "there is no doubt that a 100 per cent Canadian commercial production requirement should be established."

The brief of the CRTC concluded as follows, and this is my last quotation:

> The CRTC is convinced the necessary competence exists in Canada and that substantially improved performance can now be required of advertisers in this

country. The Commission is of the opinion generally that television commercials are extremely important showcases, both for the best Canadian creative talent and for Canadian companies and products, and consequently should be conceived and produced within our borders. It must not be forgotten that extremely important values are communicated through commercials with even more precision, often, than through programming. It is important that these values grow out of our society, not out of another, perhaps inappropriate milieu, with different institutions and public goals. Canadian commercials should be connected with the Canadian imagination, with Canadian needs, and be able to reflect better the use and role of products and services in Canadian life.

In addition to the foregoing witnesses who appeared, written communications were received from the following: the CTV Television Network Ltd.; Century II Studios Ltd., Edmonton, Alberta; and CKLW-TV, Windsor, Ontario.

Hon. Mr. Martin: That last one is very important!

Hon. Mr. Bourget: It was brought to the attention of the committee that a ban on the use of American-produced commercials could create problems for border television and radio stations.

Evidence given to the committee revealed the growing importance of the production of television commercials being made in Canada for use by American advertisers in the United States. Several witnesses indicated apprehension as to the possibility of loss of business in this field. This matter requires further investigation.

As a result of these hearings the committee agreed in principle to the objective of the resolution.

The committee recommends that television and radio commercials should be made in Canada to the maximum possible extent. It is recognized that common sense and practical realities may require some limitation to this objective. It is also appreciated that a reasonable period of time would be required for implementation.

In the opinion of the committee, the evidence received indicates that there is reason for concern by Canadians generally in this important field of activity. Consequently, and in order to avoid duplication of effort and expenditure, we urge that the CRTC undertake in-depth studies, consultations and public hearings that will lead to appropriate regulations designed to achieve the objectives of this committee.

The committee is grateful to the groups and individuals who made such a meaningful contribution to the hearings. I would also like to commend the clerks, stenographers and translators who gave so unselfishly of their time.

[*Translation*]

Personally, as vice-chairman of that committee, I would very much like to thank honourable senators who were members of the committee, as well as other senators—and there were many—who, although not members of the committee, showed considerable interest, first by attending the sittings and also by taking an active part in the deliberations.

Hon. Mr. Langlois: Especially Senator Lapointe.

Hon. Mr. Bourget: Well, I do not want to indulge in personalities, as chairman I must be impartial, but I support what Senator Langlois has just said.

So, I want to thank my colleagues, first for their regular attendance and also for their wholehearted co-operation in performing the task we had been assigned; as reported—I must be allowed to say so—by the newspapers, several witnesses who appeared before the committee said that the senators "had done their homework."

[*English*]

Hon. Edgar E. Fournier: Honourable senators, as a member of the committee recommending the adoption of this report, may I say a few words.

[*Translation*]

First I wish to thank Senator Bourget for having volunteered to replace Senator Haig, Chairman of the Committee on Transport and Communications, now confined to his home because of illness.

I take this opportunity to wish him a prompt recovery; I can assure him his committee is in very good hands and is getting all the attention it deserves from Senator Bourget and all the members of the committee.

● (1130)

[*English*]

It has been my privilege to attend most of the meetings of this committee, which undertook the task of studying some of the problems in Canada with respect to advertising on television and radio. True, I was not an active member of the committee, for reasons of which you are all aware. However, I at least found an empty chair, which provided me with the facilities to listen to many of the witnesses who appeared before the committee. Senator Bourget covered the details of the subject very well in his report, and urged the committee's recommendations. I can add nothing that would be of merit.

During the last few days in this chamber we have heard many senators expressing their worries with respect to the future, and I share many of their views. We are fast declining and our destiny is clouded. In the Senate we are aware of these problems. We have great responsibilities, so let us do now what we can without expecting to accomplish everything at once. By adopting this report we will be filling an urgent need and curing some of the trouble in our society. I therefore recommend without hesitation the approval of this report.

[*Translation*]

Hon. Jean-Paul Deschatelets: I would like to say a few words on the occasion of the tabling of Senator Bourget's report, first, to commend the initiative taken by Senator Buckwold and also to commend Senator Bourget for his competence as chairman of the committee meetings.

I want to take the opportunity of the tabling of this report to voice the hope that in future—and particularly when we come back this fall—we will be able, in certain areas of our society, to initiate inquiries of this kind, both rapid and efficient which will permit us to provide a forum for the groups which have problems as in this case and which has enabled artists as well as all those who make a living from radio and television advertising to air their views before the CRTC.

I think that in future we can shed some light on several other areas so as to obtain an inquiry as rapid and efficient as that conducted by this committee.

This week, by chance, I spoke with a Montreal movie producer who frankly confessed that he had just discovered the Senate's possibilities. They are very proud of what has been done. I think that in future we could take advantage of our possibilities so as to provide a forum for several sectors of our population in the way this inquiry was conducted.

I congratulate Senator Bourget and all committee members.

Hon. Azellus Denis: I will say just a few words, honourable senators. Since I was a member of that committee and having been praised by the chairman, I wish to extend the same courtesy to him and pay a special tribute to the chairman of this committee as well as to Senator Buckwold who undertook this inquiry.

Like all of you, I wish that these claims become reality. I do not want advantage be taken of it to make advertising less Canadian, less French, especially over French radio and television broadcasting networks.

Then, if we are to reflect the French-Canadian culture, the French-Canadian way of life, I hope our artists and advertising agents will not use these additional advertisements—which they will be producing—as a channel to display our shortcomings. I hope as well that these will not feature more "joual," swearing or racism because I believe we have enough of that as it is.

As far as I am concerned, I will say, like the title of one of these plays that they composed, "Moi, j'ai mon voyage."

[*English*]

Hon. Mr. Bourget: Honourable senators, may I ask that this report be printed in the *Minutes of the Proceedings* of the Senate of this day?

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Mr. Martin: Honourable senators, before we agree, I would like to say that we are all very grateful to Senator Bourget and his colleagues on the committee for their work. Senator Bourget is substituting for Senator Haig, who is regrettably still ill.

[*Translation*]

We may assure Senator Bourget that we are deeply grateful to him.

[*English*]

Hon. Senators: Agreed.

On motion of Senator Macdonald, debate adjourned.

BUSINESS OF THE SENATE

On the Notice of Motion to adjourn:

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, July 24, 1973, at 8 o'clock in the evening.

[Hon. Mr. Deschatelets.]

Hon. Mr. Martin: Honourable senators, before the motion is agreed to, if that is to be its disposition, I would simply like to say, as I indicated to the Leader of the Opposition this morning, that my appreciation of the situation now is that on Tuesday next we will continue the debate on the second reading of Bill C-208, an act to suspend the operation of the Electoral Boundaries Readjustment Act, which I hope will be commenced today. We may then have the Immigration bill. As a matter of fact, I have just been handed a note to the effect that they expect that bill to be passed by 1 o'clock this afternoon.

● (1140)

With regard to the bill dealing with capital punishment, I believe it is the intention of the other place to proceed with the amendments to the Criminal Code on Monday. They have not succeeded in reaching an agreement which would have met the conditions laid down by the leader of the house in the other place. However, on Tuesday, they will interrupt those proceedings to deal with third reading of the Olympic bill, which has to be passed.

Hon. Mr. Flynn: What a mess!

Hon. Mr. Martin: After that bill has been passed, they will proceed with the amendments to the Criminal Code. I cannot give honourable senators any better information. I hope that my forecast of the work planned for the days ahead is accurate.

Hon. Mr. Flynn: I suppose that when the other place starts dealing with the amendments to the Criminal Code, the Senate will then adjourn for about three weeks.

Hon. Mr. Martin: I would hope that the other place could deal with the measure expeditiously. Perhaps they might follow our example by disposing of secondary matters expeditiously.

Motion agreed to.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

SPEAKER REQUESTED TO SEEK MEETING RE MOVEMENT OF ALASKAN OIL DOWN WEST COAST OF BRITISH COLUMBIA

Hon. Alan Macnaughton: Honourable senators, I rise to ask honourable senators for leave to present a motion. The motion will speak for itself. I do not think any preamble is necessary in this case, and I hope that honourable senators will agree to the motion which I now present. I therefore move, seconded by Senator Grosart, with leave of the Senate and notwithstanding rule 45(1)(h):

> That the Honourable the Speaker be requested to seek an immediate meeting of the Canada-United States Interparliamentary Group, so that Canadian parliamentarians can make known to their United States counterparts their views on the movement of Alaskan oil down the west coast of British Columbia and through the Strait of Juan de Fuca.

During the month of April, from April 4 to 8, 1973, the Canada-United States Interparliamentary Group met in Washington to discuss the question of the movement of Alaskan oil. My purpose is not to suggest that we pound the table, but to suggest that this is the right time for

Canadian parliamentarians to communicate to their opposite numbers in the United States their views on the movement of Alaskan oil on the west coast of British Columbia.

Hon. Allister Grosart: Honourable senators, when I first heard that an identical resolution had been passed unanimously in the other place, I had some reservations about it. I am now happy to second the resolution in view of information that has come to my attention since my first reaction. My reservation related to the fact that the resolution uses the word "the" with respect to identifying the Canadian-U.S. group fairly clearly with a specific group which is an interparliamentary organization already in existence.

Having regard for the history of that group, I was a little concerned that it might put the Canadian members of the group in the position of being a pressure group. In the past the tendency at meetings of the group has been to discuss Canadian-U.S. relations as a package in an overview sense rather than to concentrate on one specific "irritant," to use a word that has become common.

Indeed, in the report of the last meeting of the group presented to this chamber, great emphasis was placed on the fact that the consensus of that meeting was that in future we should try to concentrate on co-ordinating our positions and viewpoints in those matters where we have common interests, particularly in the international field, rather than deal with specific "irritants."

However, on reflection, it seems to me that it could be asked, "What is the use of a group such as this if, when a real problem arises between Canada and the United States, the good services of this group might not be involved?" I have said on many occasions that I believe there is a great role in international relations to be played on what I call the third level, the parliamentary level, by parliamentarians as parliamentarians, rather than as cabinet ministers or members holding specific responsibility in foreign affairs.

For that reason, I commend this resolution, in identical terms to that passed in the other place, to the consideration of the Senate.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Martin: I should like to make an observation which is perhaps in the form of an interrogation, on the terms of the resolution. It says "That the Honourable the Speaker be requested." I presume there will be a meeting between the two Speakers to arrange for the necessary personnel in the usual way?

The Hon. the Speaker: Very shortly.

Motion agreed to.

PARLIAMENT HILL

STATEMENT BY MINISTER OF PUBLIC WORKS RE EXPROPRIATION OF CERTAIN LAND AND BUILDINGS IN SURROUNDING AREA

Hon. Paul Martin: Honourable senators, I am grateful to Senator McIlraith for reminding me that the Minister of Public Works made an announcement this morning of some importance to both Houses of Parliament. He has, on behalf of the government, filed a Notice of Intent to expropriate all the land and buildings in the area bounded by Wellington Street, Elgin Street, Sparks Street and Bank Street.

The purpose of this expropriation is to protect the environment of Parliament Hill from any development which would adversely affect it and, simultaneously, to provide an appropriate expansion of parliamentary facilities and government requirements. The property of the United States Embassy is excluded. Discussion for its acquisition is now under way.

The Minister of Public Works also announced the intention of the government to appoint a commission on Parliamentary Accommodation, comprised of present and former members of Parliament, which includes, of course, members of this house, representing all parties in the Senate and in the House of Commons, to assist in the planning of the development of this area.

CUSTOMS TARIFF (No. 2)

BILL TO AMEND—THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-195, to amend the Customs Tariff (No. 2).

Motion agreed to and bill read third time and passed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL TO SUSPEND—SECOND READING—DEBATE ADJOURNED

Hon. Chesley W. Carter moved the second reading of Bill C-208, to suspend the operation of the Electoral Boundaries Readjustment Act.

He said: Honourable senators, the main purpose of this bill is to do exactly what the title says, to suspend the operation of the Electoral Boundaries Readjustment Act. However, it does have a second and unrelated purpose, which is to correct a defect in the existing apparatus designed to adjust our electoral boundaries following a decennial census.

Perhaps the best way to explain Bill C-208 is to begin with a thumbnail sketch of the machinery by which representation in Canada's House of Commons is determined. This representation is governed by three separate acts—the British North America Act, the Electoral Boundaries Readjustment Act and the Representation Commissioner Act.

The British North America Act sets forth the total number of members of Parliament, which is fixed at 263. It also, however, includes rules by which members of Parliament may be distributed amongst the provinces, and some of these rules affect the fixed total. Among these rules is one that is known as the Senatorial Floor. That rule states that no province can have fewer members of Parliament than the number of senators representing that province. There is also the 15 per cent rule, which means that no province, following a decennial census, can have its number of elected representatives reduced by more than 15 per cent at one time, and there is another rule which states that no province can have fewer members of Parlia-

ment than that of another province with a smaller population.

The Electoral Boundaries Readjustment Act sets forth the formula for the mathematical application of the number of representatives by population. It provides the tolerance margins within which the population of ridings may be varied. This tolerance is set at a level of 25 per cent, plus or minus, which means that the population can vary from 25 per cent below the average to 25 per cent above the average.

The Representation Commissioner Act sets out the machinery to be used in adjusting electoral boundaries and the steps to be followed throughout the process. This machinery consists of, first, a Representation Commissioner whose headquarters are located in Ottawa and, secondly, a four-man provincial commission for each province. The present Representation Commissioner is Mr. Nelson Castonguay who, himself, is an *ex officio* member of each provincial commission. His duties include the appointment of the chairmen of the provincial commissions who, wherever possible, are selected from the judges of the provincial supreme courts or, otherwise, from the judges of the lower courts.

In addition to the chairmen and the Representation Commissioner there are two other members of each provincial commission and they are appointed by the Speaker of the House of Commons.

Following a decennial census, the law requires the 10 provincial commissions to be appointed and instructs them to carry out the following steps in the sequence provided in the act. First, they hold public hearings at which both members of Parliament and constituents can appear and make representations. These hearings generally require a period of six months. After the hearings are completed each commission compiles a report, including maps, which is sent to the Representation Commissioner here in Ottawa, who in turn forwards it to the Speaker of the House of Commons, who tables it in Parliament. Then follows a 30-day period, during which any ten members of Parliament may register objections to these reports. Fifteen sitting days after the expiry of the 30-day period a debate on the report must take place in Parliament, and there is no time limit on this debate.

● (1200)

At the end of the debate, the reports go back to the provincial commissions, who then have 30 days more to consider the objections raised by the members of Parliament concerned and in the debate in the other place. The commissions may or may not act on these objections, but after 30 days they must send these reports, either revised or unchanged, to the Representation Commissioner. When all 10 reports have been received, the Representation Commissioner prepares a draft representation order, which he then forwards to the Secretary of State, who is obligated by law to proclaim it within five days. On proclamation the representation order comes into force, new boundaries come into existence and become part of the law.

At the present time this procedure has reached the stage where objections have been raised to nine of the ten reports made by the provincial commissions. The one exception is that of Prince Edward Island, where no objections were raised at all. Some of these reports have been debated in Parliament and others have not.

This is where Bill C-208 comes into the picture. This bill suspends the procedure at the stage at which it is now, or will be at the point in time when Bill C-208, if passed, receives royal assent. It discharges the provincial commissions and freezes the boundaries as they are now based on the 1961 census. The whole apparatus remains suspended until December 31, 1974, a period of 18 months. The reason for this suspension is to enable the government to consider possible alternative systems, which it will place before Parliament for consideration. It is obvious that the present system is not working very well, and certainly not to the satisfaction of the provinces or the MPs and their constituents.

A great deal of discussion took place in the Committee of Privileges and Elections of the other place on whether the 18-month period was too long and should be shortened. However, the evidence given by Mr. Castonguay, the Representation Commissioner, and by Mr. Hamel, the Chief Electoral Officer, confirmed that both felt that 18 months was a reasonable period.

The expiry date acts as an impetus to government to find possible alternate proposals, and to Parliament to act on them. It also protects the public from undue prolongation of the suspension and all the consequences that could evolve from that. If within 18 months the government has not come up with any new proposals, then Bill C-208 expires, the suspension is lifted, and the commissions are re-established. The procedure theoretically proceeds from the point where it was stopped. In practice, however, because of changes in personnel that are sure to take place, the provincial commissions will likely be required to hold some public hearings.

The second purpose of Bill C-208 is to correct a defect or oversight in the present machinery. If the present proceedings, which I have just described, were not interrupted by Bill C-208 and were instead allowed to continue as they have been, the debate that has been going on in the other place would continue, and would probably end some time after Parliament reconvenes in the fall. When the debate has ended the reports have to be returned to the provincial commissions, who have then 30 days to consider the objections that have been raised, and after 30 days they must send them back to the Representation Commissioner. The Representation Commissioner then drafts the representation order and forwards it to the Secretary of State for proclamation.

Within that time frame, it would be late December, 1973, before the representation order could be proclaimed and the new boundaries become law. Then the Chief Electoral Officer must begin adjusting his machinery to the new boundaries; polls have to be transferred from the old boundaries to the new, returning officers appointed, approved and trained. It takes approximately one year before the necessary adjustments can be completed, and during this time it would not be possible to hold any election at all. This means that under present circumstances an election could not be held during 1974, or until very late in 1974. This would hold true in the future following every decennial census during the 12-month

period following the proclamation of the new boundaries. This is obviously an intolerable situation.

● (1210)

If it were not desirable to interfere with the present representation machinery, it would still be necessary to pass amending legislation to enable an election to be held at any time whatsoever. Of course, if any election is held between now and January 1, 1975, it will have to be held with the existing electoral boundaries.

Honourable senators, as you can see, this is a fairly short bill and from a legislative point of view it is fairly simple. However, it could have some very complex and far-reaching effects. Personally, I feel no good purpose can be served, because of the nature of this bill, by sending it to a Senate committee. However, if honourable senators have some insistence on sending the bill to committee, I should be only too happy to make the necessary motion.

Honourable senators, taking the bill clause by clause, you will see that clause 2 merely suspends the operation of sections 20 to 27 of the Electoral Boundaries Readjustment Act until December 31, 1974.

Clause 3 terminates the present provincial commissions.

Clause 4 provides for the removal of the suspension.

Clause 5 provides for the re-establishment of the provincial commissions if the federal government fails to make new proposals before the end of 1974.

Then, clause 6 provides for the procedure to be followed after the suspension is removed.

Clause 7 is a very simple one and provides merely that clauses 4 to 6 of this bill shall be read as one with the Electoral Boundaries Readjustment Act.

Clause 8 is the important one, because it corrects the defect I referred to and enables elections to be held at any time. It amends the present act—which requires the new boundaries to come into existence immediately on proclamation—and states that the boundaries will come into force one year after the representation order has been proclaimed.

Honourable senators, that covers the essential points of the bill. If there are further questions, I shall be only too happy to do what I can to answer them.

Hon. Mr. Grosart: Honourable senators, if no other senator wishes to speak at this time, I would move the adjournment of the debate in the name of Senator John M. Macdonald, who is at the moment Acting Speaker, and thus prevented by the rules from moving it himself.

On motion of Senator Grosart, for Senator Macdonald, debate adjourned.

The Senate adjourned until Tuesday, July 24, 1973, at 8 p.m.

THE SENATE

Tuesday, July 24, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

FISHERIES DEVELOPMENT ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-4, to amend the Fisheries Development Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: With leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

CANADA WILDLIFE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-131, respecting wildlife in Canada.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: With leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

IMMIGRATION BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-212, respecting certain immigration laws and procedures.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: With leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Canadian Saltfish Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 32 of the Saltfish Act, chapter 37 (1st Supplement), and section 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report on the administration of Part I of the Royal Canadian Mounted Police Superannuation Act for the fiscal year ended March 31, 1973, pursuant to section 26 of the said act, chapter R-11, R.S.C., 1970.

Report of activities under the Prairie Farm Assistance Act for the Crop Year 1971-72, pursuant to section 12 of the said act, chapter P-16, R.S.C., 1970.

[*Translation*]

BUSINESS OF THE SENATE

On the Question Period:

Hon. Martial Asselin: I would like to ask the Government Leader when this session will end, and what bills we can expect to receive for consideration within the next few days?

I intend to deal with a very special bill, that on the Olympic Games. I would therefore like to know when I will have time to prepare for that, because I have already made plans for next week. Can the Government Leader give me some indication of what we can expect?

Hon. Mr. Martin: I believe we will get the bill on the Olympic Games this week, Thursday, I hope. But I am not a clairvoyant.

Hon. Mr. Flynn: A supplementary. It seems that it was not discussed in the other place today. It is therefore difficult to foresee when we can receive it here, especially if it is not being dealt with in the other place. The Government Leader should at least be able to communicate with the House Leader to set up some priority system, so that we might know where we are going.

Hon. Mr. Martin: I discussed this matter only this afternoon with the government leader in the House of Commons, as it was also discussed at the Cabinet meeting.

Hon. Mr. Flynn: Did you understand anything?

Hon. Mr. Martin: A little, yes.

Hon. Mr. Asselin: What did the Government Leader understand, if anything?

Hon. Mr. Martin: I believe I understood that I should be optimistic.

[*English*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL TO SUSPEND—SECOND READING

The Senate resumed from Friday, July 20, the adjourned debate on the motion of Senator Carter for the second reading of Bill C-208, to suspend the operation of the Electoral Boundaries Readjustment Act.

Hon. John M. Macdonald: Honourable senators, as Senator Carter pointed out in his very able and comprehensive explanation, this bill proposes to do three things. The first part provides for the suspension of the existing redistribution process. The second part provides for the reinstatement of that process unless it is changed by Parliament by January 1, 1975. The third purpose of the bill is to make sure that there is no period of time when it would be difficult, if not impossible, to hold an election following the introduction of a new system, or new boundaries under the old system.

Since this bill suspends the operation of the Electoral Boundaries Readjustment Act until January 1, 1975, it is only right that we should examine the reasons advanced for this action. It is only proper that we judge for ourselves if this action is justified in the public interest. I think the Senate is in a position to make the examination of the reasons advanced for the passage of this bill without laying itself open to the accusation of acting from selfish, ulterior or unworthy motives. I say this because I have seen some malicious criticism of the members of the other place. It has been implied—indeed, it has been stated—that they are influenced in this matter by selfish and unworthy motives. It has been stated that they are thinking only of their own election and not of the public good in this matter. Honourable senators, I think such criticism is wholly unjustified; I think it is wholly unfair and unreasonable. Indeed, it is an insult to a fine body of men and women, who are rendering great service to Canada, whose criticism of the present system is based on knowledge and experience, and who should be listened to with great respect.

In my opinion, the reasons advanced for the passage of Bill C-208 are good and valid. As has been pointed out by Senator Carter, the present law could result in a situation in which it would be physically impossible to have an election before late in 1974. This is a situation that is unacceptable in a democratic system of government. The sponsor of the bill, Senator Carter, showed how this can happen, and I shall not repeat what he said.

Certainly, when the proposed new electoral boundaries are objected to in nine provinces, it is time to take a hard look at the redistribution procedure. Personally, I think there is a major weakness in the system, and its correction will go a long way towards satisfying the public interest. The weakness is that there is not a real appeal against the findings or judgments of the provincial representation commissions. As Senator Carter mentioned, the only appeal is by way of objections raised in the House of Commons. The official record of the House of Commons containing such objections is sent to the representation commissions, which can accept or reject them. In other words, there is no real appeal. The objections are referred to the same body which made the findings in the first place, and the same objections were probably raised at the public hearings, so it is unrealistic to expect the commissions to make any changes. I suggest that an appeal be allowed from the findings of a provincial commission, even if it be to the Representation Commissioner or someone nominated by him so that the principle of the boundaries being set by an independent body would be maintained. I do not believe it is wise or practical for the electoral boundaries to be set by a committee of the House of Commons. That system was tried for years, and never was satisfactory.

The main objection to this bill is that by postponing the redistribution we violate the principle of representation by population. And, of course, this is so. This bill especially favours the rural voter over the urban voter. Since the last redistribution there has been a considerable movement of population to the cities. However, I think it should be remembered that in Canada the principle of representation by population has never been in effect in either provincial or federal politics. While we can admire the idea of representation by population where every person's vote is of equal value, it has just never been recognized as practical in Canada. This can be seen from the British North America Act itself. The Fathers of Confederation, in their wisdom, decided, for example, that the number of members elected to the House of Commons from a province would not go below the number of senators from that province. So right from the beginning the principle of representation by population has not been a part of our electoral system. The same is true today.

Under the Electoral Boundaries Readjustment Act there is allowed a 25 per cent variation over or under the standard used to determine the population of any constituency. So while it is true that there will be a variation in the number of voters in different constituencies, we must recognize that this variation is inevitable under our system. I do not think there is any substantial injustice in this situation. So far as I can learn, members of the House of Commons representing large city constituencies are not called upon to render the same service to their constituents as are members representing smaller constituencies. They are their representatives in Parliament, but I expect they are not called upon in the same manner as are members from rural or semi-rural areas. I know, for example, that a member from Nova Scotia is in many cases the contact between the individual citizen and the federal government. Let's face it, the federal government is a large organization situated many miles from the extreme ends of Canada, and in this day and age government affects the citizen in a great many ways. In the less populated areas the citizen must turn to his member of the House of Commons for a great variety of services. I know this is the custom and the system, and the members give a very valuable service, apart from any contribution they may make in the House of Commons itself.

I do not think it is a valid criticism to say that by postponing redistribution we are violating the principle of representation by population. If the passage of this bill has any adverse effect, because electoral boundaries will not have changed, it will be compensated, and more than compensated, by the good which will result.

Honourable senators, as the bill has been so well explained, I do not think there would be any point in sending it to a committee for further consideration.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I should like to add a few words to what Senator Macdonald has just said with regard to the bill before us, in view of the fact that, in 1968, as a member of Parliament, I suffered from the decisions of the commission with regard to the redistribution. I feel that I have a right to say that, in general, when the redistribution of electoral boundaries is entrusted to them according to the law, the commissioners do not give enough consideration to the representations of public bodies who go before the commission.

I remember that when the commission sat, public bodies were advised only 15 days in advance; they were invited to appear if they had representations to make concerning the decision the commissioners were to take in the case of such or such a riding.

The same thing happened in 1968. At that time, 500 miles were added to the riding of Charlevoix ... I beg your pardon?

Hon. Mr. Flynn: Of coastline.

Hon. Mr. Asselin: Yes, 500 more miles of coastline were added to a riding that was quite large already. Public bodies appeared before the commission, but not one iota of the decisions to be made by the commission was changed. Moreover, I am told that consideration is being given—excuse me, could we have some quiet, as I am a little hoarse, and it is difficult for me to speak any louder, so I would ask the honourable senators to be patient, for I will not be long, as I would simply like to make a few comments.

I said that in 1968, in my riding, people had made representations to the commission, the Chamber of Commerce, and particularly the municipal councils, about the fact that even—I think that this is a mistake—if one simply wishes to consider the people that must be included in a riding, without considering the economic situation and geography of the riding, I think that the commission is making a basic mistake. One has to go beyond demographic factors. An electoral map cannot be divided up like a pie—like a blueberry pie or a sugar pie. You cannot simply say, here we are, we have to have one constituency for 50,000 voters, so let's divide the pie up, and get 50,000 or 45,000 voters. That was the mistake the commission made in 1968. They are still making that same mistake, and that is the reason, I believe, that the government has wisely suspended the application of this act, which created considerable injustices for those in the other place who are obliged to keep in constant contact with the people, to learn about their problems, to meet with public bodies, to discuss with them the difficulties they are having on the economic, political and social levels, so as to learn about their problems and to find solutions for them.

Just imagine, honourable senators, that one member has to cover 500 miles of coastline—I am speaking of the riding of Charlevoix—and now with the redistribution another 150 miles have been added. Moreover, if you consider the riding of Manicouagan, where the member has to travel thousands of miles to meet his constituents and discuss with them all their problems, it becomes an impossible task.

I therefore say that if the population element is maintained in the distribution of the electoral map in Canada it is at the expense of rural areas. In Montreal—and I refer now to the province of Quebec—some ridings may comprise up to 60,000 voters but the member can cover his riding in five hours whereas other ridings include between 30,000 to 35,000 voters over a distance of 500 miles and it is then impossible for the member to be in contact with the people as often as he would like to try to know their problems, as I said earlier.

I would like to make a digression and say that, before the government decides to implement the bill before us, which is of course suspended, the members should be given the required tools—and I speak from personal experience as I represented a rural riding for about twelve years and some of my colleagues here also represented rural areas—since it is humanly impossible for a member under the present circumstances to keep truly in touch with the people as well as with his constituents and discuss their problems with them. But if a member's task in his riding is not efficiently organized, it will become impossible.

I would only say that in my province the provincial member is entitled to secretaries in his riding. He also has in the riding an office paid for by the government. Those secretaries travel through the riding, meet the constituents, report to their member who sits in the House. It often happens that people have funny reactions. When their member is in Ottawa, they say they never see him. But to discharge his duties he must be in Ottawa, see to the adoption of legislation, discuss legislation in the interest of the population. If the member is in his constituency visiting or receiving his electors, people are happy because he is with them. But the important thing for a member is to be in the House in order to deal with and pass legislation which may be helpful to his constituents.

So I say that our federal members are poorly organized to look after the population and to fulfill their mandate. The government has recently taken decisions as to the assistance that a member may get in his constituency. I think that the House of Commons and the Senate, before coming back to pass this legislation later, will have first to be assured that members, in rural districts especially which involve great distances, as I said earlier, will be provided with the services and the tools they need to adequately discharge the responsibilities entrusted to them by the voters.

Like Senator Macdonald and Senator Carter who spoke before me on this bill, I support the suspension of its application. I would like the Government Leader to submit to the appropriate authorities the comments I made with a view to making the members' job easier, more efficient, so that they may be first of all legislators and then be given the tools, the necessary instruments to enable them to communicate in due time and as often as possible with the population in order to best serve it.

● (2020)

[*English*]

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if Senator Carter speaks now his speech will have the effect of closing the debate.

Hon. Mr. Carter: Honourable senators, in closing the debate on second reading of this bill, there is little for me to say except to thank Senator Macdonald and Senator Asselin for their contributions to this debate, and for their very strong support of this bill.

I think Senator Macdonald put his finger on the weakness of our present system when he said that there was really no appeal from the decision of provincial commissions. In a democratic society there should be some sort of appeal. As a former member of the House of Commons, I can understand the experience described by Senator Asselin since I, too, found myself representing a long, coastal constituency. It had about 50,000 people distributed among 200 different communities, scattered, as I have said, along a coastline 1,000 miles long and for the most part accessible only by sea.

A minimum of eight weeks on a boat was required to travel from one end of my riding to the other. Even then I had to rush. I could not spend the necessary time to represent the constituency or properly meet the needs of the constituents. As Senator Macdonald pointed out, the principle of representation by population is idealistic and has never really been part of our system. It is an ideal almost impossible to attain in a country such as Canada. In addition to the representation of people, we must also consider other factors, such as the various communities of interest, the interests of the primary producers as against those who live in cities and whose contribution is mainly by way of services. Another factor to be considered is the vast geographical areas to be covered and, as Senator Asselin pointed out, the physical limitations of each elected representative and the quality of representation that he is able to give to his constituents. I thank Senator Macdonald and Senator Asselin very much for their contributions to this debate.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

IMMIGRATION BILL

SECOND READING

Hon. John J. Connolly moved the second reading of Bill C-212, respecting certain immigration laws and procedures.

He said: Honourable senators, a situation arose in the autumn of 1972 wherein the government felt that some action should be taken to deal with cases involving thousands of people entering this country each year as visitors and tourists and upon arrival seeking permanent residence. For a number of years, section 34 of the Immigration Regulations allowed those who had entered Canada as non-immigrants, visitors and tourists, to apply for permanent residence for a landing. In other words, they were allowed to immigrate to this country if they met certain tests. It might be appropriate to mention some of the tests which were required by the regulations. I quote from section 34(c):

> Notwithstanding section 28 an applicant in Canada who
>
> (a) if outside Canada would be an independent applicant; and
>
> (b) is not in possession of an immigrant visa or letter of pre-examination but, in the opinion of an immigration officer, would on application be issued a visa or letter of pre-examination if outside Canada;
>
> may be admitted to Canada for permanent residence if . . .

● (2030)

It was quite clearly set out in this regulation that these non-immigrant people in Canada could, while they were still here, make application for permanent residence or landed immigrant status.

On November 6, 1972, an order in council identified as P.C. 1972-2502 was passed. It provided two things. First, it revoked section 34 of the Immigration Regulations, to which I have just referred. From then on persons who were not of immigrant status in Canada were prohibited from applying for immigrant status while they were in Canada.

Secondly, it amended regulation 28(1). The new amendment, which I propose to place on the record, reads as follows:

> 28(1) Every immigrant who seeks to land in Canada, including an immigrant who reports pursuant to subsection (3) of section 7 of the Act, shall be in possession of a valid and subsisting immigrant visa issued to him by a visa officer and bearing a serial number which has been recorded by the officer in a register prescribed by the Minister for that purpose, and unless he is in possession of such visa, he shall not be granted landing in Canada.

I should tell honourable senators that visas are issued only outside of Canada by or on behalf of Canadian immigration officials. In this connection, I place on the record sections 2(g) and (h) of the Immigration Regulations:

> "visa" means an impression stamped, in accordance with these Regulations, on a passport, a certificate of identity or any other form prescribed by the Minister.
>
> (h) "visa officer" means
>
> (i) an immigration officer stationed on duty outside of Canada and authorized by the Minister to issue visas or letters of pre-examination for the purpose of section 28—

It is unnecessary for me to quote the balance of the regulation at this time.

Since the present act has been in force, it has been assumed, with regard to applications made in Canada by visitors, tourists, persons not holding immigrant status, that their status has been governed by section 7(3) of the act, which is found in the Revised Statutes of Canada, 1970, chapter I-2, and which reads as follows:

> (3) Where any person who entered Canada as a non-immigrant ceases to be a non-immigrant or to be in

the particular class in which he was admitted as a non-immigrant and, in either case, remains in Canada, he shall forthwith report such facts to the nearest immigration officer and present himself for examination at such place and time as he may be directed and shall, for the purposes of the examination and all other purposes under this Act, be deemed to be a person seeking admission to Canada.

Section 22, which deals with reports to Special Inquiry Officers, provides:

Where an immigration officer, after examination of a person seeking to come into Canada, is of opinion that it would or may be contrary to a provision of this Act or the regulations to grant admission to or otherwise let such person come into Canada, he may cause such person to be detained and shall report him to a Special Inquiry Officer.

Section 27(3) reads:

In the case of a person other than a person referred to in subsection (2)—

Those are persons who may be admitted to Canada.

—the Special Inquiry Officer shall, upon rendering his decision, make an order for the deportation of such person.

I am informed that approximately 1,750 appeals have been lodged by persons affected by deportation orders made under section 27(3). Some of those deportation orders were made prior to November 6, 1972, and some have been made since. Almost all of the appeals have been taken by, or on behalf of, visitors who entered Canada with non-immigrant status, and who had no visa issued to them by a Canadian immigration official abroad.

I am informed that on June 29, 1973, the Immigration Appeal Board handed down a ruling in the case of *In re Nazarali*. The board held at that time that section 28, as amended in the manner I indicated at the beginning of my remarks—which required an applicant to produce a visa—is beyond the authority conferred by the Immigration Act upon the Governor in Council.

If a non-immigrant, as such—that is, a visitor—enters Canada, the board has held that such persons need no visa and, in effect, that the provisions of the previously existing regulation 34, which was revoked by the order in council of November 6, 1972, may still be available to such persons.

Honourable senators, by clause 1 of this bill the government seeks a clear declaration that the Governor in Council had authority to pass Order in Council P.C. 1972-2502. By passing this clause, Parliament is asserting its authority to require that any person seeking immigrant status be in possession of a Canadian immigrant visa, with all that that implies.

I come now to the second part of the bill.

Hon. Mr. Benidickson: Before the honourable senator proceeds, would he permit a question?

Hon. Mr. Connolly: Yes.

Hon. Mr. Benidickson: I have heard a great deal about this problem. Am I to understand that there was a backlog of only 1,750 appeals in 1972?

[Hon. Mr. Connolly.]

Hon. Mr. Connolly: I understand that was the approximate number of appeals still outstanding on this point in the fall of 1972.

Hon. Mr. Benidickson: How many members of the board consider these appeals?

Hon. Mr. Connolly: I am afraid I do not have that information, but I will obtain it for the honourable senator and will let him have it tomorrow.

● (2040)

Honourable senators, on May 23, 1973, the Federal Court of Appeal issued judgment in the case of *Koo Shew Wan*. It was an unanimous judgment, the appeal being heard by Chief Justice Jackett, Mr. Justice Pratte, and Mr. Justice Perrier. That case dealt with applications for landed immigrant status made in Canada by non-immigrants—that is, visitors—before November 6, 1972, or prior to the coming into effect of the order in council to which I referred earlier.

The Federal Court of Appeal on that occasion held that the department had no authority to make deportation orders against such people because, it said, the department had no authority to require such people to produce a visa issued by a Canadian immigration officer abroad. The department, on its side, contended that applications by persons in Canada as visitors, as tourists, fall under section 7(3) of the act. I have already read that section.

The application of section 3, in turn, involves the use of a Special Inquiry Officer, and I have already referred to his status and function by quoting section 22 of the act. It also involves the requirement of a visa under regulation 28, as passed by order in council on November 6, 1972, and it involves the power to deport under section 27(3), which I have also read.

The department's legal advisers also maintain that the jurisprudence which has been built up in connection with these issues supports their position. They refer to the case of *In re Podlaszecka* in the Supreme Court of Canada, which is reported in (1972) Supreme Court Reports, at page 733, to the decision of the Ontario Court of Appeal in *Regina v. Pringle, ex parte Milks,* and also to the case of *In re Otto Gloede*.

By clause (2) of the bill now before us Parliament is asked to confirm that a non-immigrant who applied for permanent residence while in Canada is applying under section 7(3) of the act and so, as an immigrant, will require a visa. I am told that this clause will affect some 10,000 persons who have made applications. The question in my mind, as I read the material, is whether or not this is retroactive legislation. If the Court of Appeal of Ontario and the Supreme Court of Canada in the two cases I have cited are right, then this has always been the law. Parliament is asked to confirm that this is the law, despite the finding of the Federal Court of Appeal.

I understand that an application for leave to appeal has been filed by the department against the decision of the Federal Court of Appeal. However, as honourable senators—particularly those who are lawyers—are aware, the matter of bringing such appeals to an early conclusion is very difficult. There are certainly long delays. Therefore, it is felt by the government that these two declaratory sections should be enacted.

I commend this bill to the Senate.

Hon. Mr. Benidickson: Honourable senators, I do not propose to speak in this debate. I take pride in being a senator from an ethnic background, like Senator Yuzyk, and in that respect being rather different from some other members of this chamber.

I am concerned about the difference between 1,750 and 10,000. Who is going to be hurt and discriminated against as a result of Parliament's passing this legislation?

Hon. Mr. Macdonald: Honourable senators, I am sure we are all grateful to Senator Connolly—

Hon. Mr. Benidickson: Would the Honourable Senator Connolly answer my question?

Hon. Mr. Flynn: Later.

Hon. Mr. Connolly: If Senator Macdonald will permit me, I would say it is not reasonable to expect me to say how many of these cases that are under appeal are valid, and how many are not. It would also be impossible for me to give an answer in connection with the 10,000 applications which have been filed by visitors who want to establish permanent residence in Canada. I understand, and I think honourable senators have been so informed through the press and the media generally, that a great many people—perhaps many thousands of people—have been encouraged to come to this country by travel agents and others abroad on the misunderstanding that it is a simple matter, once they come as a visitor, to acquire landed immigrant status from within Canada.

The law, as I have explained it to the Senate, has always been that people who do not have landed immigrant status and who come to this country for a limited period of time do so on the understanding that they will leave Canada at the end of that period.

Hon. Mr. Benidickson: Tourists?

Hon. Mr. Connolly: Tourists, visitors—anyone in that temporary category. Those individuals have always been required to return to their country of origin, and to obtain there the visa that is required. That has been the law in Canada. At least, the department has always understood that to be the law. That is the way the law has been administered.

The two cases to which I have referred seem to give the lie to that proposition. It seems to me that the other decisions to which I have referred, namely, the decisions of the Court of Appeal of Ontario and the Supreme Court of Canada, do, in fact, maintain the department's position with reference to section 7(3).

It may be that people are going to be disaffected, but I think that what is paramount in this situation is the right of the federal authority to say who can come to this country and who cannot. I think that is the proposition with which we are confronted. We want immigrants here; we want to encourage immigration, but there has to be some screening process, and some control over the entry of undesirables.

Hon. Mr. Benidickson: My concern is with respect to the retroactivity.

Hon. Mr. Connolly: I am wondering whether there is a retroactive feature in this legislation. Frankly, I am not sure. I think there is a good argument to the effect that there is no retroactive feature. There is also an argument that there may very well be retroactivity. I raised that point because, like all honourable senators, I dislike retroactive legislation. I think that where there is a danger of having it, we should try to avoid it.

● (2050)

Hon. Mr. Yuzyk: Honourable senators, before Senator Macdonald speaks on this bill, may I ask in regard to what Senator Benidickson raised concerning the discrepancy in the figures given by Senator Connolly—

Hon. Mr. Connolly: There was no discrepancy.

Hon. Mr. Yuzyk: I believe you stated that there were 1,750 cases.

Hon. Mr. Connolly: No, I said that 1,750 appeals have been launched against decisions made by Special Inquiry Officers, but that 10,000 persons may be affected by Order in Council P.C. 1972-2502. There is no discrepancy in the figures.

Hon. Mr. Yuzyk: I should like to bring to the attention of the house that on this matter of the backlog of appeals the minister stated in the other place that as of June 1, 1973, there were 17,472 appeals, and that appeals were still being filed at the rate of 1,000 per month.

Hon. Mr. Connolly: Will the honourable senator give the reference for that in *Hansard* of the other place?

Hon. Mr. Yuzyk: I took it from *Hansard.*

Hon. Mr. Prowse: Of what date?

Hon. Mr. Yuzyk: From figures given by the Minister of Manpower and Immigration.

Hon. Mr. Prowse: What is the date?

Hon. Mr. Yuzyk: He was dealing with Bill C-197. I obtained those figures from the statement he made when he introduced the bill.

Hon. Mr. Connolly: I will have to look into that, because I have no knowledge of those figures. The figures given to me are the ones I have used.

Hon. Mr. Prowse: Would Senator Yuzyk be good enough to give the page of *Hansard* and the date, so that we can look it up ourselves and see the other figures?

Hon. Mr. Yuzyk: I do not have the reference in *Hansard* of the other place, but the figures I have here are taken from page 891 of Senate *Hansard.*

Hon. Mr. Molson: Honourable senators, I rise on a point of order. I think it has been well established over the years that in this chamber we do not refer to the proceedings of the other place. To base statements in this house on the reports of the proceedings of the other place would open up a whole new vista of argument. I believe I am safe in saying that it has been well established by custom and usage that we do not do that.

Hon. Mr. Connolly: In any event, I will check the point raised by Senator Yuzyk as expeditiously as I can, and I will report to him.

Hon. John M. Macdonald: Honourable senators, I am sure we are all grateful to Senator Connolly (Ottawa

West) for his clear exposition of exactly what this bill proposes to do. We should also be grateful to him for the background he gave us showing why this bill is considered necessary.

As has been pointed out, it is a bill introduced to legalize two regulations which departmental officials believed at the time could be made under the authority of the Immigration Act, one of which the Immigration Appeal Board said could not be made and the other of which was declared invalid by the Federal Court. This bill contains only two clauses, which will have the effect of making those two regulations valid and legal, if they are not already valid and legal.

It has been said, I think correctly, that without these amending regulations the whole program as set out in Bill C-197, which we passed here the other day, would be nullified, because without the right to insist that a prospective immigrant first obtain a visa before coming to Canada there could be no effective control over immigration. If the Federal Court decision should stand, the effect on deportation orders would be simply disastrous. I believe we have no choice but to pass this bill in order to give effect to Bill C-197, which we have already approved.

Objections have been made to the passage of this bill, but those objections are directed more towards the way in which the regulations have been made than to what they contain. Many objections have been on the ground that this should be done not by legalizing regulations, but by amending the Immigration Act itself. I agree there is considerable merit in that point of view.

There is no doubt but that the bill is retroactive legislation, and this is always bad in principle. In practice it always seems to hurt innocent people. It usually hurts people who have acted in good faith under an existing law, and they should not be penalized by having the law changed after they have so acted. I suppose in this case it can be argued, with some justification, that the invalid regulations only tried to do what Parliament wanted done in the first place, so that no one was adversely affected. The answer to that, of course, is that Parliament should have made its intention known by amending the Immigration Act, and not by making regulations to effect the desired amendment.

The fate of the two regulations before the court raises a further and larger question. In this day and age a great many regulations are made. Almost every statute gives the right to make regulations, so the larger question raised, which I think causes justifiable concern, is: are all these other regulations that have been acted on valid? Are they all legal? I do not know how this question can be resolved. It is not practical to have every regulation in existence examined. I do know that under the Statutory Instruments Act proposed regulations must be examined by the Clerk of the Privy Council and the Deputy Minister of Justice to see if they are authorized by statute. I understand the two regulations in question here were so examined. However, no matter how learned in the law these men may be—and I am sure they are both eminent in that profession—they can only give an opinion in these cases. The courts held a different opinion.

It is too bad that this situation arose. However, since it has to be corrected I think the bill will have to pass. I hope that as a result of this situation greater attention will be paid to legislating by statute rather than by regulation, and that the power given in any statute to make regulations will receive very close examination. I do not see that any practical benefit would result from referring this bill to committee.

[Hon. Mr. Macdonald.]

Hon. John J. Connolly: Honourable senators—

The Hon. the Speaker: Honourable senators, I should inform you that if the Honourable Senator Connolly speaks now his speech will have the effect of closing the debate on second reading of this bill.

Hon. Mr. Connolly: Honourable senators, I really have nothing to add, except to commend Senator Macdonald for his attitude with respect to the regulations. I think that Parliament is always confronted with the difficulty of endowing a minister—which in effect means a group of officials—with regulating authority, which we do so generally, and for which we really have no alternative if we are to make legislation work. There must be the power to make regulations. The only safeguard one can foresee is the use of the Statutory Instruments Act, which is a fairly recent act, which enables Parliament to examine the exercise of the regulatory authority.

Hon. Mr. Martin: It requires that they be examined.

Hon. Mr. Connolly: It requires that they be examined, yes, but in cases where it is suspected that the authority of the regulating agency is exceeded, it enables Parliament to put it right. Certainly the opinion of a law officer of the crown is fallible; it does not stand up against the adverse decision of a court. Even with the use of the Statutory Instruments Act, the court can still hold regulations to be *ultra vires* of the regulating authority. However, I think it is a matter over which parliamentarians and Parliament generally should be on the alert to watch the exercise of this regulating authority.

Motion agreed to and bill read second time.

● (2100)

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Connolly moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FISHERIES DEVELOPMENT ACT

BILL TO AMEND—SECOND READING

Hon. Chesley W. Carter moved the second reading of Bill C-4, to amend the Fisheries Development Act.

He said: Honourable senators, Bill C-4 is very short, containing but one clause of less than one page. It amends section 5 of the Fisheries Development Act by adding to it paragraph (d), which will enable the minister, under certain conditions, to make payments for the construction and equipment of commercial ice-making units, ice-storing facilities, and fish-chilling units.

The real purpose of this amendment is to increase the earnings of small scale fishermen, that is, inshore fishermen, the small boat fishermen, by enabling them to pre-

vent loss from fish spoilage and at the same time increase their earnings by producing a superior product.

To get a better idea of the importance of this amendment, it would be useful to recapitulate briefly the historical background of the Fisheries Development Act itself. Honourable senators will recall that in 1964 a federal-provincial conference was held on fisheries. At that conference agreement was reached on the need for a national fishery development program. This program was embodied in the Fisheries Development Act which was passed in the session of 1966-67.

Prior to 1966, such programs were initiated through specific budgetary appropriations instead of legislation. In other words, the needs were met one at a time as they arose, on a regional rather than on a national basis.

The purpose of the Fisheries Development Act was to bring about a coherent national fisheries development program by enabling the federal fisheries service to take the initiative in all aspects of fishery development. These included (1) the exploration and development of known fishery resources and the seeking of new resources; (2) the introduction and administration of new and improved fishing vessels, new equipment, new fishing techniques, new methods; (3) new technology resulting in new equipment and new fishery products; and (4) the improvement in fish handling methods, improvement in processing and distribution of fish products. In addition to these, it authorizes various kinds of development programs and assistance programs for the construction and equipment of fishing vessels.

Honourable senators, Bill C-4 initiates still another program in this series. It is aimed at minimizing the economic loss from fish spoilage and at the same time increasing the returns to fishermen by making possible a much better product. It has been estimated that 100 million pounds of fish are rejected annually by the inspection services as unfit for human consumption. In addition, 50 per cent of the inshore landings has been classed by fishery inspection as a second grade quality. This involves great loss to the fishermen, because low quality fish brings a very low price to the fishermen. The total economic loss resulting from rejected fish and low quality fish has been estimated at $25 million a year. This economic loss is borne almost entirely by the inshore fishermen, the small boat fishermen, commonly referred to as day fishermen because they leave their harbour in the morning and go out and fish during the day and return in the evening.

The main reason for this economic loss by the inshore fishermen is that these fishermen do not have access to ice or ice-making facilities or fish-chilling facilities. A survey which was carried out by the fisheries service estimated that the ice requirements of the industry as a whole was 2,600 tons per day more than is available. This survey also found that the requirements of the inshore fishermen, the small boat fishermen, could be taken care of by providing facilities in some 370 different locations. This is the program which Bill C-4 is designed to bring into existence.

Federal government assistance for ice making and refrigeration facilities is governed by section 5 of the Fisheries Development Act, which reads:

> The Minister may make payments to such persons or classes of persons, in such amounts and on such terms and conditions as may be prescribed by the Governor in Council,
>
> (a) for the construction and equipment of
>
> (i) commercial cold storages, or
>
> (ii) commercial bait freezing facilities equipped with mechanical refrigeration,
>
> that will be suitable for the preservation of fishery products;
>
> (b) for the modification of
>
> (i) commercial cold storages, or
>
> (ii) commercial bait freezing facilities equipped with mechanical refrigeration,
>
> to make such cold storages or bait freezing facilities suitable for the preservation of fishery products; and
>
> (c) for the construction and equipment of fishing vessels.

● (2110)

As stated earlier, Bill C-4 merely adds another paragraph to section 5, reading as follows:

> (d) for the construction and equipment of
>
> (i) commercial ice-making and ice-storing facilities, or
>
> (ii) commercial fish-chilling facilities
>
> that will contribute to improvements in productivity in commercial fishing operations.

Honourable senators will note that payments under section 5 are to be made "in such amounts and on such terms and conditions as may be prescribed by the Governor in Council . . ."

The terms and conditions contemplated for cost-sharing of initial programs under the amendment in Bill C-4 are 50 per cent of the cost of the facilities with a maximum ceiling of $25,000 for any one facility. These conditions are set by order in council and, of course, can be changed by order in council as circumstances require. Applications will be considered for assistance under this amendment from individual fishermen, groups of fishermen, co-operatives, companies and provincial governments. The total cost of the program has been estimated at $9 million spread over a period of two years.

Perhaps I should also explain that Bill C-4 provides not only for land-based facilities but also for facilities installed on fishing vessels, including refrigerated sea water facilities, in which case, however, the grant will cover 50 per cent of the cost of the equipment only and will not cover the cost of installation.

Hon. Mr. Langlois: Or the cost of the ship.

Hon. Mr. Carter: Such shipboard facilities will benefit fishermen by enabling them to remain at sea longer, secure larger catches and at the same time minimize their loss through fish spoilage.

Bill C-4 will also enable more rigid enforcement of present fish handling regulations, which in some cases cannot be enforced at all at the present time because they are based on the assumption that fishermen have access to

ice facilities, whereas, in fact, such facilities do not exist in many areas.

A new set of regulations is being drafted, and with respect to fish handling on vessels these new regulations will be much stricter than the present regulations. The target date for the new regulations is April 1, 1975, by which time it is hoped that the required facilities resulting from the program envisaged in Bill C-4 will be available.

Honourable senators, as I said earlier, Bill C-4 is aimed at helping the little man, the inshore fisherman, the small boat fisherman, the small operator. The survey I referred to earlier shows that the facilities envisaged by this bill are needed on both the Pacific Coast and the Atlantic Coast and in all coastal provinces, Newfoundland and Nova Scotia topping the list so far as need is concerned. I therefore commend Bill C-4 to you for your ready support and for its speedy passage. Because of its simplicity there may be no need of sending this bill to a committee, but if any honourable senator prefers that it go to committee I will be happy to make the necessary motion. If not, I shall do my best to answer any questions honourable senators may have.

Hon. John M. Macdonald: Honourable senators, I do not think it is necessary to say much about this bill, except to indicate general approval of it.

Senator Carter has dealt with it in his usual thorough fashion so that the effects of its provisions are known to you. I am further convinced that the bill has general approval by the manner in which it passed in the House of Commons, where it had both second and third readings without any debate whatsoever. However, one can learn some of the background of the bill and its need by reading the minister's speech of January 11 last when he was participating in the debate on the Speech from the Throne, and further information can be obtained from the record of the House of Commons Committee on Fisheries and Forestry. That committee considered the bill for two days, and its discussion is most informative, although much of it, while pertaining to the fishing industry, generally does not apply to the bill itself.

Honourable senators, from the minister's remarks before that committee, it is obvious the bill is necessary. It will enable the government to make plans for the construction and equipment of commercial ice-making and ice-storing facilities or commercial fish-chilling facilities that will contribute to improvements in productivity in commercial fishing operations. As Senator Carter mentioned, these grants will be equal to 50 per cent of the cost of such facilities and will go up to $25,000 for any one applicant. The real purpose of the bill is to endeavour to increase the earnings of fishermen, especially the small inshore fishermen.

It was startling to learn, as Senator Carter mentioned, that at present it is estimated that 100 million pounds of fish are rejected annually by the fisheries inspectors as unfit for human consumption. In addition, of the inshore fish landings, more than 50 per cent is of secondary quality. It is claimed that this is largely because of inadequate chilling between the time the fish are caught and the time they are delivered to the processing plant. On account of this, inshore fishermen are losing an estimated $25 million a year, which if my arithmetic is correct would amount to an average of $550 per fisherman.

Hon. Mr. Martin: A Scotsman's arithmetic is always good.

Hon. Mr. Macdonald: Not bad! At any rate, if this loss can be eliminated or substantially reduced, it will be of benefit both to the fisherman and to the general consumer. It is estimated that the cost to the federal treasury will only be about $4½ million over a two-year period. Surely that would be a worthwhile expenditure. Indeed, it might well be argued that a larger expenditure would be justified in order to allow the grants to go to 75 per cent of the cost.

In his appearance before the committee of the House of Commons, the minister stated that he was going to propose a further amendment on third reading of Bill C-4. The amendment he proposed would permit the government to provide financial support for the conversion and modification of fishing vessels; the existing legislation only provides assistance for new construction. His proposed amendment was discussed at some length in committee and was approved in advance of third reading. However, although the bill was given third reading on Friday last, there was no mention of that proposed amendment. What happened to it I do not know, unless there was a lack of communication between the Minister of Fisheries and the government house leader who moved third reading.

Honourable senators, I was surprised—or perhaps I should say impressed—at one statement the minister made on June 19. At page 17:7 of the *Minutes of Proceedings and Evidence* of the House of Commons Standing Committee on Fisheries and Forestry, he said:

> We are anxious to get this program under way as soon as possible. Draft regulations for its implementation have already been prepared and agreed to in principle by officials of the Department of Finance and of Treasury Board.

● (2120)

I think if the minister is so anxious to get his program under way, then he makes haste very slowly. The bill received first reading on January 12 last, and it received second reading without debate on June 12 and was referred to committee. It was considered in committee on June 19 and 21 and on the latter date was reported back. It was brought forward and given third reading on July 20.

Honourable senators, I hope the program outlined in the bill will not take as long to get off the ground as the bill itself took to get passed without debate. I agree with Senator Carter that no useful purpose would be served by sending this bill to committee.

Hon. Senators: Hear, hear!

Hon. Donald Smith: Honourable senators, I must say that I am not at all in agreement with the last statement made by my honourable colleague, Senator Macdonald. There is a lot more to this bill than meets the eye. I have not had the opportunity of following its progress closely in the other place, which is my normal practice with respect to bills of this nature. Furthermore, I am not so concerned with the terms of the bill itself as I am with the back-

ground information which is supposed to describe the need which exists for such legislation. I am always glad to see the Fisheries Department getting funds to help small boat fishermen—in fact, any low-income group—to equip themselves so that they can make a much better living for themselves and their families.

I am not at all opposed to the bill itself, but I am rather alarmed about the figures quoted by Senator Carter and Senator Macdonald. In my cursory reading of the proceedings concerning this bill on the other side of this building I did not see those figures, and now that they have been brought to my attention they alarm me extremely.

I have another question with regard to this matter. Where in the world would it be found necessary to reject 100 million pounds of fish? I don't even know which coast is referred to, and I think we should find that out. It would mean an economic loss of $25 million if this fish were destined for the fresh fish trade. There seems to be a general assumption made here that this amount of 100 million pounds of fish was rejected because as a result of coming from small boats it was not of good quality, that there was no market for it because it was in very bad condition.

I have lived close to the sea and close to fishermen all my life, and it is still my opinion—as I know it is the opinion of any housewife who happens to live near the fisheries on the Atlantic coast—that when you want the highest quality fish, you seek it from the fish dealer who gets his supply from the small boats. It is by far a superior product, but unfortunately there is not enough of it available to supply the markets of the major cities of this continent.

Honourable senators, all that is needed here is a comparison. You should have an opportunity to get down to Nova Scotia once in a while and get a supply of fish that comes from a small boat, and then to come back to Montreal, Toronto, or even Chicago, and run your hand along the fresh fish that you find at fish counters in the supermarkets, and bring that fish close to your face. You will then realize exactly what I am talking about. You will realize that that is not a fish that comes from a small boat; that it is a fish that comes from the bottom of one of those big steel draggers—the ones that are making all the money today—the care of which between the sea and the market in the big city is atrocious. The price is high, and the product should be a great deal better. My own experience is—and sometimes I know what I am talking about, even though at other times I don't—that you do not get that type of fish from any small boat fishery.

I do not know what region this legislation concerns. It may concern some remote area of the West Coast or of Newfoundland, which Senator Carter knows so well. I would like somebody to show me where all this rotten fish is in my part of Nova Scotia. I am saying these things because I am defending these people. Ice is not all that hard to get if you are in the fresh fish business. In the small boat fishery that I know of, where the fish is not destined for the fresh fish market, the fish is gutted and cleaned the same day that it is caught; it is salted the same night, and it just cannot go wrong. But according to some fishery inspection processes now being applied to the small boat fishing industry, at the time that that salted fish is ready to go to a packer theoretically something may be wrong with it. However, I have no difficulty in getting good quality salted fish of the kind I am talking about.

So, honourable senators, I think there is much to be explained here. How can we get that explanation unless we have officials from the Fisheries Department come before the appropriate committee and supply it? I consider it is almost an insult to make the assumption that the small boat fishing industry is so bad that those engaged in it are responsible for this great loss. I just cannot accept that that is the situation in my part of Nova Scotia, and I wanted to be assured that it is not happening there.

I am also alarmed about something else that Senator Carter mentioned. It has nothing to do with the bill; it is not even mentioned in the bill. Senator Carter said that there was going to be more rigid enforcement of regulations in connection with fish handling. There has been plenty of rigid enforcement of regulations in fish handling on our coasts in the last number of years, and to the extent that some of those making and enforcing these regulations are the laughing stock of the fishing industry. They cannot back up their thinking with bacterial counts or anything else, but they foist these expensive measures on our fishermen—measures that have no really practical application. The fish is sanitary, clean, and smells like fresh fish. Therefore, I am even more alarmed by the inference I draw from Senator Carter's remarks that even more stringent regulations are going to be proposed. They are going to give the small boat fishermen a chance to get a little ice-grinding machine on a public wharf here and there along the coast, but I should like to know what the regulations are going to be, and how much money the owners of these small boats are going to be called upon to spend in order to conform to these proposed regulations.

Again, I am a little alarmed by what Senator Macdonald pointed out about boats having to be altered to provide for a new way of icing fish or keeping the fish chilled in accordance with the regulations. There should be something in the bill to give assurance that the cost of doing this is not going to be imposed on these fishermen. I gather, from what Senator Macdonald said, that this was supposed to have been provided for on third reading, and I am surprised that it was not followed through. I remember reading some reference to that in the committee proceedings of the other place.

Honourable senators, I am not making a plea that this bill go to committee, but I want to put on record my alarm over the situation. I think we would be well served if we had an opportunity before this week is out to examine this situation with the officials from the Fisheries Department.

Hon. Chesley W. Carter: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Carter speaks now his speech will have the effect of closing the debate.

Hon. Mr. Carter: Honourable senators, I should like to thank Senator Macdonald and Senator Smith for their intervention in this debate, and for raising the points they have.

Like Senator Macdonald, I was somewhat surprised when I looked at the bill and found that it did not contain

the amendment dealing with the conversion and modification of fishing vessels. At first I thought it had been mistakenly omitted when the bill was printed. However, on inquiring I was informed that drafting difficulties were encountered in relating the new paragraph to the existing section 5(c) of the act, which pertains to the construction and equipment of fishing vessels. Rather than delay passage of the bill it was decided to proceed with the bill in its present form and introduce another as soon as possible—hopefully even before the summer adjournment—to provide for the further amendment.

● (2130)

Senator Smith commented on the amount of fish rejected as unfit for consumption. I must say that I also felt the figure of 100 million pounds to be really staggering. We must keep in mind, however, that fish deteriorates more rapidly than other perishable foodstuffs. The deterioration begins immediately the fish is removed from the water, the rate of deterioration depending upon the temperature in which the fish is kept. A fish caught early and kept in the boat on a warm day, with no ice to chill it, will deteriorate very rapidly and, of course, the longer it is kept the more it deteriorates.

Fish handling is a further factor. In many cases fish caught from small boats undergo a tremendous amount of handling. This commences when it is brought aboard, and continues through the stages of being thrown into the boat, sometimes transferred to another boat, and from that boat to a wharf. From the wharf the fish must be again handled in the transfer to a truck, from which it is unloaded into bins at the fish plant. During that process it is exposed to a great deal of heat and a considerable period of time passes, which accelerates deterioration to the maximum extent. Therefore, perhaps the figure is not unrealistic. I take it for granted that the figures are official, having been put forward by the minister's staff. I believed they were from statistics compiled by the Fisheries Inspection Branch of the department, so it did not occur to me to question them.

I should have mentioned earlier when discussing deterioration that fish caught in shallow water deteriorates much faster than that caught in deep water. Usually small boats fish in fairly shallow water. Fish often deteriorates in relation to the method by which it is caught. If caught and strangled in a gill net over a weekend it sometimes becomes of second grade quality before it is taken from the net. Another aspect is the use of cod traps in Newfoundland. When the fish are plentiful more may be caught in one day than can be handled in three or four days or even a week.

Honourable senators should not assume that because fish is not fit for human consumption it is wasted. That is not always the case. It is converted into fish meal or fertilizer and the processor receives some return for it, although the return to the fisherman is minimal. Senator Smith also referred to salted fish, but I point out that this bill relates only to fish before it is landed and processed, or delivered to a processor for filleting or salting.

Senator Smith also referred to the rigid enforcement of regulations and complained that many of the regulations are not too reasonable, and probably sometimes not enforced in a reasonable manner. I am inclined to agree with him in that connection. After all, human nature being what it is, we cannot expect a uniform quality of inspection enforcement throughout the country. Some inspectors will be more zealous, and will enforce more rigidly than others. We must bear in mind that not too long ago in the United States, which is our main market for fresh fish, a law was passed under which purchasers of fish from Canada will place their own inspectors in the fish plants here. That is one of the marketing conditions we will have to meet and the type of inspection for which we must prepare.

Therefore this bill represents only part of a series of programs designed to enable our fishermen to meet the anticipated more severe competition, and at the same time increase their earnings which, in my opinion, should be the overriding consideration.

Motion agreed to and bill read second time.

[Hon. Mr. Carter.]

REFERRED TO COMMITTEE

On motion of Senator Carter, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

CANADA WILDLIFE BILL

SECOND READING—DEBATE ADJOURNED

Hon. Alan A. Macnaughton moved the second reading of Bill C-131, respecting wildlife in Canada.

He said: Honourable senators, this is the first comprehensive legislative proposal dealing with wildlife to be considered by Parliament. I should like to point out in particular that the bill is a joint effort on the part of the federal Parliament and the various provincial legislatures. In other words, being a joint effort, the provinces are in full accord with its provisions. I might exaggerate and say that they are anxious that it be passed, just as we are anxious that it be put into full force and effect. In passing, may I do a little boasting and say that as chairman in Canada of the World Wildlife Fund and of the 1001 Nature Trust, it gives me particular personal pleasure to sponsor this bill.

● (2140)

I have before me a prepared statement which summarizes the bill and which I think is important enough to be placed on the record. With the consent and co-operation of honourable senators, I should like to make that statement.

Wildlife, one of Canada's great heritages, was the primary reason for early exploration and settlement. It has continued to play an important role in the economic and social development of Canada, but not enough is being done to ensure that this renewable resource remains useful to Canadians. As the economy expands, as Canadians have more leisure time, as urban and industrial development impinges on wildlife habitat, and as other land resource users, such as agriculturalists and foresters, adopt new techniques to protect and improve their crops, the pressures on wildlife increase.

With environmental degradation progressing as it is, the federal government must take steps to protect wildlife over and above those steps taken by provincial authorities. In addition, protection of endangered species is of national

and international scope. An enlightened country should not permit such disasters as the loss of the great auk and passenger pigeon and the near loss of whooping cranes and sea otters to be repeated. However, federal wildlife legislation does not authorize the federal government to assume those responsibilities, particularly where acquisition, control and management of lands for wildlife is required.

Wildlife and its management in Canada fall within several jurisdictions. Under the British North America Act, 1867, and the Natural Resources Transfer Agreements, provincial governments have jurisdiction over wildlife. The Migratory Birds Convention Act takes precedence with respect to those migratory birds identified in the Migratory Bird Treaty, but it does not provide specific legislative authority to purchase, control and manage lands for migratory birds, or to enter into agreements with other agencies or individuals—that is very important—for wildlife management purposes.

Bill C-131, which we are now discussing, has been developed to facilitate federal responsibilities for migratory birds and to enter into co-operative agreements with provincial governments and others, including, persons, corporations and companies, to enhance wildlife protection and management throughout Canada.

In developing principles for the Canada Wildlife Act, a co-operative approach to resolving wildlife problems was taken, and the rights and responsibilities of the provinces and the specific responsibilities and interests of the Government of Canada were fully recognized. The act will provide four major approaches for implementing a dynamic program of wildlife conservation in Canada. It will provide authority:

(a) to acquire, control and manage lands for migratory bird conservation, interpretation and research;

(b) to acquire, control and manage lands for conservation and interpretation of, and research on wildlife species other than migratory birds, in co-operation with provincial and territorial governments;

(c) to enter into co-operative arrangements with any province, territory, organization or person for matters of wildlife conservation, interpretation and research and for the operation of lands and facilities related to wildlife resources;

(d) to take any necessary action, in co-operation with provincial and territorial governments, required to protect endangered species of wildlife.

The bill has been endorsed by the provinces and is based on the National Wildlife Policy and Program which was tabled in the House of Commons on April 6, 1966. It will provide the legislative framework for implementing that policy and program. It will permit the federal government to take initiatives and provide leadership in conserving the wildlife resources of Canada for the benefit of all Canadians.

As I said earlier, this is the first comprehensive legislative proposal dealing with wildlife to be considered by Parliament. It is important that it be enacted quickly so that programs it will permit can be implemented, and so that the great beauty and diversity of our wild creatures will continue to be a source of great satisfaction to us all.

May I respectfully ask for your approval?

On motion of Senator Yuzyk, debate adjourned.

TRANSPORT AND COMMUNICATIONS

REPORT OF COMMITTEE ON RADIO AND TELEVISION COMMERCIAL ADVERTISING BROADCAST IN CANADA ADOPTED

The Senate resumed from Friday, July 20, consideration of the report of the Standing Senate Committee on Transport and Communications on Radio and Television Commercial Advertising Broadcast in Canada which was presented on Friday, July 20, 1973.

Hon. John M. Macdonald: Honourable senators, when I adjourned this debate last Thursday it was not with any intention of unduly delaying the adoption of the report. I felt that I, and perhaps other senators, would like a little more time to study it. Having read and considered the report, I agree generally with its recommendations, although with some reservations.

I agree particularly with the recommendation that the CRTC, or some other body, undertake in-depth studies, consultations and public hearings that will lead to appropriate regulations designed to achieve the objectives of the committee. As honourable senators know, the objectives of the committee were to examine the advisability of steps being taken to ensure that all radio and television commercial advertising broadcast in Canada be completely produced in Canada, utilizing Canadian manpower to the maximum possible extent. It is evident that the committee felt it could not make such an in-depth study in the time available. The report states that the committee felt it advisable to hear invited groups only, in order to develop a general reaction by interested parties on the impact of the motion it was considering. In other words, the committee was actually making a preliminary survey and felt that a more detailed study was advisable.

I personally feel that the committee might undertake such an in-depth study at some future time. It could study the content and quality of commercial radio and TV advertising, and learn why such advertising is not now being completely produced in Canada by Canadians. It could also hear from the ultimate consumer, the general public, to whom all commercial advertising is directed.

It is easy to appreciate the desire of the Canadian advertising industry to have a protected market, as it were, for their product, and since it would apparently give employment to a great many more Canadians, particularly those in special fields, such as producers, technicians, script writers, and artists, the proposal is certainly worthy of consideration.

I find it somewhat strange that we now hear advocated a protected home market for services, because for many years a protected home market for goods was the subject of much political debate. That type of protection is rarely heard of now, but there appears to be a new and interesting development in the services rendered by professional groups.

While I appreciate the arguments advanced that if all radio and television commercial advertising were produced in Canada it would result in a larger industry

employing a great many more people, I was not too impressed by some of the other arguments contained in the briefs. Four of the briefs expressed concern about the impact of foreign-produced commercials on our culture. One went so far as to proclaim that commercial advertising contributed to the molding of a distinctive Canadian identity and was a significant factor in the development of a culture for our nation. All I can say is that if we are dependent on present commercial advertising on radio and TV for the development of a distinctive Canadian identity and culture, then we are in a bad way. Personally, I find it hard to credit that the advertising firms involved are motivated by such noble ideals as the briefs proclaim.

● (2150)

Honourable senators, I do think the committee deserves our thanks for the work it has done. We are fortunate in having senators who are willing to give of their time and talent to this type of committee work. I hope that they are prepared to make a further study of this important matter in the not too distant future.

Hon. Maurice Bourget: Honourable senators—

The Hon. the Speaker: Honourable senators, as the motion before the Senate is not a substantive one, is it agreed that the Honourable Senator Bourget be allowed to speak a second time on the understanding that if he does so it does not have the effect of closing the debate?

Hon. Senators: Agreed.

[*Translation*]

Hon. Mr. Bourget: Honourable senators, I do not think it is necessary that I should speak at great length to end the debate on the matter under consideration.

However, I would like to thank the honourable senators who have participated in this debate and tell them how much I have appreciated their interesting remarks as well as the congratulations they offered to the members of the committee.

I am pleased that honourable members of this house have unanimously adopted, with possibly some restrictions, this report and its recommendations. The members of the committee had also approved unanimously these recommendations.

I believe—and this was also the opinion of the members of the committee—that the recommendations of the report are reasonable and follow logically from the testimonies which we heard during the three day sittings of the committee.

[*English*]

As far as the remarks of the Honourable Senator Macdonald are concerned, I should like to say that the committee would have liked to have continued the inquiry in more depth. However, at the commencement of our hearings we were informed by the chairman of the CRTC that the CRTC had already commenced that kind of investigation. Therefore, so as not to duplicate efforts and expenditures, our committee felt that the study should be conducted by the CRTC as they have the knowledge and expertise in this area.

It is for that reason that we urge in our report that this inquiry be continued by the CRTC. I do not think there is anything further I can add.

[*Translation*]

Before resuming my seat, I must say that the members of the committee deplore the absence of its chairman, Senator Haig, who is ill at home. I know that all the members of the committee would like, through me, to send Senator Haig our best wishes for a speedy and full recovery.

Report of committee adopted.

[*English*]

BANKING, TRADE AND COMMERCE

NOTICE OF COMMITTEE MEETING

Hon. Mr. Langlois: I should like to inform honourable senators that the Standing Senate Committee on Banking, Trade and Commerce will meet tomorrow morning at 10 o'clock to give consideration to Bill C-4, to amend the Fisheries Development Act. I should add that I am informed that the minister is away—

Hon. Mr. Martin: He is saving Western Canada at the Western Economic Conference.

Hon. Mr. Langlois:—but arrangements have been made to have officials of the department in attendance.

Hon. Mr. Martin: Honourable senators, before the motion to adjourn is put, I should like to say to Senator Macdonald that I hope he is not exhausted by his heroic intervention on so many occasions this evening, and in such a productive and co-operative way.

Hon. Senators: Hear, hear.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, July 25, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PARLIAMENT

CUSTOM AND USAGE IN DEBATE—SPEAKER'S STATEMENT ON POINT OF ORDER

The Hon. the Speaker: Honourable senators, last evening Senator Molson intervened in the debate on Bill C-212, respecting certain immigration laws and procedures, and stated as follows:

> Honourable senators, I rise on a point of order. I think it has been well established over the years that in this chamber we do not refer to the proceedings of the other place. To base statements in this house on the reports of the proceedings of the other place would open up a whole new vista of argument. I believe I am safe in saying that it has been well established by custom and usage that we do not do that.

It appears that some honourable senators are unfamiliar with the practice to which Senator Molson referred. It might be helpful to all honourable senators if I quote some precedents which are quite explicit in this regard. I would refer honourable senators to Bourinot's *Parliamentary Procedure*, Fourth Edition, at page 357:

> It is also a part of the unwritten law of parliament that no allusion should be made in one house to the debates in the other chamber, a rule always enforced by the speaker with the utmost strictness (a). Members sometimes attempt to evade this rule by resorting to ambiguous terms of expression—by referring for instance, to what happened "in another place"; but all such evasions of a wholesome practice should be stopped by the speaker, when it is evident to whom the allusions are made (b). It is perfectly regular, however, to refer to the official printed records of the other branch of the legislature, even though the document may not have been formally asked for and communicated to the house.

The Honourable Senator Wishart Robertson, while he was Speaker of the Senate, on March 11, 1954, quoted this reference. Honourable senators will find it at page 343 in the *Debates of the Senate* of 1953-54. Senator Robertson went on to say:

> It is very clear then that no attempt on the part of honourable senators to allude to the debates and proceedings of the other branch of parliament, during the current session, can properly succeed, whether the expression "House of Commons" or such apparent evasions as "another place" are used in the process. On the other hand, when it is in order to refer to the other branch of parliament, far from the term "House of Commons" being out of order, it is indeed the proper description to use.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

> Copies of final background paper prepared for the conference on Western Economic Opportunities to be held in Calgary, July 24-26, 1973, entitled "Transportation".
>
> Copies of Order in Council P.C. 1973-2161, dated July 17, 1973, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.
>
> Copies of Order in Council P.C. 1973-2162, dated July 17, 1973, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.

Honourable senators, that is something which Senator Hayden will recall, and which Senator Forsey will want to know.

FISHERIES DEVELOPMENT ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-4, to amend the Fisheries Development Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Carter moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Hon. Mr. Flynn: I have no objection to third reading now if there would be royal assent this evening. Is there any possibility?

Hon. Mr. Martin: No; but I appreciate the generous offer.

Motion agreed to.

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

SPECIAL MEETING HELD IN WASHINGTON, D.C.—INQUIRY TO BE PROCEEDED WITH LATER THIS DAY

Hon. Alan A. Macnaughton: Honourable senators, with leave of this august assembly, and notwithstanding rule 44(2), may I call the attention of the Senate to the Special Meeting of the Canada-United States Interparliamentary Group held at Washington, D.C., on Tuesday, July 24, 1973?

The Hon. the Speaker: Has the honourable senator leave to proceed now?

Hon. Mr. Flynn: Later this day, after third reading of bills and after debate has been resumed on second reading of Bill C-131, respecting wildlife in Canada. I think the legislative items should have priority.

The Hon. the Speaker: Is it agreed that leave be given to the Honourable Senator Macnaughton to raise this matter later this day?

Hon. Senators: Agreed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL TO SUSPEND—THIRD READING

Hon. Chesley W. Carter moved third reading of Bill C-208, to suspend the operation of the Electoral Boundaries Readjustment Act.

Motion agreed to and bill read third time and passed.

IMMIGRATION BILL

THIRD READING

Hon. John J. Connolly moved third reading of Bill C-212, respecting certain immigration laws and procedures.

He said: Honourable senators, before the motion is put, may I answer a couple of questions that were put to me last evening. Senator Benidickson inquired about the number of members of the Immigration Appeal Board who were engaged in the case of *In re Nazarali.* The answer is that there were three members of the board on that panel: Miss J. V. Scott, Mr. J. C. A. Campbell and Mr. F. Glogowski.

He also asked for the number of members on the Immigration Appeal Board. I am informed that there are nine such members now. Under Bill C-197, which was passed here last week, provision has been made for the appointment of additional temporary members to clean up the very large number of appeals.

● (1410)

Senator Yuzyk also asked me a question based upon a statement that he made and which appears in the Senate *Hansard* of July 18, 1973, at page 891. I understand that the figures quoted by Senator Yuzyk on that occasion were available from a press release issued by the minister's office on June 18, 1973. He asked about the backlog of cases before the Immigration Appeal Board and he understood that on June 1, 1973, the number was 17,472, and was being added to at the rate of 1,000 appeals per month. I am informed that this informatin is correct. I should like to say that this backlog of 17,472, to which Senator Yuzyk referred last night, includes 1,750 appeals which were affected by the ruling of the Immigration Appeal Board in the case of *In re Nazarali.*

Honourable senators may recall that in discussing that ruling last night I said that it purported to deny a visa from an applicant for a landed status when that application was made by a person who was then in Canada as a visitor or tourist, and as required by Order in Council P.C. 1972-2502, which was passed last November 6. So, those 1,750 appeals are included in the larger figure quoted by Senator Yuzyk.

[The Hon. the Speaker.]

In addition, there are approximately 10,000 appeals affected by the ruling of the Federal Court of Appeal in the case of *In re Koo Shew Wan,* to which again I referred last evening. Honourable senators will remember, perhaps, I said that the Federal Court of Appeal held on that occasion that applicants from within Canada who made application for landed immigrant status did not thereby lose their non-immigrant status and were really not affected by section 7(3) of the act. This is pretty legalistic, I am afraid, but it is about the only way I can say it.

The 11,750 appeals, approximately, are affected by the bill we now have before us. In addition, I should tell the Senate there are more or less 6,000 appeals pending before the board on deportation orders made for reasons other than those outlined in the two cases I have cited. They affect persons who are ships' deserters, persons who have criminal records developed either in Canada or abroad, people who are illegal entrants into Canada or who have overstayed a temporary permit to be in Canada, and also people who are found to have false passports, false visas, or false medical certificates. Those 6,000 deportation orders are in addition to the 10,000 to which I referred last night, plus the 1,750 to which I also referred last night. I think that the arithmetic total comes to the figure Senator Yuzyk used when he asked the question.

Last night I also referred to two decisions given by the Ontario Court Appeal, but I did not give the citations. I should like to put those citations on record now. The first was the case of *Regina v. Pringle, ex parte Milks,* a judgment of Mr. Justice Laskin when he was on the Ontario Court of Appeal. The citation is (1968) 68 D.L.R., Vol. II, p. 290. The second decision I referred to was also a decision of the Ontario Court of Appeal, *In re Otto Gloede,* (1971) 5 C.C.C., Vol. II, p. 545.

Hon. Mr. Yuzyk: I should like to thank Senator Connolly for clarifying this matter.

Motion agreed to and bill read third time and passed.

CANADA WILDLIFE BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Macnaughton for the second reading of Bill C-131, respecting wildlife in Canada.

Hon. Paul Yuzyk: Honourable senators, the sponsor of Bill C-131, Senator Macnaughton, can relate directly to the topic of wildlife in that he is a member of an association in this field, namely, the World Wildlife Fund. My own association with wildlife has never been that close, although some could suspect that I may have been close to another meaning of the word—the excesses of activities of youth.

Like most Canadians, I have an abiding interest in the living resources of the land, air and water, in the usefulness and beauty of the environment and in the quality of life. As has already been so ably explained, this bill concerns the conservation of wildlife, research and interpretation in Canada. It is a duplication of Bill C-191, which was introduced last session, on April 19, 1972, to be precise, and which died on the Order Paper after first reading.

The main points of Bill C-131 are:

1. Provision for the Minister of the Environment to initiate programs and conferences for this purpose, including the administration of public lands where required.

2. Agreements with the provinces concerning wildlife programs, including specification of the cost to be borne by each government, and of the responsible authority. Wildlife falls under provincial jurisdiction, except when migratory.

3. Protection of endangered wildlife, including acquisition of lands, if necessary.

The emphasis is on wildlife conservation and research. The legislation is mainly to help the provinces in this matter, since it is largely their responsibility. The passage of this bill will give the Ministry of the Environment a clear mandate from Parliament to do a number of things which have been done under other legislation, and certain things that were not able to be done under legislation passed previously.

● (1420)

It is most unlikely that anyone will oppose this bill; the principles of wise management and need of renewable resources were adopted many years ago by the federal government, the provincial governments, municipal administrations and indeed the people of Canada.

Great strides in this field were made at the Resources for Tomorrow Conference in 1961 under the Diefenbaker government. As a result of one of the resolutions, the Canadian Wildlife Service came into being and has been doing an excellent job. This branch of government has urged the passing of legislation upon the federal and provincial governments, including the present piece of legislation. This conference also recommended the establishment of a Resource Ministers' Council. Such a council has been meeting annually and at times even more frequently. The provincial ministers together with the federal minister have already achieved considerable co-ordination and co-operation in many areas, despite the constitutional jurisdictional problem.

The Resources for Tomorrow Conference was also instrumental in the establishment of the Canadian Wildlife Federation. This body has convened conferences and meetings of the fish and game associations throughout the country. The federation has urged governments at all levels to produce such legislation as we have before us today. Provincial governments have acted more swiftly than the federal government, which has responded positively only recently; this, of course, should be welcomed.

Canadians are fully conscious of the harmful effects of pollution which has been caused by technological development. The effluents from factories and nuclear stations, chemical herbicides and insecticides as well as the destruction of forests and ruthless exploitation of mineral and wildlife resources, have brought great harm to all these resources, endangering the lives of men, birds and beasts. Man's transgressions of the environment are now threatening this environment and man himself. Consequently, the government must take such action as proposed in this bill.

In my opinion this legislation is very general, a sort of "motherhood" legislation. It is a nice bill on wildlife. The provisions dealing with agreements which can be made with provinces, and with private organizations with the approval of the provinces, are far too general. Nothing is stated with respect to the nature of agreements and their exact purposes. The minister is given wide powers, but there are no specifics as to what he is to do.

This brings us to the matter of the regulations. Because Bill C-131 is so general, it is apparent that the regulations will determine its effectiveness. Unfortunately, Parliament has little control over regulations and is not consulted until the government gets into trouble. Of course, if the regulations cannot be made effective, the bill itself will become hollow.

The whole question of the migration of wildlife across provincial boundaries, and of wildlife in national parks, should, I believe, be a federal responsibility. It is a federal responsibility to co-ordinate research carried out by provincial and other authorities in regard to wildlife, and this should have been made more specific in this bill. We know that the Minister of Indian Affairs and Northern Development is responsible for federal parks and for the wildlife in them. I believe that much better service could be performed for the Canadian people if there were one minister responsible for wildlife problems in Canada, particularly in national parks and on all federal public lands.

We all know that nothing much will happen or be done unless funds are available. Lack of funds will make Bill C-131 hollow and only window dressing. Not so long ago we passed the Canada Water Act, which provided for the establishment of river basin boards. This has not been carried out, so far as I can ascertain, because funds have not been allotted for this purpose. There is no use in our thinking that proper research into the preservation of wildlife and ecological matters will be carried out if sufficient funds will not be available for such programs. Also, progress cannot be made if approved programs are cancelled, such as, for example, the cancelling of the program of preserving potholes on the Prairies, where most of the duck population is generated after the farmers had agreed to co-operate in leasing their land.

The legislation before us, even with its weaknesses, has received the support of all parties and is long overdue. I believe that the Minister of the Environment will take into consideration the constructive criticism that has been offered. Greater control and enforcement is required from everyone, from governments, giant corporations, and individual citizens, if we want to build a better Canada and improve the quality of life.

No useful purpose will be served by sending the bill to committee for study at this time. We on this side of the house endorse the bill and hope it will receive speedy passage.

Hon. Gildas L. Molgat: Honourable senators, all Canadians who are interested in conservation and wildlife will, I believe, welcome the bill. The effect of the bill will be welcomed also in other regions, notably across the line in the United States.

In 1937, as a result of very dry years, particularly in the Prairie provinces, a group of Americans banded together to establish Ducks Unlimited. This corporation, whose sole interest was the conservation of migratory birds, was

designed in a most unusual way. The funds for the corporation are collected totally in the United States and are spent totally in Canada, with no strings attached.

Ducks Unlimited (Canada) was established in 1938. It started its first work in Western Canada. Since then it has expanded to the point where it is operating not in all provinces in the country but virtually in all. Operations started in the Maritimes three or four years ago, and operations are now proceeding in British Columbia. The two central provinces, Ontario and Quebec, have at this point in time not been opened up to Ducks Unlimited operations.

It is notable that the budget for Ducks Unlimited has been rising steadily. Last year $2.75 million was sent from the United States to Ducks Unlimited in Canada for expenditure on conservation in this country. By the end of this year, $25 million will have come to Canada for conservation purposes during the years that Ducks Unlimited has existed.

Much as we appreciate this money coming from the United States, this is not to say that Canada does not have an input. Canadian input obviously is in land and resources. If the water resources were not available, the money could not be spent.

The original concept of Ducks Unlimited was that it would purchase no land. None of the projects involves the ownership of land. Ducks Unlimited establishes the projects, does the engineering work, arranges for leases with private landowners or provincial governments, puts in the structures, operates them, and looks after their upkeep. Its sole purpose is to arrange for a suitable water supply.

The program does not receive federal government support, nor has such support been applied for. The bill means that in conjunction with the federal government further projects can now be undertaken. The federal government under this act will be empowered to purchase lands. Ducks Unlimited would then be prepared to co-operate with the federal government in establishing structures and having its expertise available. So we welcome this bill and we are anxious to have it passed.

● (1430)

I merely wanted to acquaint honourable senators regarding this venture between the Americans and ourselves, which I think is an outstanding one and, I repeat, one where the money comes with no strings attached. The Canadian directors determine where and how the money will be spent, to the benefit of both countries.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Macnaughton moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

[Hon. Mr. Molgat.]

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

SPECIAL MEETING HELD IN WASHINGTON, D.C.

Hon. Alan A. Macnaughton rose, with leave, to call the attention of the Senate to the Special Meeting of the Canada-United States Interparliamentary Group held at Washington, D.C., on July 24, 1973.

He said: Honourable senators, I am appreciative of the fact that you have granted me permission to proceed at this time. Many of the members who went to Washington yesterday are in the house today and these things, it seems to me, should be placed on the record while they are still before the public.

Honourable senators will recall that on July 19 the House of Commons passed a resolution concerning the transport of Alaskan oil down the West Coast of British Columbia and through the Strait of Juan de Fuca. That resolution was unanimously carried. On the following day, July 20, the Senate, in effect, passed the same resolution, which called for an immediate meeting with our counterparts in the United States so that the Canadian Parliament could make known its views on the movement of the Alaskan oil down the West Coast of British Columbia and through the Strait of Juan de Fuca. That resolution, too, was agreed to unanimously. Three days later—that is to say, on July 24—we were on our way, by special invitation of the senators and members of the House of Representatives, through the Canada-United States Interparliamentary Group, to meet and talk with them in Washington regarding mutual problems.

The Canadian delegation was made up of members of the Senate and members of the House of Commons. The members of the delegation from the Senate were appointed by Her Honour the Speaker, and were as follows: Senator Allister Grosart, Senator Grattan O'Leary, Senator Daniel Lang, Senator George van Roggen, and myself. There were 12 members from the other place, appointed by their Speaker.

With leave of the Senate, I should like to place on *Hansard* as an appendix the list of Canadian senators and members of the House of Commons who formed the delegation to Washington, together with the list of the American senators and members of the House of Representatives who met us in Washington.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*See appendix, p. 949.*)

Hon. Mr. Macnaughton: The actual facts of our meeting are fairly simple. We met in a relatively small dining room at 12.30 p.m. It was not the size of the dining room that was so important, but the quality of the senators and representatives from the United States Congress who were in attendance. For example, in attendance as part of the United States delegation was Senator Fulbright, Chairman of the Committee on Foreign Relations and a long-time member of that powerful committee. Others in attendance were Senator George D. Aiken from Vermont, who is a long-time friend of Canada and known to most honourable senators; Senator Frank Church from Idaho,

who previsouly acted as chairman of the Canada-United States Interparliamentary Group and who is anxious to assume that position again when other heavy duties release him; Senator Hubert Humphrey who, as honourable senators know, was a candidate for the presidency of the United States; and many others, all of whom are prominent members of the United States Congress. In fact, the luncheon meeting was sold out and many of those who wanted to attend were unable to do so.

I am glad to say that shortly after the luncheon meeting we retired to a committee room where a new set of senators and representatives were in attendance. Honourable senators will understand that in the last week of congressional affairs votes were being taken, and so forth, and, consequently, the membership of the United States delegation changed as time went on. The net result was that we reached a much greater number of senators and representatives than we normally would have and, therefore, had an opportunity to prove our case to a wider audience. In any event, the Canadian case was outlined by one of us at the beginning.

Honourable senators may ask the reason for this meeting. Members of the United States delegation certainly asked us to explain why we had requested this urgent meeting. For three years the Canadian government has been making representations regarding the deep concern prevalent in Canada on the possibility of an oil spill anywhere in the oceans, but particularly on the West Coast. Your delegation was not quite certain that all of these representations had been brought to the attention of members of the United States Senate and the House of Representatives, and we wanted to make sure that they had, indeed, been brought to their attention. Also, last week in the public press there were various allegations—and they are only allegations, as we found out later—that there were delays in communicating the concern of the Canadian government and ministers vis-à-vis energy and the problems of the environment, and all the rest. We wanted to make sure that if there had, in fact, been such delays, at least they would now be informed.

We wanted to tell them, basically, of the wide concern in Canada generally, and particularly on the West Coast, about the great danger from an oil spill which could easily take place, particularly in the Strait of Juan de Fuca, because it is proposed to bring the Alaskan oil down the West Coast through the Strait of Juan de Fuca, which is 30 miles long. It is true that at certain points the Strait of Juan de Fuca is 10, 15, or 25 miles wide, but there are certain peculiarities, such as weather conditions, tidal conditions, current conditions and the flow of water, which is from south to north, that make this strait particularly vulnerable to sea accidents or disasters. Those conditions make it such that if there was an oil spill opposite the American coast, or even in the American sector of the strait, the oil would not necessarily spread to the American beaches. It would be pushed by currents and winds into the Canadian sector of the strait and on the Canadian shores, thereby affecting Victoria, Vancouver, and the many islands and beaches in that area. The pressure of the tides and winds, and other factors, would probably cause that oil to stay there, unless technology finds means of cleaning it up. At the present time such means have not been discovered.

● (1440)

We referred to their own Rand report, which said that if proper safety measures are taken the possibility of disaster can be reduced considerably. But even the Rand report admitted that one major oil disaster in ten years would be sufficient to spoil that sea coast for many years. So you can understand the concern of the Western people, particularly of Vancouver, Victoria and related parts, at the possibility of disasters in this so-called inland sea.

We referred in passing to the possibility of a Canadian Mackenzie Valley pipeline. We admitted that their government has shown no interest. I think that is the correct way to put it. However, we pointed out that while we were not particularly anxious to build pipelines across the Canadian tundra and all the rest, it was certainly a better way of alleviating the danger and reducing the hazard to the environment than taking larger and larger tankers filled with oil down the West Coast and through the straits, and that therefore, in principle, while we were not in love with that system, we would not object to it.

We pointed out to them that the big American oil companies had shown no particular interest in this proposal. We also mentioned that to undertake the construction of an oil pipeline from the north to the south, down the Mackenzie Valley to the United States border, would mean enormous cost, probably beyond the means of our country at the present time.

We referred to the fact, which is no secret, that we were aware of the difficulties of having legislatures change their legislation once it was passed, or very close to being passed; that that was almost too much to expect.

However, we said our objective was, in effect, limited; it was more limited than a wide open concern. We wanted to concentrate on the threat to the inland sea by the transportation of oil to Puget Sound refineries. We wanted to point out our real concern about the passage through this 130-mile strait, and our concern about the winds, the currents, the tides, and even the fog. It was only a short time ago, as you know, that a Russian trawler ran into a smaller Canadian ship in bright sunlight, when everyone could see what was going on and there was no question of fog. It was due, I am told, to the currents, which pushed the two boats together and resulted, on a very clear day like today, in a collision.

We said that we had not come down there to raise a lot of problems, but to make a few practical suggestions; that we were not there to stop the delivery of Alaskan oil, because we know that is not feasible. We pointed out that there are ways of delivering Alaskan oil down the West Coast, not through the straits but to an open sea harbour farther down the coast, thus avoiding the risk of polluting the straits.

We suggested that being good friends, allies, and trading partners, and considering the record of the Canadian-United States Interparliamentary Group for resolving mutual difficulties together, Canadians would react with great respect and real appreciation if the American Congress showed some understanding of the Canadian attitude.

That is a general outline of what we tried to put across. What are the results? As I say, the luncheon meeting was sold out. The afternoon meeting started promptly at 2 o'clock, and we had to close it at 4.15 p.m. There was tremendous interest. Senators and representatives kept coming in and going out, staying and arguing, presenting their viewpoints, as only Americans can, in their clear and forthright manner. We tried to do the same. We emphasized Canadian concern, and this was pointedly made clear to them by the fact that of the 17 members of our delegation, seven came from the West—six from British Columbia and one from Alberta—and they had a great personal interest in and knowledge of the matter under discussion.

It was pointed out to us that rather than using foreign ships under other flags, which in case of disaster suddenly disappear, large oil tankers constructed with double bottoms and using American crews could, by regulation, be subject to American control. It was emphasized that the United States would exercise complete control over the United States waters in the straits. However, this is no basic answer to the possibility of oil disaster.

We went further—and this is reported in the public press, so it is not confidential—and suggested, although we did not have the authority, that instead of bringing oil by tankers down the West Coast it should be supplied by pipeline through one of the Canadian pipelines that was already delivering oil. We reminded them that the amount of oil needed for this refinery is not large, being only 10 per cent, or even less, of the total quantity they propose bringing down from Alaska to the Cherry Point refinery.

Our suggestion was that they should consider the building of an oil port further down the California coast, so that there would be no question of polluting these straits and creating international problems between our two countries. We suggested that there might even be joint control of certain waters to make sure that Canadian, American and foreign ships were under proper surveillance all the time.

We pointed out to them that the United States had accepted the Stockholm declaration of general principles, one of which was to the effect that one neighbour should not pollute, destroy or trespass in any way on the property of another; that those principles had been accepted by the United Nations and by the United States, and here was a case of action being taken by the United States that could in the future affect Canada and its interests. We discussed energy problems, currency problems, balance of payments, the future of pipelines, and other relevant matters.

It is true that the media—the press, TV and radio—were not present at our discussions, and quite properly so. However, as honourable senators well know, as soon as we got outside the committee room the press, the TV cameras and the radio reporters confronted us, and so we got dissemination of the Canadian point of view across the United States, to say nothing of our own country.

Hon. Mr. Martin: Was Senator Jackson there?

Hon. Mr. Macnaughton: Frankly, I do not know. I was so busy doing certain things.

Hon. Mr. Martin: He is the head of this arrangement.

[Hon. Mr. Macnaughton.]

Hon. Mr. Macnaughton: I cannot answer that. Perhaps Senator Grosart can.

Next, I would like to say a word about the Canadian delegates. All 17 delegates took part, not only once but twice, in a very active and constructive way, if I may so put it, without any rancour but with plenty of emotion. I think it is perfectly clear to a great many American senators and representatives that the Canadians are very disturbed by the possibility of an oil tanker disaster on the West Coast and/or in the straits. There is not any doubt about that.

We had the advantage of listening to two senators, Senators Gravel and Stevens, from Alaska, who did their very best to brainwash not only us but some of their confrères, which is perhaps a little hard on them. Nevertheless, they made a beautiful presentation of their side of the case. I am very glad to say that many of the Canadian senators and representatives attacked that, and at least pointed out the alternative to their arguments which perhaps had not been considered by our American confrères to that date.

● (1450)

In conclusion I should say a few words about the Canada-United States Interparliamentary Group. All parliamentary groups from time to time come under criticism—that they are not active enough, that they are getting old-fashioned, that they undertake only voyages of pleasure or voyages of discovery. This could not be further from the truth if it is said about our visit to Washington. We had a direct confrontation with our counterparts. We discussed everything freely and clearly. It gave us a tremendous opportunity to inform, persuade and, perhaps, even to influence.

As I see it, there are three levels of government. There is the Cabinet, which is responsible for policy and direction; there is the Public Service, with ideas, doing considerable research and carrying out a great deal of the administration; but there is by far the most important, Parliament, which discusses, which reaches decisions and which, in effect, can be the salesman for the policies of the cabinet and the government of the day. We have a special ability to approach our counterparts in the United States as practical senators or members of Parliament, who are subject to public scrutiny. We know what it is to go through the mill, to go through elections. We can speak to our opposite numbers with understanding, and they react to that.

Honourable senators, I do not want to enlarge on the question of environmental leadership, but it is true that Canada and the United States together are in the forefront of leading the world in environmental matters, of suggesting what should be done, and that is based on the tradition of 50 years of co-operation with the great country to the south. It started with the decision respecting the smelter at Trail. Smoke from the Trail smelter was polluting the country across the border, and eventually we were sued and paid damages. That created a precedent. It was followed by the Columbia River diversion, and again damages were collected. Then came the adoption at Stockholm in June 1972 of the general principle that neighbours should be good neighbours and that steps taken by one should not cause hazards to the other.

So we have a long line of co-operation between our two countries. It seems to me that the value of our meeting yesterday does not lie in the immediate results—because things have gone too far, perhaps, to stop the legislative process at this stage—but it does lie in the opportunity we have to go directly to our parliamentary counterparts on matters of great national concern and urgency.

Honourable senators, relationships between United States senators and representatives and Canadian senators and members of Parliament are apt to be on a much more permanent basis than dealings between cabinet ministers, who change from year to year and from government to government. The American senators we know and have known for 15 or 20 years are still there. They are outstanding men, and this personal relationship between us cannot be overvalued. It is my view, in regard to the co-operation between parliamentary members, the cabinet and the bureaucracy in Canada, the Canadian political system can be a most effective weapon in persuading members of other nations to listen to our case.

Hon. Allister Grosart: Honourable senators, Senator Macnaughton has given us a full and comprehensive account of the visit of the Canadian group to our colleagues of the American group in Washington yesterday. He has been extremely modest about his own part in the meeting. It should be said here that Senator Macnaughton took the lead in introducing the subject to our American colleagues. At the luncheon meeting he gave them a clear exposition of the Canadian viewpoint, and a clear understanding of why on this emergency basis we were in Washington as their guests.

On another occasion during the meeting, he intervened to counter some of the arguments that had been put before the meeting by Senators Stevens and Gravel, the senators from Alaska.

Honourable senators will naturally ask whether this trip to Washington did any good. I believe it did. I believe there will be positive results and some fairly immediate results from the few hours of work we did there after a long briefing the night before.

Senator Macnaughton has indicated the Canadian position, the concern Canadians have that if there is a great increase in the number and size of tankers going into Puget Sound, there is the inevitability of some ecological damage at some time or other due to navigational or other mishaps in the sound or in the straits. I think our American friends were more impressed than they had been about the level of concern in Canada. As Senator Macnaughton has said, a large proportion of our delegation was from British Columbia and they put their position in both logical and, at times, emotional terms.

The point was made to our American friends—and I got the impression they appreciated it—that this was more than just an issue of what might happen in respect to the refinery at Cherry Point, that it involved the larger issue of Canadian-American relations. It was pointed out to our American friends that we have a long and good record in relationships between the two countries, and that there was insistence on both sides that we should avoid any possible specific action that would endanger that long-term record. I do not think our American friends were fully aware of the degree of endangerment that this issue has appeared to develop.

I was particularly impressed by the assurances they gave of the safeguards, some of which were mentioned by Senator Macnaughton. They have certainly been aware for a long time that those dangers exist in respect to the ecology of that area.

Their safeguards are very well advanced. They invited us to go 30 miles away to see some of the ships they are building—double-bottom ships, compartmentalized, and with safeguards which at the present time are not in use anywhere in the oil tankerage business. They pointed out—Senator Macnaughton has mentioned this but I think it is worth emphasizing—that under the coast guard regulations these tankers will be under the American flag, manned by American crews and skippers and, therefore, under their complete control. This is a degree of control which it is not possible to exercise at the present time over tankers coming to our coast, the American coast, or any other coast where tankers are under the flags of many nations, some of which are less responsible than others in respect to the possible damage that their operations may cause. They hope that we will accept their assurances that the coast guard navigational and operational safeguards are adequate.

We expressed the view that we would like to see, perhaps, some kind of international control of shipping in that particular area. Honourable senators will be aware, of course, that the waters involved in this discussion, as far as Puget Sound and the straits are concerned, are all national waters.

● (1500)

It was suggested that this was a matter that might be brought under the jurisdiction of the International Joint Commission. This commission, which has been operating for well over 50 years now, is regarded internationally as an outstanding model of joint regulatory control of international waters. At the present time its mandate is limited to inland waters, although I have been told that some other waters have, by special resolution, come under the purview of the International Joint Commission.

I for one feel that this is a matter that the Canadian government should pursue actively, to see whether our American friends would agree to an overall extension of the terms of reference of the International Joint Commission to take in these and perhaps other waters.

There will be some difficulties there, of course, because our American friends will want to include some other waters which at the moment we seem to have appropriated, outside the general purview of international law, as territorial waters. Personally, I believe it would be a very good thing if one of the results of this Puget Sound situation was that we would open up this whole question, and, in Canada, be put in the position of talking a little more realistically to our American friends than we have been about their rights in some waters that have historically been regarded as international, but which we, on a completely unilateral basis, have now decided are national.

This is an annoyance to our American friends and I for one, in supporting the plea which was made on behalf of Canada at this time, was continuously conscious of the fact that, if this is an American irritant to Canada, we

have done more than our share of developing Canadian irritants to our friends in the United States.

I believe that in the last few years there has been a tendency on the part of the Canadian government to forget that there is a necessary *quid pro quo* basis. You give and you receive; if you don't give, you don't receive.

There is general agreement, I believe, that on this matter there has been a substantial breakdown of communications at the government and diplomatic levels between Canada and the United States. Perhaps there is no better proof of that than the fact that at the last minute a group of parliamentarians were dispatched by the Parliament of Canada to see what they could do to solve this problem after the essential bill had been passed by the United States Senate, and was about to be passed by the House of Representatives. There could be no clearer indication that something went wrong somewhere in the communications between the two countries.

I am not at this time going to attempt to lay the blame on one side or the other. There were failures on both sides at the official level—that is, at the cabinet level in Canada and at the executive level in the United States. I believe there were failures on both sides at the official diplomatic level. The evidence is there for anyone to read—charges of last-minute statements by a Canadian minister to clarify something that they kept saying was already clear.

I am not saying that there was failure on the Canadian side to make our position clear, but certainly there was a failure somewhere to communicate our position to our American friends. That to me points up the importance of this kind of "third level" of international communications, as Senator Macnaughton has put it.

Our parliamentary group—I refer to this specific group, but we do have others—has performed a valuable service over the years and can perform a much more valuable service in the future.

I had some hesitation myself, and I expressed it in the chamber when this resolution was before us, that this might not be a proper function of the Canada-United States Interparliamentary Group, because of its tradition of overview once a year or so, here or in Washington. However, I am completely disabused of any reservations I had because, as I said at the outset, there will be beneficial results to Canada and to the United States from this visit.

I am convinced that our American friends will now take another look at the safeguards. I am convinced that they will go even further than they have to minimize the danger of an accident in these waters. I believe that they are going to look again at the possibility of maintaining the status quo of tanker traffic in Puget Sound. It has not been made entirely clear in the press that American tankers are now going into the sound and delivering oil—not from Alaska but from other parts of the world—to the Cherry Point refinery. The Cherry Point refinery was, however, built specifically to handle Alaskan crude, and there will be some difficulty in its handling what is called the "sweet" crude from Alberta. However, we were assured this could be done at some expense, and I believe our American friends will now at least consider the possibility of using that refinery at its present capacity and possibly not route the Alaska oil into Puget Sound. I am not over-optimistic about that, but I am quite sure from some private conversations—corridor conversations—that they are going to look at that.

Our minister, the Honourable Donald Macdonald, made a very clear offer to the Americans. That offer does not seem to have been communicated. It was very much *sub rosa*. No one on either side of the groups in Washington seemed to be fully aware of what the minister had said until it was read out. He said, in effect, that we will consider a guarantee—and that is the word he used—of total supply for a certain period of time through the Trans-Mountain Pipe Line—that is, from a Canadian source—to the Cherry Point refinery. Here is a real alternative.

It is clear from any reading of the documents that there was a misunderstanding on both sides with respect to the Mackenzie pipeline, because over and over again in references to the Mackenzie pipeline the Americans read that as referring to an oil pipeline, while on our side it was intended to mean a gas pipeline. There is clear evidence of lack of precision in the communications on both sides.

One of the American senators—I think it was Senator Stevens—made what I thought was a very good point. He said, "This is not an 'either/or' business. It is not either the Alaskan oil tanker route down the coast or the all-Canadian Mackenzie pipeline." He said that we can have both. We have enough oil up there in reserves, and we are going to bring it into production in due course. There will be enough oil and enough demand for oil for a pipeline down the Mackenzie to carry at capacity, and for the tankers going down the Pacific coast to operate at capacity.

Our American friends, giving us extremely well-documented figures, certainly gave me the impression that the potential for oil production in our Northwest, as well as in the American-Alaskan north, is much greater than we have been led to believe. One hopes that this is so, because some of the discussions did tend to suggest that this was an alternative question: Will you please use the Mackenzie pipeline rather than the Alaska pipeline?

● (1510)

As Senator Macnaughton has said, our group, even the most concerned of our West Coast members, were careful to make very clear that we were not, at this late date, opposing the 800-mile Alaska pipeline. What we were concerned about was where the first land terminal would be after the oil left Alaska.

I should pay a tribute not only to Senator Macnaughton, who led our group and who was a real leader and organizer, but to all the other senators who played such an important part. I was quieter than usual on this occasion, because I did not have the expertise that some of the other members had, and it has been suggested that that may have helped the discussions to be as successful as I think they were.

Hon. Daniel A. Lang: Honourable senators, I had not intended making any remarks this afternoon, but having listened to Senator Macnaughton and Senator Grosart, I felt that I might be able to say something additional of interest to the Senate. In particular, I want to add my comments on Senator Macnaughton's chairmanship to those tendered by Senator Grosart. I have never known

anyone who could chair a delegation as Senator Macnaughton can, under circumstances of rush and considerable strain, and in an area and milieu which was, to say the least, really quite uncertain as to potential effects, results or reactions. I cannot speak too highly of Senator Macnaughton's performance in that role, and I know that such success as we did have is due in very great measure to the way he handled our meetings. This was also evidenced by the way our opposite numbers reacted to him. The manner in which they did clearly indicated the high regard in which he is held.

I should point out that in Washington yesterday we did not have the kind of case to put forward of which, in a comparable situation in the law courts, I would welcome being the advocate. It was not exactly a cut and dried piece of business, and it is very important that we should realize that. We were, in essence, down there to protest against the United States carrying oil in tankers from the United States over the high seas through United States coastal waters to a United States port. In other words, honourable senators, we were protesting a perfectly valid objective, a wholly legal undertaking of the United States. Our case was based totally on the danger from pollution which we might be exposed to because of Canadian territorial proximity to United States coastal waters. We were putting that forward in face of the fact that we not only permit but encourage such large-scale tankers to unload at our own ports on the East Coast, including Quebec City.

The Americans, of course, and as usual knew our case and were quick to latch on to the weaknesses inherent in our argument. Notwithstanding that, we received a sympathetic reaction—I might even say an appreciative reaction. I came away convinced that what we had accomplished was this, that they would explore every avenue to avoid, or at least to minimize, the dangers that this traffic might pose for Canada.

One point I should like to repeat, because I think it is important to understand it, is that of the total Alaska oil moving by tanker from Valdez, only 10 or 20 per cent will go into the Cherry Point refinery adjacent to Vancouver and through the Strait of Juan de Fuca, the balance going to California and southward. We are not talking about a tremendously large movement of oil. Our only concern is with the movement of that oil off the high seas and after it enters United States territorial waters to the Cherry Point refinery.

I think that, by narrowing our opposition to that specific area, we gained the sympathetic response of our opposite numbers, which might not have been the case had we simply attacked them on the general basis of West Coast oil transportation by tanker.

Honourable senators, for me—and here I am sure I am speaking for other members of the delegation as well—the exercise was an education. Today, particularly in the area of energy supply and consumption, Canadian latent anti-American feelings tend to rise to the fore, and we are inclined to try to make the Americans scapegoats for all our problems, including pollution and monetary problems.

We must now be particularly careful, especially in this area of energy demand and supply. Undoubtedly, as between our two countries, the control, transportation and utilization of North American energy resources is going to be the most delicate interface that we will be experiencing. But it is with understanding and knowledge that we must approach these problems.

I am not particularly overjoyed when our Secretary of State for External Affairs says, as he said last night on television about these matters, "We are just beginning to fight." I know that fighting will get us nowhere, but can cost us very dearly not only economically, but in terms of our own credibility and esteem.

We should remind ourselves that the eastern part of this country is supplied by oil delivered to the State of Maine by tankers from Venezuela, then transshipped by pipeline through the United States to Montreal. We should also remind ourselves that our western oil coming into central Canada comes via Interprovincial Pipeline for hundreds of miles right through the northern United States to Sarnia and Windsor. Therefore, honourable senators, this is not a game for amateurs or for those with emotional or political axes to grind. It is a game to be played by those with cool heads and, as I said, knowledge and understanding.

To illustrate this point, I should like to recite—and here I shall try to avoid being too specific—an incident which occurred yesterday and which I thought was very telling. One of our opposite numbers, a member of the House of Representatives, rose and spoke to us in a very personal and emotional way about a problem in his recent experience. He told us that in his immediate neighbourhood, with a population of perhaps 75,000 persons, few if any will be able to heat their homes with fuel oil this winter. This potential tragedy in the United States is neither imaginary nor ephemeral; it is real. This man and his neighbours are not located in Florida or California, but near here on the south shore of the St. Lawrence River.

● (1520)

I should also inform hounourable senators that the oil heretofore consumed by this neighbourhood is Venezuelan oil, which arrives in Montreal from a State of Maine port by pipeline. It arrives in bond for Canadian transit to the area in question. The shortage now facing these people has been imposed, albeit involuntarily, I assume, by the restrictions on oil "exports"—I put that word in quotes—recently imposed by the National Energy Board. If it had been oil supplied for just one or two years, it might be one thing. If it had been oil that was produced in Canada and exported, that might be another. Both of those conditions are bad enough, but this is foreign oil in transit through Canada in bond for delivery in the United States, and has been so supplied to that area for some 10 years or more. That is another matter.

Now, that might be considered a minor matter—minor except for those affected—but it is an instance of bureaucratic nonsense that can destroy all the good relations and good will built up by Senator Macnaughton and his group, and others, over the years, and could cost us billions of dollars somewhere else—on the Pacific coast, in the Northwest, or elsewhere.

I mention this incident mainly in the hope that it will point up the extreme sensitivity that we must exhibit now and during the coming years of scarcity in this whole area of energy supply. We must deal with the United States with sympathetic understanding of their needs and in full

knowledge of the nature and extent of the increasingly critical situation they are facing.

Honourable senators, yesterday's exercise was indeed useful. I am hopeful that an increase in tanker movement into the Cherry Point refinery may never materialize. If that tanker movement does not increase, it will be due to a great extent to the work of the group chaired by Senator Macnaughton and the good will that such activities generated amongst our colleagues in Washington. I am very happy to have been there.

Hon. Mr. Forsey: Honourable senators, I wonder if I might ask Senator Macnaughton a question. Was the matter raised of having the tankers go around by the high seas, rather than the Strait of Juan de Fuca? I understood there was some question of that being raised at some time, and I wondered if it was taken up yesterday?

Hon. Mr. Macnaughton: Can you specify which high seas? Do you mean down the West Coast in the Pacific Ocean?

Hon. Mr. Forsey: Yes.

Hon. Mr. Macnaughton: Yes, it was mentioned that from Valdez, which is the port of departure, the tankers should go out into the sea, avoiding the inland passage, to a port beyond the strait.

Hon. Mr. Grattan O'Leary: Honourable senators, I had intended to offer a few footnotes to what has been said here this afternoon but, as every reader of history knows, footnotes often do more to cloud than to clarify. In any event, the report presented by Senator Macnaughton was so clear, so good, so accurate and the philosophical conclusions which he derived from what he said so good, that it is hardly necessary for me to say anything at all.

I would, however, like to mention that we were told before we left here yesterday that our mission was impossible. We were told by the *Globe and Mail* this morning that our mission was a failure. Honourable senators, a situation which enables the legislators of Canada to go to Washington and be welcomed there by the leaders of the United States Senate and the House of Representatives can hardly be termed a failure. When we can go to Washington and be met there by men such as Hubert Humphrey, Jacob Javits, Frank Church, and J. W. Fulbright, the Chairman of the Committee on Foreign Relations, when such men greet you and are eager to hear your story and spend hours of a busy day, with the bell constantly ringing for votes and more votes, listening to your presentation, surely, in a world such as we live in today, we cannot dismiss that as failure.

I think our mission was, indeed, a success. We did convey to the members of the American Congress information which, I am sorry to say, they did not have before, or did not have completely. At least, that is what they told us. We met some very able debaters. I was tremendously impressed by the debating skill of the senators from Alaska. However, that did not detract from their fairness. The presentation commenced by Senator Macnaughton and continued by Senators Lang and Grosart was objective, fair and competent. Churchill once said that it is better to jaw, jaw, than to shoot, shoot; and I deplore with Senator Lang the statement appearing in the newspaper this morning, "We have just begun to fight." This problem will not be solved by the language of warfare, but by men of good sense and goodwill sitting down together and endeavouring to reach a solution which will be of gain for our two countries.

This is a North American problem and I for one believe that the final solution will be a continental energy policy. I know there are those who run away from this idea. Well, honourable senators, we have a continental defence policy, and energy is closely identified with defence. If we can have a continental energy policy—which is really what we were discussing yesterday and what it all got back to—we can establish such a policy in connection with energy and the transport of oil in the face of navigational and other dangers.

● (1530)

These are things to be settled, surely, by reason. It might be that the International Joint Commission act could be amended to bring these problems, such as the navigational problem, within the jurisdiction of the commission. Elihu Root, the then United States Secretary of State, sat down years ago with a member of the Canadian government, the Honourable William Pugsley, and drew up the terms of reference of the International Joint Commission. Some said it was impossible, but it has worked. It might well be that with a continental energy policy we could work changes in the International Joint Commission act, and do other things whereby we can solve the question to the advantage of both countries. That is what we should aim for.

To have diplomats, whether young or old, saying, "We have just begun to fight," is nonsense, and dangerous nonsense, solving nothing. We should have more meetings, such as the one held yesterday, with people who, after all, write the laws of the Congress and, therefore, of the United States. These things, in the end, are bound to bring benefit.

I must again congratulate Senator Macnaughton. As a Canadian I was proud yesterday to sit among the leading men of the United States, and hear Senator Macnaughton make the presentation on behalf of Canada. It was eloquent, forceful, lucid, good in every respect. I was proud of him, and I think our American neighbours were proud to have a neighbour such as Senator Macnaughton.

The Hon. the Speaker: As no other honourable senator wishes to participate, this inquiry is considered as having been debated.

THE LATE RIGHT HONOURABLE LOUIS STEPHEN ST. LAURENT

ANNOUNCEMENT OF DEATH OF FORMER PRIME MINISTER

Hon. Paul Martin: Honourable senators, I have just been informed by Senator Lamontagne that the Right Honourable Louis St. Laurent, the former Prime Minister, has died.

[*Translation*]

The Right Honourable Louis St. Laurent, former Prime Minister of Canada, has died. I think the house should adjourn until tomorrow afternoon at two o'clock. I, therefore, move the adjournment of the house.

[*English*]

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 942.*)

SPECIAL MEETING OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

UNITED STATES SENATE DELEGATION

Gale W. McGee (Dem., Wyo.), Chairman of Senate Delegation
J. W. Fulbright (Dem., Ark.), Chairman of Committee on Foreign Relations
Frank Church (Dem., Idaho)
Edmund S. Muskie (Dem., Maine)
Hubert H. Humphrey (Dem., Minn.)
Mike Gravel (Dem., Alaska)
Dick Clark (Dem., Iowa)
Joseph R. Siden, Jr. (Dem., Dela.)
J. Bennett Johnston, Jr. (Dem., La.)
George D. Aiken (Rep., Vt.)
Jacob K. Javits (Rep., N.Y.)
Carl T. Curtis (Rep., Nebr.)
Ted Stevens (Rep., Alaska)
William B. Saxbe (Rep., Ohio)

HOUSE OF REPRESENTATIVES DELEGATION

Hon. Thomas E. Morgan, Co-Chairman (D.-Pennsylvania)
Hon. John C. Culver (D-Iowa)
Hon. Pierre S. du Pont (R-Delaware)
Hon. Frank Horton (R-New York)
Hon. Harold T. Johnson (D-California)
Hon. Abraham Kazen, Jr. (D-Texas)
Hon. Peter N. Kyros (D-Maine)
Hon. Richard W. Mallary (R-Vermont)
Hon. Robert C. McEwen (R-New York)
Hon. Lloyd Meeds (D-Washington)
Hon. William J. Randall (D-Missouri)
Hon. Henry P. Smith III (R-New York)
Hon. Samuel S. Stratton (D-New York)
Hon. John B. Anderson (R-Illinois)
Hon. Jonathan B. Bingham (D-New York)
Hon. Donald M. Fraser (D-Minnesota)
Hon. Philip E. Ruppe (R-Michigan)
Hon. John P. Saylor (R-Pennsylvania)
Hon. Morris K. Udall (D-Arizona)

CANADIAN DELEGATION

Senate:

Hon. Alan Macnaughton, P.C. (Lib.—Quebec), Co-Chairman
Hon. Allister Grosart (P.C.—Ontario)
Hon. Daniel A. Lang (Lib.—Ontario)
Hon. M. Grattan O'Leary (P.C.—Ontario)
Hon. George van Roggen (Lib.—British Columbia)

House of Commons:

Mr. Robert McCleave, Deputy Speaker (P.C.—Nova Scotia), Co-Chairman
Mr. J.-J. Blais (Lib.—Ontario)
Mr. Jack Cullen (Lib.—Ontario)
Mr. Len Marchand (Lib.—British Columbia)
Mr. Paul E. McRae (Lib.—Ontario)

Mr. T. C. Douglas (N.D.P.—British Columbia)
Mr. Randolph Harding (N.D.P.—British Columbia)

Mr. Eudore Allard (S.C.—Quebec)

Mr. Peter C. Bawden (P.C.—Alberta)
Mr. Walter Baker (P.C.—Alberta)
Mr. John A. Fraser (P.C.—British Columbia)
Mr. Donald W. Munro (P.C.—British Columbia)

Staff:

Mr. Peter Dobell
Ms. Jean Macpherson

Political Parties:

Lib., Liberal
N.D.P., New Democratic Party
S.C., Social Credit
P.C., Progressive Conservative

THE SENATE

Thursday, July 26, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE LATE RIGHT HONOURABLE LOUIS STEPHEN ST. LAURENT

TRIBUTES TO FORMER PRIME MINISTER

Hon. Paul Martin: Honourable senators, for the second time in seven months we mourn another distinguished Canadian who served Canada as Prime Minister. The Right Honourable Louis Stephen St. Laurent was born February 1, 1882, and died July 25, 1973. Even these cold statistics reveal something of the greatness of Canada's twelfth Prime Minister.

Respected and admired throughout Canada as a brilliant lawyer before he entered politics, he became equally respected and admired as the leader of his country, and as a worker in the cause of both Canadian unity and North Atlantic collective security. He was a firm believer in the United Nations.

Louis St. Laurent's is a unique career, for until the age of 59 he had never played an active part in politics. In the thirties he had been one of Quebec's leading lawyers, and President of the Canadian Bar Association, as the Leader of the Opposition knows, because I believe the Leader of the Opposition was one of Mr. St. Laurent's law students when the latter taught at the University of Laval Law School in Quebec City.

When war was declared in 1939, Mr. St. Laurent became counsel to the Rowell-Sirois Commission on federal-provincial relations. Nevertheless, in 1941 he was asked by the Prime Minister of the day, Mr. King, to enter the field of government, and for the duration of the war years, as the Minister of Justice, he was also the successor of Mr. King's trusted Quebec lieutenant, Ernest Lapointe.

Louis St. Laurent, however, was no one's successor for long. Instead, like other great men, he cut his own path. He took a leading part in the constitutional, judicial and political development of Canada. He sought agreement with the provinces whereby constitutional amendments could be made in Canada rather than through the action of the British Parliament.

He was instrumental in the evolution of the Supreme Court of Canada to its present status as the final court of appeal. If, in the former, his hopes were never realized, he was nevertheless able to take pride, as we all are, in the accomplishment of the latter, as well as in the part he played in the negotiations that led, during the time that he himself was Prime Minister to the entry of Newfoundland into Confederation.

His proposal for federal-provincial fiscal relations was undoubtedly among his greatest achievements and one of his great contributions to Canadian unity. The old age pension became universal under his government and much of the social legislation we now have was introduced by the St. Laurent administrations.

In what one might call "the St. Laurent period," Canada, more than any time before or since, became an important force in international affairs. As Secretary of State for External Affairs after the war—the first man to hold that portfolio, apart from the occupant of the office of Prime Minister—he led Canada away from its pre-1939 quasi-isolation. He told me himself that it was in San Francisco when the charter of the United Nations was adopted in 1945, that he became convinced that he could contribute something vital to world peace, and it was there that he committed himself to that goal.

Clearly supported by Mike Pearson and others, including myself, who had long been urging a more active international role for Canada, he took an active part as deputy chairman of the Canadian delegation to the founding United Nations Conference at San Francisco, and subsequently led the Canadian delegation, of which I was privileged to be a member, at sessions held in London in January of 1946 and in New York in the autumn of that year.

Mr. St. Laurent was among the first to enunciate the concept of collective security that grew into the North Atlantic Treaty Organization.

As Prime Minister he continued to support the international role of Canada by placing this country's armed forces at the service of the United Nations during the Korean conflict, and it was he, together with Mike Pearson, who supported my efforts at the United Nations in 1955 to have the membership of that body enlarged to include nations which had previously been excluded from participation in that world body.

Mr. St. Laurent worked for unity in Canada and for peace in the world. He identified the two and said they were related; only to the extent that we were a united nation would we be able to make a contribution to unity outside our own borders.

His efforts, crowned by recognition during his lifetime both from his own and from other countries, will continue to bear fruit for Canada and for the world and for a long time to come. His memory will remain with us, not only with those in government who served with him but with those who have lived the years following the Second World War.

He was always humanely thoughtful of people. It was this which he was able to transfer into a feeling of responsibility for the whole Canadian family.

Louis St. Laurent was truly a great Canadian; to many, one of our greatest statesmen. Mackenzie King called him the ablest man who ever sat in a Canadian Cabinet. I was privileged to serve with him in Cabinet when he was

Minister of Justice and later Secretary of State for External Affairs. I was honoured to be invited to serve in his two governments. Like many others who knew him well and who are in this chamber, my respect and I am sure their respect and admiration for him was such that we found it difficult to address him other than as Mr. St. Laurent or as Mr. Prime Minister. But he was a family man and a grandfather and to millions of Canadians he was affectionately and simply known as "Uncle Louis."

[*Translation*]

The Right Honourable Louis St. Laurent was, according to all Canadians who have known him, one of the great Prime Ministers of Canada. After a particularly brilliant law career, in 1941, at the pressing invitation of the Right Honourable Mackenzie King, and at the cost of great personal, family and professional sacrifices, he agreed to enter public life. That was in 1941, after the death of his great friend, the Right Honourable Ernest Lapointe, another distinguished Canadian.

It was also during the Second World War, at a crucial moment in the history of our country, when national unity was threatened by the need to intensify our war effort.

Having performed his noble mission, once peace was restored, he wished to return to private life. But, once again, he was submitted to the pressures of a large number of Canadians, particularly those of his Prime Minister, the Right Honourable Mackenzie King, who begged of him to stay in the service of his country and take over.

And so, Mr. St. Laurent became Prime Minister of Canada in 1948. There is no need to enumerate here, in detail, the great tasks with which he was directly associated. Still, mention should be made that, on the international level, he took an active part in setting up the United Nations and NATO, as well as in restoring peace in the Middle East at the time of the Suez crisis.

On the national scene, Mr. St. Laurent made a very great contribution towards launching Canada in the contemporary era. He completed the work of Confederation in successfully leading the negotiations that brought in the tenth province of our country, Newfoundland. Several major social measures, such as the universal old age pensions plan and Medicare, were introduced in Parliament by his administration.

He was responsible, in particular, for ending fiscal arrangements, effected first of all in 1941; it was he who suggested in 1955 new arrangements whereby all provinces were put on an equal footing, and who affirmed, for the first time in our history, the equalization concept, in order to help the underdeveloped provinces.

Senator Lamontagne, who at that time was one of Mr. St. Laurent's advisers in these matters, is unavoidably away today.

It is also Mr. St. Laurent who drew up the basic principles of a federal cultural policy, who implemented them in establishing the federal grants system to universities and in creating the National Arts Council. He set forth these principles in 1956 when he stated:

> First of all, our action at the cultural level must be aimed at strengthening regional cultures, particularly the two main cultures of Canada, so that they may radiate all over the land, and not at weakening them in order to produce a unique and uniform culture.
>
> Secondly, our cultural development, in all its aspects, must be left as much as possible to private initiative.
>
> Thirdly, the state must help and encourage individuals and private groups . . . but it must never, for any reason whatever, control them and take away their freedom of action.

These great principles, originally enunciated 17 years ago, continue to inspire the federal policy on culture.

As we can see, Mr. St. Laurent was, both at the international and national levels, a precursor, an innovator who still inspires those who have succeeded him.

As all great men, he always remained always a humble and simple man. He was a true statesman fully dedicated in the service of his country, but at the same time he never ceased to deeply love his family. That family has lost its beloved leader. In the name of all honourable senators and in my own name, I extend my deepest sympathy to them in this cruel loss. Their loss is also Canada's loss since, with the death of Mr. St. Laurent, whatever may be our political affiliation, whether we are French-speaking or not, our nation loses one of its most distinguished citizens who dedicated the best years of his life to the service of his country, to the service of the common good.

Hon. Jacques Flynn: Honourable senators, the passing at the venerable age of 91 of the Right Honourable Louis St. Laurent causes more melancholy than sadness.

This death brings back into actuality a most attaching personality, an exceptional career in law and public life and a time which already seems remote.

Louis St. Laurent was first, and during 35 years, a great lawyer whose advice was sought by governments and corporations. His colleagues recognized his competence by electing him President of the Bar of the province of Quebec and subsequently President of the Canadian Bar Association and finally, in 1949, by appointing him honorary president for life of this association.

I made his acquaintance at a time when the practice of his profession was his sole preoccupation but this did not prevent him from teaching commercial law at Laval University which I had the benefit of following. This is how I had the opportunity of appreciating both the great dignity and simplicity of this man of noble race.

His entry in politics, in the fall of 1941, was due to the death of the Right Honourable Ernest Lapointe. Louis St. Laurent was then 59—an age when one more often than not retires from rather than enters politics. He accepted as a duty the invitation of Mackenzie King to join his cabinet as Minister of Justice and as representative of the province of Quebec. At that time, conscription was the main concern and most members from Quebec were irrevocably opposed to it. In spite of their insistence, Louis St. Laurent refused to adopt the same attitude and went to the people of Quebec-East in February 1942 while reserving the right to take on this subject the positions which he would think best in Canada's interest. In spite of that very courageous, although clearly unpopular, position he took he was elected.

After the war he thought of going back to his law firm but Mr. King, as the Leader of the Government said earlier, insisted that he accept the office of Secretary of State for External Affairs, the first man to hold that office which Mr. King had always chosen to assume himself. That was in 1946. Two years later, after being elected head of the Liberal party, he succeeded Mr. King as Prime Minister.

The Leader of the Government mentioned the main events and main accomplishments of his career as head of the government. There is no doubt that thanks to him Canada's reputation at the international level developed significantly. In domestic affairs Louis St. Laurent proved to be chiefly a conscientious and methodical administrator. In the House he always had the respect of his opponents and the admiration of everyone.

It is very characteristic of Louis St. Laurent that after the election of June 1957 when his party won seven fewer seats than the Conservatives he did not elect to cling to power and decided to retire with dignity and no bitterness.

In the years that followed he went back to the practice of his profession, deliberately choosing to stay away from the political field. The only statements he allowed himself to make were to reaffirm his faith in the Confederation of Canada and good understanding between the two founding nations of this country.

Nevertheless, he kept an interest in politics. I vividly remember the kind letter he sent me when I was appointed Minister of Mines and Technical Surveys.

● (1420)

[*English*]

Honourable senators, unity, harmony, and hope: that is what Louis St. Laurent represented. He was a man whose entire adult life was dedicated to one of the worthiest of causes—Canada. He laboured to make this land great. He laboured with incredible energy and zeal, and his every noble effort was characterized by the same honesty and objectivity.

Louis St. Laurent was the perfect gentleman—kind, thoughtful, and fair. His profound wisdom, his depth of understanding, his sincere respect for the institution of Parliament, won him the undying respect and admiration of his political opponents.

[*Translation*]

The Canadian people will remember forever Louis St. Laurent because they owe him a lot.

To his three daughters, to his two sons and to all his relatives, I extend on behalf of the Opposition, my most sincere and heartfelt sympathy.

[*English*]

Hon. John J. Connolly: Honourable senators, in the wisdom and foresight of Divine Providence there are times in the life of a nation when great men emerge to confront circumstances of national crisis. The years of the late war represent one of those times, and Mr. St. Laurent was one of those men. Sure, firm judgment, complete integrity and courage were the qualities that were postulated by those times. All the resources of the nation, human and physical, were committed to that desperate struggle. Mr. St. Laurent's participation was not only to provide leadership in his native province of Quebec; he also had a major role to play in the consolidation and direction of the whole national war effort. He played both roles to the full.

Among giants—and in perspective it is right to say that many of his colleagues were giants—he too was a giant. The record testifies to the immensity of his personal contribution.

After victory was achieved, he was to preside over the reconstruction of Canada in peace. If war had transformed Canadian society and the Canadian economy, as it did, when he became Prime Minister at the relatively advanced age of 66, with the immense burden of responsibility, his policies provided the leadership, the integrity and the confidence which were needed in the new national order.

His policies enlarged Canada; they enriched the quality of Canadian life.

As Prime Minister he also found himself directing national affairs, as Canada began to build a new and emerging role internationally. To the test that this presented, he responded with great success.

I recall being in London in 1959, at a conference convened under the auspices of NATO, and meeting Robert Schuman, the great French statesman of that time. With complete spontaneity, as we met, he put his hands on my shoulders and said, "How is Mr. St. Laurent? You know, of course, that without him and Mr. Pearson the NATO organization, the great shield of the West, would not have been. It is thanks to them in great measure that we are here for this conference."

Mr. St. Laurent came onto the national, and indeed the international, stage relatively late in life. He came at a time when most men are thinking of retirement, as the Leader of the Opposition has said, and he gave his immense energies and abilities to the problems of public life wholeheartedly and generously. He had already established for himself a reputation at the bar. Among the great lawyers of his day, men like Tilley, Geoffrion and Lafleur, he, too, was great. His vision for his profession was not restricted to the great constitutional or commercial briefs which were entrusted to him. He saw the law and his profession as a force in Canadian society which could help weld the nation together. Sir James Aikin had established the Canadian Bar Association in 1914. There was some reluctance at the bar of Quebec that full participation in the work of CBA, particularly with the vexing problem of the desire for greater uniformity of law, might lead to a submerging, a smothering, of the institutions and traditions of the Civil Law of Quebec.

Mr. St. Laurent in 1920 joined the Canadian Bar Association and immediately began to preach the importance of its work. His judgment was that there would be no downgrading of the Civil Law, but rather an harmonious development between the two legal systems, the civil and the common, for the advantage of both and for the benefit of the nation. No one now doubts that his judgment has been completely vindicated.

As Senator Flynn has already pointed out, in the early days of CBA he was president and he, along with the Right Honourable R. B. Bennett, are the only two persons

to whom the honour of honorary life president has been awarded.

Everyone who knew Mr. St. Laurent personally or, indeed, by reputation thought of him as a kind person and a great gentleman. He was more than that. He had a courtly bearing and demeanor which elicited the respect and admiration of all. He was the epitome in his day of a great Canadian. It is hard to compare him to others. Perhaps in public life his personal qualities, his capacities and his demeanor were reminiscent of Laurier who, too, was magnetic and a great man which Canadian society threw up for his time.

In the St. Laurent blood there was both the gallic and the gaelic strain. Like Laurier, in his early days he was formed by the environment of the mixed community of the Eastern Townships of Quebec, a community which was mixed not only on a racial but on a religious basis. Both men emerged from this community the incarnation of the finest Canadianism.

Mr. St. Laurent's problems were greater and more complex than those faced by Laurier. Mr. St. Laurent served the people of his country and, indeed, of other countries magnificently in his day and time. He carried into retirement and now he carries into history the respect, perhaps the reverence, and certainly the affection of his fellow countrymen. He might not have sought this status. But in this mantle and with a full heart, the people of Canada have enveloped him.

[*Translation*]

TRAVEL ARRANGEMENTS FOR SENATORS TO PAY RESPECTS

Hon. Leopold Langlois: Honourable senators, I wish to inform you that the official funeral ceremony for the late Right Honourable Louis St. Laurent will take place in the Basilica in Quebec City at 10 a.m. Saturday, and that the funeral procession will leave the National Assembly at 9.30 a.m. Arrangements have been made for the transportation of honourable senators from Ottawa to Quebec City. A special Air Canada flight on board a DC-9 aircraft will be chartered for this purpose. The departure will be from Uplands Airport at 7.45 a.m. Honourable senators will have to arrange for their transportation between their places of residence in Ottawa to Uplands Airport, but return transportation between the airport and the Basilica in Quebec City has already been arranged and honourable senators will not have to worry about it. The plane will leave Quebec at approximately 12 noon on Saturday, and will arrive at Uplands Airport at about 1 p.m. Honourable senators will have, upon arriving in Ottawa, to make their own transportation arrangements between the airport and their homes. There will also be another flight for senators who want to travel from Montreal to Quebec City, rather than Ottawa. Senators who expect to be leaving either from Ottawa or Montreal are requested to report to Mrs. Leblanc, one of the secretaries of the Government Leader, Honourable Senator Martin, this afternoon, if possible, or tomorrow morning at the latest. The sooner, the better. I believe that these arrangements will meet honourable senators' requirements. I am sure that they will avail themselves of them.

[*English*]

• (1430)

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report by the Textile and Clothing Board, dated June 15, 1973, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the Textile and Clothing Board Act, chapter 39, Statutes of Canada, 1970-71-72, respecting cotton yarns.

Copies of Agreement in principle on joint Federal-Provincial Transportation Development Program in Northern British Columbia.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow at 11 a.m.

Motion agreed to.

FISHERIES DEVELOPMENT ACT

BILL TO AMEND—THIRD READING

Hon. Chesley W. Carter moved the third reading of Bill C-4, to amend the Fisheries Development Act.

Motion agreed to and bill read third time and passed.

CANADA WILDLIFE BILL

THIRD READING

Hon. Alan A. Macnaughton moved the third reading of Bill C-131, respecting wildlife in Canada.

Motion agreed to and bill read third time and passed.

EDUCATION

FEDERAL SUPPORT FOR POST-SECONDARY EDUCATION—DEBATE CONTINUED

The Senate resumed from Tuesday, June 5, the adjourned debate on the inquiry of Senator Hicks, calling the attention of the Senate to the importance of federal government support for post-secondary education in Canada and the relations between the Government of Canada and the governments of the provinces concerning the universities of Canada.

Hon. Margaret Norrie: Honourable senators, the problems encountered by our Canadian universities in the financing of post-secondary education are complex indeed. On the subject there have been a great many opinions and debates since about 1910. Recent speakers on this subject, Senators Henry Hicks, Eugene Forsey and Fred Rowe, are all renowned educationalists, and I have listened to their comprehensive and learned opinions with profound interest and respect. However, I would like to add a few of my

own observations, gleaned from articles I have read and stimulated by the interest that I have in the subject.

Social consciousness has been aroused to the point where financial barriers are being viewed as unacceptable hurdles to entrance into post-secondary education, and in fact the validity of any restriction is being questioned. In the 1960-70 decade we were faced with a rapidly rising demand for high level manpower, and we were faced with the need to accommodate a rapidly rising demand for places in post-secondary institutions. Canada was experiencing higher levels of unemployment, and everyone was saying that one must get a university education to find a job and be secure. Family incomes were greater, enabling more youth to take advantage of higher education. At this time Britain boasted publicly financed post-secondary institutions, as did other European nations to a somewhat lesser degree. These filled Canada's manpower needs. As a result, Canadian engineering and graduate studies in sciences were encouraged by heavy expenditures in these fields by governments.

Predicting future demand for specialized occupations is very risky speculation. Many factors can interfere in the natural and regular routine of national affairs. The first can be, of course, strikes; secondly, economic failures; thirdly, conflicts such as wars; and fourthly, a shuffling of priorities.

Economic upsets, such as the closing of highly technical plants, have stunned the nation's specialists by leaving hundreds of Ph.Ds jobless and floundering. In considerations of the public support of post-secondary education, it is estimated that in 1980-81 close to $5 billion—in terms of 1969 prices—is required for operating expenses. This will represent an increase of 184 per cent over the $2 billion in the operating costs incurred during the 1970-71 academic year, as stated by Stephen G. Peitchinis, Ph.D, Professor of Economics at the University of Calgary.

The question arises, of course: can the Canadian taxpayer meet the rapidly rising costs of education, which are predictably higher than the expected rate of national income? There are some other legitimate sources that need a big slice of the taxpayer's dollar—for instance, health care, social assistance, urban transportation, roads, pollution, public housing, law and order, and so on. Inevitably, choices will have to be made from time to time.

● (1440)

The "quality of life" we desire, or a "just society" or "social equity," whatever we may call it, is bought at the expense of some other resource, which momentarily has to be juggled around to the spot with highest priority.

During the 1960-70 decade, the rate of increase in public revenue allocated to post-secondary education exceeded substantially the rate of increase in total public revenue. The decision of the public authorities to pursue a spending policy, which caused increasing shares of the available resources to go to post-secondary education, shows the high priority given by them to this social activity. But it cannot go on forever and will inevitably drop—maybe below that rate.

Lord Robbins in Britain responded to a similar question in this way:

[Hon. Mrs. Norrie.]

> Whether we have them [the expenditures] or not is a matter of choice. It is not a question of any technical or economic inability to achieve them.

Hon. Mr. Martin: Pardon me, who said that?

Hon. Mrs. Norrie: Lord Robbins. We must search for alternative ways which will enable post-secondary institutions to continue to satisfy the social need for post-secondary education. In order to maintain high quality programs, the educationalists must increase the efficiency of their operations and find alternative sources of funds, which is no small task.

Periodic imposition of financial constraints weeds out the inefficient, and compels the potentially efficient to demonstrate their administrative capacities. I think the Maritime universities have developed well over the years doing this very thing.

The alternative source of funds is, of course, the student—harsh as this may sound. However, the student cannot be burdened with extra costs. It follows, therefore, that the application of such a policy will have to be preceded by arrangements designed to give potential students access to the necessary funds. An appropriate system of grants or loans can be recommended.

In going back over a few highlights in our Canadian history involving the federal government in post-secondary education, we see the federal government was involved in educational activities prior to 1910, and federal assistance to post-secondary education can be traced in a continuous sequence of programs from that time. Ontario and Quebec have significantly objected to the federal government's participation in financing post-secondary education. Some provinces have benefited much less than other provinces under grants and shared-cost programs.

As you all know, B.N.A. Act section 93 of the B.N.A. Act states:

> In and for each Province the Legislature may exclusively make Laws in relation to Education—

That was in 1867. But does "education"—in the context of the period when the Constitution was formulated—include universities? The debate has revolved around this issue.

Royal Military College was not challenged on constitutional grounds because it was founded for means of defence in 1876.

In 1937, Mr. Paul Martin introduced in the other place a resolution calling for the establishment of a program of national scholarships.

Hon. Mr. Martin: 1937?

Hon. Mrs. Norrie: He acknowledged that the provinces had responsibility for the universities, but argued that the term "exclusively" was not so restrictive that the federal government could not extend assistance to the provinces for a particular purpose.

The Massey Commission was more specific. It declared that, although universities were to be included under section 93, there were several closely related areas for which federal assistance was not only constitutionally permissible but socially necessary.

Since 1957—meaning the Massey Report—the issue has continued to focus on the appropriate scope and nature of federal involvement in post-secondary education.

The success of the veterans' rehabilitation program has been cited frequently in support of continuing demands for a "system of national scholarships" to help students meet increased costs and overcome the financial barrier to further education. At that time the federal government paid tuition fees, maintenance of student veterans, and also made direct grants to universities for operating costs. Thus it represents the initiation of federal financial assistance to operating costs of universities. The implications of the veterans' program focused popular attention directly on the universities and on their financial problems.

The strong arguments in favour of federal government assistance to post-secondary education are listed:

(a) Responsibility for defence.

(b) Provision for agricultural legislation. Agriculture was greatly in need of a helping hand at that time, and it still is.

(c) Federal responsibility for trade and commerce.

(d) In the "national interest". As a note of explanation here, Mr. Louis St. Laurent emphasized, when introducing the per capita grants program in 1951, that "it is in the national interest . . .to assist the universities to perform functions which are quite essential to the country."

(e) Financial limitations of the provinces.

(f) Equality of opportunity. Considerable apprehension was voiced that only students from higher income families would be able to pursue studies in universities.

(g) Interprovincial student mobility. The universities of some provinces had not yet developed professional schools of sufficient size and quality to accommodate all students in their provinces who wished to enter professional programs, necessitating that they seek admission in other provinces.

The last decade has witnessed an unprecedented explosion in post-secondary education for the following reasons:

1. Higher standards of living welcome higher education. That is to say, more highly trained manpower was necessary.

2. Increase in birth rate.

3. Increased immigration caused an upsurge of the 18-24 age cohort.

Between 1960-61 and 1969-70, university enrolments increased in the various provinces as follows: Newfoundland, 317 per cent; Alberta, 293 per cent; Prince Edward Island, 178 per cent; Manitoba, 162 per cent; Saskatchewan, 162 per cent; Ontario, 137 per cent; New Brunswick, 137 per cent; Nova Scotia, 144 per cent; British Columbia, 156 per cent; Quebec, 76 per cent.

Two-thirds of non-government funds were student fees, a substantial proportion of which are met from government student grants. In 1969-70, provincial grants to students amounted to $88 million. Grants from federal councils, departments and agencies to graduate students reached $29 million.

The evidence appears to indicate that a substantial proportion of that burden is in fact borne by governments, so it seems that the 13-24 per cent which students appear to contribute is actually in large part from government grants. In 1967-70, post-secondary institutions have become public institutions; 85 per cent of their operating costs and about 95 per cent of their capital expenditures are being met from public revenues.

● (1450)

Between two-thirds and three-quarters of the projected increase in operating costs of universities is accounted for by the projected increase in enrolment. Thus, the projected increase in all universities of 212 per cent between 1970-71 and 1980-81 is reduced to a small percentage when account is taken of the projected increase in enrolment.

Therefore, a very substantial deceleration in the rate of increase in costs is anticipated during the current decade. Universities must economize in many ways. Some do much better than others according to ability of management and presidency. Some recommend very strongly that provinces give serious consideration to the establishment of procedures which will ensure the minimum of duplication in specializations and programs for which demand is relatively low. Also, a greater effort should be made for interprovincial co-operation on the issue.

Specialization within regions, particularly in some professional programs, will be a very effective way of reducing costs and probably increasing the quality of programs.

There is an article in the Regina *Leader-Post* on the necessity of reviewing the role of universities and colleges in Canada. The article refers to Dr. J. A. Corry in these words:

> Dr. J. A. Corry, former principal of Queen's University at Kingston and a distinguished authority on Canadian university administration, has suggested that universities are due for a change in objectives which would place more emphasis on their undergraduate teaching role, and reduce their involvement in graduate studies and research. Dr. Corry told the Association of Universities and Colleges of Canada in a recent address that at least some part of the financial difficulties experienced by many universities can be attributed to going overboard to beef up graduate studies and research activities, often at the expense of staff and facilities made available for undergraduate work. In fact, this trend may have contributed to 'turning off' thousands of young people for whom the pursuit of a degree has lost its charm.

The article goes on:

> Part of the blame for the swing of the pendulum in Canada away from undergraduate degree preparation and short-term vocational preparation certificate programs can be laid on the doorstep of government, and to a certain extent of academics on campus. When governments make large sums of money available for applied research in the physical and social sciences and indicate that projects are to be staffed by graduate students and professors, who can blame the universities for assent?

In 1969-70, cost per university student ranged between a low of $2,597 in New Brunswick and a high of $4,171 in Ontario.

It may be good advice for universities to work harder to increase their enrolment, thus reducing costs by having their facilities filled to capacity. The development of excellence should be encouraged whether it is demonstrated by individual students, by individual programs or by individual institutions.

Another area where economy can be exercised by our post-secondary administrators is in the field of research. It is impossible to determine the rationale on which assistance for various programs is based and there is no evidence of an effort to co-ordinate the activities of the multitude of federal, provincial and institutional agencies engaged in the provision of assistance for research activity.

I do realize a certain amount of research is beneficial to graduate students. Research funding has increased greatly and it may be that the whole problem should be handled by a commission which would involve as members the National Research Council, the Medical Research Council and the Canada Council.

Through all these problems the federal-provincial conflict is very much an issue, and constant debate takes place.

In his report, "Financing Post-Secondary Education in Canada," commissioned by the Council of Ministers of Education of Canada, Professor Stephen G. Peitchinis quoted the following comments by three outstanding Canadian political leaders, which manifest the nature of the federal-provincial conflict on the issue. According to Professor Peitchinis, Prime Minister L. B. Pearson put the federal case in the following way:

> Education is, under our Constitution, a matter of provincial jurisdiction. The federal government does not dispute this ... At the same time, education is obviously a matter of profound importance to the economic and social growth of the country as a whole. This is particularly true of higher education. Apart altogether from the general interest in fostering equality of opportunity for Canadians ... the federal government has specific and particular responsibilities to which higher education is relevant ... the federal government accepts primary responsibility for employment and economic activity generally in the country. We recognize that provincial governments share our concern in these matters and pursue these common aims in the conduct of their own affairs. It is, however, the responsibility of the federal government to devise and apply national policies and measures that are necessary to ensure that the economy of Canada will continue to expand and will become increasingly productive, in order that there may be full employment and an increasing level of prosperity for all our citizens. The preparation of our young people for productive participation in the labour force of the country is a matter of vital concern to all Canadians. We have also to keep in mind that young people of a particular province do not necessarily receive their education and training in their home province, and that people, after graduation, do not necessarily live out their lives and take up employment in the province where they received their education. These facts affect the burden of costs that falls upon the different provinces.

[Hon. Mrs. Norrie.]

Professor Peitchinis said that a characteristic provincial view was expressed by the Premier of Quebec, the late Mr. Daniel Johnson, when he said:

> ... that system which takes the form of a transfer of certain tax points is surely a more acceptable way of eliminating the confusion created by past formulas and indicates in that respect that the federal government is coming back to the spirit of the Constitution ... But the Federal Government knows, as we do, that Quebec cannot accept (the more profitable 50%— of operating costs option), as it implies a right of interfering with the spending process and therefore the administration of post-secondary educational institutions.

As quoted by Professor Peitchinis, John Robarts, when he was Premier of Ontario, declared that:

> Ontario does not agree that federal participation in the field of higher education requires its direct involvement with the universities in a system of grants. Direct federal grants not only complicate but often contradict the long-term arrangements and priorities of our Department of University Affairs in dealing with our universities. In Ontario, we would prefer to distribute public funds among our universities on the basis of our own assessments and criteria, rather than have part of such assistance paid directly to our universities on the basis of a national formula.

Honourable senators, these are vital viewpoints.

Dr. Peitchinis ends his penetrating analysis by indicating that the last figures available, 1968-69, show that post-secondary institutions spent $1,113 million on operating costs, that $620 million or 55.5 per cent of that came from Ottawa, that the provinces provided $240 million and therefore provincial educationalists should not complain that post-secondary education is costing them excessively, and that the federal government is now paying the lion's share of the public subsidies to post-secondary education but is exercising no control on how the money is spent because education is a legislative responsibility.

Dr. Peitchinis's recommendations are extreme and I will not go into that part of his report, but his research is interesting and is valuable for those who will be making the decisions in financing post-secondary education in the future.

On motion of Hon. Mr. Molgat, debate adjourned.

● (1500)

BUSINESS OF THE SENATE

On the Motion to Adjourn:

Hon. Mr. Martin: Honourable senators, before moving the adjournment, I think I should advise you, as I have already advised the Leader of the Opposition and Senator Macdonald, of the situation that might develop between now and tomorrow morning when we will convene at 11 o'clock. The House of Commons is now about to debate the bill concerning the Olympic Games, which has to be dealt

with one way or the other before Parliament rises—if and when it is going to rise—in order that the Olympic Games administration in Montreal may proceed with their work. When that bill will come to us I cannot say with any certainty, but I have had some indications that we may expect it either this evening or early tomorrow. At any rate, whenever we get it, it is important that we should deal with the bill one way or the other, particularly if there is a likelihood that we will not be coming back for some time. I should add that the question as to whether or not we will be coming back for some time is something that at the moment only God knows, and I am sure that He has not been taken fully into the confidence of all honourable gentlemen in the other place.

What will happen after that bill has been disposed of in the House of Commons is a matter for conjecture, but I still remain optimistic. Beyond that I do not want to go, for the simple reason that I do not know what will happen. However, I shall keep Senator Macdonald fully informed.

I think the wisest course for us to follow is to adjourn until tomorrow morning when we will be able to deal with the bill to which I have referred, if we have it, and when we may have some indication as to what is to happen to Parliament in the days following.

I thought I had better give you that information so that Senator Deschatelets can get together with the rolling phrases which he normally uses when introducing a bill, and so that Senator Asselin can prepare himself for a great literary effort, under the guidance and supervision of Senator Macdonald, the Acting Leader of the Opposition, in whom, as in his leader, we have nothing but confidence and for whom we have the utmost admiration.

I move the adjournment of the Senate.

Hon. Mr. Deschatelets: Honourable senators, may I ask the Leader of the Government if we may take it for granted that the bill concerning the Olympic Games is the only bill we can expect to receive from the House of Commons?

Hon. Mr. Martin: I think that is the only bill, unless the amendments to the Criminal Code should come to us before 6 o'clock tomorrow evening. However, I do not think that will happen. I like to leave that little proviso in there so as not to give rise to too serious an objection later.

Hon. Mrs. Norrie: What has happened to the Crop Insurance Act?

Hon. Mr. Martin: I believe it is still in the stage of legislative incubation.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, July 27, 1973

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Capital Budget of the Freshwater Fish Marketing Corporation for the fiscal year ending April 30, 1974, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1973-1822, dated June 29, 1973, approving same.

BUSINESS OF THE SENATE

Hon. Paul Martin: Honourable senators, I will be asking shortly for an adjournment of the house at the call of the Chair. I am led to believe that some understanding has been reached in the other place with regard to the disposition of the bill dealing with amendments to the Criminal Code. It is not likely that we shall be faced with that bill before we return from the period of adjournment, which will be some time from now.

There are only two measures that we could have before us some time during the course of this day. One of those is the bill dealing with the provision for the Olympic Games, and I believe we shall have at least that bill before two o'clock.

Last night the Committee of the Whole in the House of Commons made unexpected progress with the hijacking bill, and because of the urgency of that bill it is conceivable that it will be through the other place and before us today. However, on that I cannot speak with any assurance at all.

At any rate, I suggested this morning that in order to meet the problem facing both houses a request might be made that the normal period of questions in the other place be postponed until later this day, and I am happy to say that I have just received word that the Question Period has been at least transferred from the usual hour of eleven o'clock to twelve o'clock, it being a one-hour period, if not waived for the day. I am informed that they will be proceeding with the Olympic Games bill forthwith. So it is possible that we shall have that bill by noon or, hopefully, before one o'clock.

That is all I can report at the moment. I now propose that we adjourn to the call of the Chair at some time between now and two o'clock.

The Senate adjourned during pleasure.

At 12.05 the sitting was resumed.

OLYMPIC (1976) BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-196, respecting the 1976 Summer Olympic Games.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Jean-Paul Deschatelets moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be read a second time now.

He said: Honourable senators, I understand that time is of the essence, so I shall try to be as brief as possible. Let me say at the outset that I have given to this bill a thorough analysis and if there are any questions in its regard it will give me great pleasure to try to answer them.

In starting my remarks I should like to remind honourable senators that as soon as the Olympic Games were allotted to Montreal, Mayor Drapeau stated and restated on many occasions, first, that these Games would be staged without extravagance, secondly, that these Games would be self-financing—meaning that he was not expecting any direct contribution from the federal government, if proper legislation were passed by that government—and this is the purpose of the bill before us.

In the past, honourable senators, coins and stamps have been sold on the occasion of the Olympic Games, but this will be the first time that the sale of coins and stamps will finance entirely this world event.

Last November, COJO—which is the organization that has been formed under the Quebec Corporation Act—submitted a budget to the federal government. This budget was carefully examined, and all in all the expenditures involved in the holding of these Games were found to be reasonable for the kind of structures planned for these Games. Under the COJO budget the total cost of these Games will amount to $310 million, of which $250 million will be for capital costs and $60 million for operating costs. It was felt, after an analysis by officials of the federal government, that the $60 million for operating costs seemed low, and that a figure of $82 million would appear to be more accurate. So, as a result of this budget analysis, $332 million was considered by federal government officials to be a fair estimate of the total cost of the Games, excluding the cost of the Olympic Village which might qualify under the regular program of the Central Mortgage and Housing Corporation.

Turning now to the revenue side, it was on this item that there was a discrepancy between the figures submit-

ted in the COJO budget and the opinion expressed by officials of the federal government. COJO expects revenues of approximately $18 million from ticket sales, TV rights, and so forth. This was found to be a reasonable expectation. The balance of the revenue must be obtained from the sale of commemorative coins and stamps. COJO expects to obtain $250 million from the coin sales which, of course, is the main and key item in its budget. I should inform honourable senators that $230 million was raised by sales of commemorative coins for the last Olympic Games, held in Munich. It should be noted that of this amount 90 per cent was subscribed in Germany and only 10 per cent in other countries. The house will recall that it is with respect to this item that federal government officials expressed the opinion that these sales might not exceed $100 million, rather than the anticipated $250 million, because in their opinion the size of the German and Canadian markets cannot be compared.

● (1210)

As far as the sale of stamps is concerned, COJO expects a net revenue of $10 million, which is considered to be a fair estimate. The lottery is expected to raise $32 million, which again is considered to be a reasonable target.

The fact that COJO cannot rely under the provisions of this bill on any direct contribution from the federal government, before, during or after the Games will no doubt induce COJO to organize this event within the limit of the budget they have presented. The federal government, as honourable senators know, has made it very clear from the outset that it will not accept responsibility for any deficit. The City of Montreal, the Government of Quebec and COJO have accepted the clear attitude of the federal government in this regard. They have given their assurances in writing on the understanding that the required legislation now before us is passed. It would be desirable that these three long letters be taken as read and printed as an appendix to the *Debates of the Senate* of this day. I hope honourable senators will agree to this, because it would make the presentation more comprehensible.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

(*For text of correspondence see appendix pp. 971-972.*)

[*Translation*]

Hon. Mr. Deschatelets: Honourable senators, this bill makes five distinct provisions, with regard, first of all, to coins; second, to stamps; third, to a lottery; fourth, to the establishment of an Olympic Account in the accounts of Canada; and fifth, to tax exemptions for individuals and companies wishing to contribute to COJO.

We are going to examine briefly how things will work if the bill is passed. The Royal Canadian Mint will strike $5 and $10 coins. These coins will be put on sale in Canada and abroad. They will bear the respective dates 1973, 1974, 1975 and 1976. In fact, they should go on sale in the fall, if, of course, this bill is passed.

It goes without saying that the federal government will maintain complete and sole responsibility for the production and merchandising of the Olympic coins and stamps. The costs of production and promotion will be deducted from the proceeds of the sale of these items, and the profits will go to COJO, because, as I said earlier, an account will be opened for COJO in the accounts of Canada, and all production costs that may be incurred by the federal government will be debited to COJO, in the Olympic account, while the net revenues for COJO will be also credited to this account. It goes without saying that the federal government will take the full and entire responsibility for the production and merchandising of the coins and stamps.

I would now like to give you a very concrete but brief idea of how this will work. I must, however, warn the honourable senators that the figures I am going to use are rough approximations. They are used only to give you an example of how this mechanism will operate.

If the production of a $5 Olympic coin costs, for instance, $2.50 and if sales and promotion expenses as well as the cost for distributing these coins amount to 10¢ each, the total cost of production and sales expenses will then be $2.60, which means that the difference, that is $2.40 for this $5 coin, will then be paid to COJO on the account opened for this purpose. This is how the mechanism will operate. But again I want to remind honourable senators that the figures I mentioned, about the cost of production, are approximate. This must still be established.

I inform honourable senators right away that clause 5(3) provides—and this is important—that $450 million will be the maximum total amount of all Olympic coins issued or sold under the present legislation; that is to say, should there be such a strong demand in Canada and abroad as to reach $450 million one day, this will then be the maximum amount under the provisions of this bill, above which the federal government will not issue any coins.

There is also clause 11 (5) according to which the total amount of payments which could be made to COJO under the present legislation will not exceed $260 million, which means that in the federal account, over the years before the Olympic Games take place, whenever an amount of $260 million will have been paid to COJO under the direction of the Minister of Finance, then it will be finished, according to the present legislation, and this amount will not be exceeded.

I also draw honourable senators' attention on what I consider as the key clause of the whole mechanism of the Olympic coins. This is clause 4 (1), which I believe I should quote, because it is very short and reads as follows:

> Subject to this section, a tender of payment of money in Olympic coins is a legal tender if it is made for payment of an amount not exceeding twenty dollars, but for no greater amount.

The English version translates the words "pouvoir libératoire" to "legal tender." As far as I am concerned, I cannot do otherwise but make the act say exactly that. The fact of the matter is that we are not dealing here with medals but coins, in five- and ten-dollar denominations, that will be put in circulation. Those coins will be legal tender. This means that they will have the same power as the twenty-five cent piece in my pocket. That being so, it also means that if someday, having a five-dollar coin in

my pocket, I take a cab and the fare runs up to around $2.50, I can, under the law, offer that Olympic coin of $5, which is "legal tender," and so pay off my debt to the driver.

The same goes if I run up a bill of $19.70 for groceries. I could offer two Olympic coins of $10 each and hope to get in return the difference between $19.70 and $20. I want this to be well understood because until now there has been talk of medals in some areas. These will be coins and because of this, I say this is the key clause in the whole Olympic Games financing bill.

This, of course, could offer interesting possibilities to those who will be in charge of the sales promotion.

● (1220)

[*English*]

Honourable senators, as far as the stamps are concerned the same accounting system will be in effect. It is expected that $32 million will be derived from the sale of stamps, and after the analysis was made this was found to be a reasonable estimation. Whether for the coinage or for the stamps, the payments out of the account of COJO will be made on the authorization of the Minister of Finance.

Pursuant to clauses 13(1) and 13(2) of the bill, detailed reports respecting the COJO account will be made to Parliament not later than May 1974. In other words, it is compulsory that detailed reports be made to both Houses of Parliament by the Minister of Finance and the Postmaster General covering the operations of the COJO account. There is also provision in the bill for detailed reports every six months after May 1974 until the completion of the Games.

The bill provides that a lottery may also be authorized by COJO, or one of its agents, in the province of Quebec or in any other province which gives its approval for such a lottery. Again, I should like to make it perfectly clear that the federal government will have no responsibility whatsoever with respect to the organization of these provincial or interprovincial lotteries.

Following the practice at previous games in other countries, the local CBC organization will have to provide all the facilities for radio and TV commentators, and so on. It is believed that a sum of about $25 million will be required for these activities.

Another area is that of security, of course. As Canada will be the host of about 9,000 foreign atheletes and officials, 4,000 representatives of the international news media, heads of state, and hundreds of thousands of visitors, and in order to prevent harassment or threats of violence from subversive groups, it is clear, as I am sure everyone will agree, that the federal government has a direct responsibility in this field. It is felt that an amount of approximately $27.5 million will be necessary to co-ordinate the protection provided by the local Quebec police, the RCMP, and even the Canadian Armed Forces.

[*Translation*]

Honourable senators, the government, as well as all the departments concerned, intends to implement special programs in all the provinces of Canada, to promote amateur sport for the 1976 Olympic Games. It is expected also that several million dollars will be spent on this program which will last from the present time until the Olympic Games are held. I would like to say, however, that the aim of the various departments is not so much to prepare athletes for international competitions; rather, the program will be far-reaching involving institutions, colleges, CEGEPs and universities, so that our young people will have access to sports facilities under the guidance of specialized coaches. I think you will admit that this money will be well spent.

Now, honourable senators, I told you earlier that I had considerably shortened my explanations, but I hope that I have given the essentials of this bill. I repeat that we must not forget that in Munich the sum of $230 million was raised through the sale of commemorative coins and stamps, and only 10 per cent of that amount came from outside Germany.

In concluding I think that I can honestly and sincerely tell you what my attitude is towards this proposed method of self-funding, which, in my opinion, is most original and opens new prospects. I must say that, all things considered, I am not fully in agreement with the results of the analysis made by the federal government's officials, who set a limit of about $100 million on the proceeds to be obtained from the sale of Olympic coins and stamps, and I will tell you why.

Until now, there has never been an Olympiad financed solely by the sale of coins and stamps. It must also be said that up until now only rich nations had access to the Olympic Games. That is a situation that seems abnormal to me. I think that the Olympic ideal is to allow those Games to be organized so that middle-size nations will have access to them. I think that is where the challenge of the self-financing of the Games takes on a very interesting dimension. In the past, and I think I am well informed, governments hosting the Games assumed astronomical deficits. So if the 1976 Olympic Games are organized as they should, I think that the self-financing will be a success. But I put down two conditions. This proposed self-financing must be carried out in an aggressive and bold manner not only in Canada but in all countries participating in those Olympic Games. I think it is possible. Furthermore, I think that if there is to be a deficit it will be very small, particularly if these two conditions I mentioned earlier are met.

The first one is this: It behooves COJO and the City of Montreal to keep the total cost of those Games within $332 million. I must say that for the Olympic Games I looked into in the past 10 to 12 years this amount of $332 million is the smallest ever forecast for the cost of facilities and the total cost of the Games.

I set out another condition under which it is possible to self-finance the 1976 Olympic Games. It has to do with the organization of sales in all participating countries. I say readily that the 1976 Olympic Games do not concern only Montreal, do not concern only Canada but it is also the moral responsibility of all countries because over 125 countries will be sending their athletes here in the hope of being proudly represented.

I think there are two points of views to be considered here: the athletic success and the financial success.

Success in sports is a sure thing, for in the past all participating countries contributed to it with their ath-

letes. But I say that it is not enough. I suggest that all the foreign countries that will send their athletes here have the moral obligation to help in promoting the sale of Olympic coins and stamps, especially if they want the financial results to be in accordance with the sports' results. It is not in the interest of any country to organize Olympic Games and to find itself afterwards face to face with tremendous deficits. I think that there lies the challenge for the next Olympic Games. I hope that the COJO will find sale possibilities in all foreign countries. I hope that it will put them in the hands of local sports organizations in France, in the United Kingdom, in Germany and everywhere so as to make them understand that they also have a moral responsibility in the financing of those Games, either by selling coins and stamps or by helping to promote their sale.

Honourable senators, needless to say, during the next three years, tremendous efforts will be made to draw the attention of young Canadian people, not only to the idea of representing Canada in international competitions, because I do not think that that is the only object of Olympic Games, but to arouse in young people throughout the world the love of sportsmanship. I believe that in a country like Canada where it is always being said that young people are trying to find their feet, that they are looking for an ideal—well, perhaps this bill will help to solve in this country many problems of incomprehension among our young people.

Honourable senators, in concluding, I do not hesitate to say—and I carefully considered this bill and its implications—that I am convinced that self-financing will succeed in supporting those Games, but do not forget that the only request that the federal government received from the Mayor of Montreal and from COJO was to give them an instrument to start and promote the sale of coins and stamps—and that is exactly what we are doing today.

As I was saying, COJO will only have to set up a good sales promotion program aimed at the whole world so that not only Montreal, Quebec, the Canadian provinces and the whole of Canada shall help to finance these Olympics. I suggest, since this is a new thing, that all the participating countries have a moral obligation to insure not only the athletic success but also the financial success of these Olympic Games.

I have nothing else to add for now. If you have any questions, I will try to answer them the best I can. However, I know, honourable senators, that you shall join me in wishing to COJO the best of success.

● (1230)

Hon. Martial Asselin: Honourable senators, I want first of all to congratulate Senator Deschatelets who reviewed in a clear fashion the various provisions of the bill now before us. It may come as a surprise to him, following the remarks I am about to make, to discover that I do not agree with all the points he brought up. In any case, I want to provide my contribution because I want to try to give the opinion of the Opposition on this bill which is very difficult to study; to me any way, it is not clear and leaves room for confusion.

As Senator Deschatelets said, the primary purpose of this bill is to help finance the Olympic Games which will be held in Montreal in 1976.

I do not like the term "self-financing" used by Senator Deschatelets, as this self-financing of the Olympic Games will be done in three major ways: the issue and sale of commemorative coins, the printing and sale of commemorative stamps and the creation of a national lottery.

Honourable senators, I must tell you right now that the Conservative Party indicated from the beginning that it favoured the idea of the bill as, in our opinion, the 1976 Olympic Games in Montreal will not be an event which will be of benefit to Québec only; it is a national event which will directly or indirectly benefit Canada as a whole.

It is obvious that if we read the committee's report we might find that our members made things difficult by demanding explanations about the way the federal government intends to help finance the Olympic Games, but even though they introduced amendments in committee it does not necessarily mean that we are opposed to the bill. Moreover, most of our amendments have been accepted by the ministers who sponsored the bill. We only wanted to improve the bill, to make it more efficient and clarify some inconsistencies with regard to making good the deficit that is bound to be incurred.

When speaking about making good the deficit, the Mayor of Montreal said on several occasions that there would be no deficit. In its financial analysis, the government of Quebec foresees a deficit. The advisors of the federal government, of the Treasury Board, estimated at certain times that the deficit which will be incurred for the organization and the maintaining of the Olympic Games will amount to $172 million. Moreover, if all those people think there will be a deficit, we must ask the following question: who will make up this deficit, if there is one?

The Olympic authorities claim that they will be able to receive an amount of about $250 million from the sale of coins. Then, when evaluating this amount, the following facts were not taken into account.

● (1240)

[*English*]

Honourable senators, clause 3 of the bill calls for silver coins of $5 and $10 denominations to be minted for the years 1973 to 1976 inclusive, and these coins are to be legal tender at face value. The profit on the coins will amount to roughly 60 per cent, which will mean a profit of $3 on a $5 coin and $6 on a $10 coin, the proceeds of which will be given to the Olympic organizing committee.

Clause 6(1) deals with the issue and distribution of special commemorative postage stamps and postal related products by the Postmaster General. The price of the postage stamps will be at the legal rate for postage plus an additional surcharge fixed by the Postmaster General with the approval of the Governor in Council. It is not yet known how much the stamps will sell for or what the profit margin will be, but the revenue which will be given to the Olympic organizing committee is the net revenue derived from the surcharge and that from the stamp used for collecting purposes, as well as the net proceeds from the sale of postal related products as determined by the Postmaster General.

Honourable senators, it costs approximately 50 cents per 1,000 stamps for printing, yet the mailing of a regularly stamped letter, including handling, sorting, transportation and delivery, costs the Post Office eight cents. Thus the Post Office could not afford to offer any more financial assistance to COJO without incurring another deficit.

Reference is made in the bill to lotteries. For this purpose the pertinent provisions of Part V of the Criminal Code will be suspended in order to allow the Olympic organizing committee or its agents to conduct a lottery. Under regulations made by the Governor in Council all provinces will be given the right to approve or disapprove the lottery. Apparently, however, the provinces will have no part in setting the terms and conditions governing the operation of the lottery. This, honourable senators, abrogates the powers allocated to the provinces in Part V, section 190 (6) of the Criminal Code, whereby provincial lotteries are allowed to be conducted in provinces. The wording of Bill C-196 provides only that the provinces can set the conditions with respect to the length of time the lottery can operate within its boundaries. Provision is included in the bill to allow the participating provinces a commission. If the proceeds of the lottery are used for the purpose of providing financial assistance to the Olympic Games the province will receive an as yet undisclosed amount to promote the development of some other sport in the province.

It is well known that many objections have been raised by various groups against lotteries. It is thought by many that this method of raising revenue will result in the money of the poor financing the Olympic Games. In my opinion the government, by proceeding in this manner, will be imposing an indirect tax. It is not certain that the provinces will agree to a system of lotteries within their boundaries. The Province of Manitoba has already stated that it will not participate. Furthermore, we cannot at the moment evaluate the amount of revenue such a national lottery would provide for the Olympic organization. We can only establish the financial contribution of the federal government.

A study of the bill emphasizes the confusion which has so far surrounded the Olympic Games. For example, on January 9 the honourable member for Fraser Valley West inquired of the Minister of National Health and Welfare whether the government had yet reached a decision in connection with future financial participation in the Montreal Olympics in 1976. In reply the minister informed the honourable member that the Montreal Olympics were not under his jurisdiction. The question was then asked of the Minister of State for Urban Affairs, who replied that the position had not changed from that stated previously by the Prime Minister in the House. On January 18 the honourable member for Joliette inquired whether the federal government was prepared to grant financial assistance to ensure the success of the Olympic Games. The Minister of State for Urban Affairs replied that the government's position had not changed, and added: We have had some requests of a non-financial nature from the organizing committee which I have indicated are being considered by the government. Also, on January 25, the Right Honourable member for Prince Albert asked whether the Prime Minister could give assurance that Canada

was not going to make a contribution to the Olympic Games. Prime Minister Trudeau replied that there would be no special assistance, no special financial aid, from the federal government to Montreal or to COJO for the holding of the Olympics.

● (1250)

On February 3 the Prime Minister stated that the federal government through CMHC could spend between $26 million and $54 million on the Olympic Games. In addition, he estimated there would be an expenditure of approximately $20 million for increased costs for security, customs and immigration. Further, the CBC would provide basic television service at a cost of $25 million.

Let us look at some more inconsistencies which were demonstrated in the House of Commons concerning this topic. On August 15, 1972, Prime Minister Trudeau wrote a letter to Mayor Jean Drapeau expressing his concern over the financing of the Games. In this letter he referred to the statement of February 24, 1972, that the Games would cost only $124 million. Mr. Trudeau then claimed that, in the absence of any detailed estimates from the committee, it was necessary for the federal government to undertake its own review of capital operating costs. He suggested that the capital operating costs could be more than those estimated, and could reasonably be set at half a billion dollars.

Serious consideration must be given to providing security for the 1976 Games. After the violence which erupted in Munich in 1972, the important role of the security forces cannot be underplayed. In Mr. Trudeau's statement to the House on February 2, 1973, he estimated the cost of maintaining the security staff, which will consist of RCMP, Armed Forces and Customs and Immigration personnel, at approximately $20 million. However, in Bill C-196 there is no mention of security financing or who will bear the cost.

I wish now to refer to capital operating costs, which were mentioned by Senator Deschatelets. Senator Deschatelets gave us the correct figures that represent the capital operating costs, but I am sure he will also admit that there is a difference between the estimate of costs made by COJO and Mayor Drapeau in Montreal and that of the President of the Treasury Board when they analyzed the financial costs of the 1976 Olympic Games.

Having said that, Montreal will be the host city for the 1976 Olympic Games. It was a Canadian decision to nominate Montreal as the representative Canadian city to be the host for the 1976 Olympics. The honour went to Montreal on behalf of Canada, and therefore the honour of holding the 1976 Olympic Games is national. The Games will not belong to any particular city or region.

[*Translation*]

Even after the bill was adopted by the Commons committee there were still some doubts in the mind of the President of the Treasury Board with regard to the possible deficit—because there will be a deficit. What then will be the federal government's commitment? The President of the Treasury Board, according to an article in the *Montréal-Matin* of Thursday, July 26, 1973, said he wanted assurances. I quote from that article as follows:

Mr. Charles Drury, President of the Treasury Board, promised he will obtain from Prime Minister Robert Bourassa, from Mayor Jean Drapeau and from the General Director of COJO, Mr. Roger Rousseau, the written assurance that they are satisfied with the Olympic financing bill and that neither of the three parties intends to request a financial contribution from the federal government if COJO should meet a deficit as feared by the federal authorities.

Of course, I will not take up the arguments put forward in the House of Commons by the member for Matane and the NDP members to the effect that the money which would be used for the Olympics could be used to organize amateur sport in Canada and also for housing development. But as stated by Senator Deschatelets, I think this is a national event and in view of the fact that we have been chosen to receive the 1976 Olympic Games the federal government should have the assurance, since it said that no deficit would take place, that the parties involved will be able to secure the money required for those Games to be a great success.

As I said earlier, if I am taking up those contradictions which surrounded the bill in the other place it is because I want to demonstrate that the Canadian public is entitled to know in advance what will be the precise contribution of the federal government in the organization of the Olympic Games.

Hon. Mr. Martin: It is clear.

Hon. Mr. Asselin: It is not clear at all in the bill.

Hon. Mr. Martin: Not in the bill but the government's position is clear.

Hon. Mr. Asselin: The government's position is clear; it says that it will not make up any deficit. But we have, of course, had experience in the past of an event held in Montreal, which incurred a large deficit, and in that case the federal government was forced to intervene. Senator Martin would perhaps be surprised if I told him that if there were a deficit I would not be against its being met by the federal government, since this is a national event. Personally, I would not be against it. But what I wanted to say was that this bill, of course, is aimed at providing several sources of funds for the Olympic Games, so that the deficit may be smaller; now, the federal government has said that it would not meet the deficit, but why, still, this hesitation on the part of the President of the Treasury Board who states: Even if we did say that, we still want written assurances from the Mayor of Montreal, the Premier of Quebec and the COJO authorities that if there should be a deficit, it will not have to be met by the federal government.

So I say that as a result of this confusion that has prevailed in the relations between the federal government, Mayor Drapeau and the province of Quebec over how the deficit could be met, as members of the Opposition, we rejoice at having this occasion to make our country better known, through the Olympics, to many athletes who will come and visit us. Senator Martin should not take my remarks as reflecting criticism or opposition to the Olympics. But, since it is the role of the Opposition to search for deficiencies in the bills and indicate them to the Senate, I think it was our duty to make the remarks we made this morning.

After all, we are in favour of the Olympics. We say that it is a bill which gives rise to confusion, but nevertheless we wish every possible success to COJO. We hope, honourable senators, that all Canadians will be able to benefit from such an important event.

[*English*]

Hon. Mr. Martin: Honourable senators, I propose that we adjourn now until two o'clock. We will, I hope, have royal assent some time today, assuming that the Senate examines, with the care it will want to, whatever measure might still come before us. I have spoken with the Leader of the Opposition regarding this, and he concurs in the suggestion that we adjourn now until two o'clock.

I understand there will be at least one more speaker on Bill C-196. If we take this adjournment it would perhaps give us an opportunity to see what the situation ahead is.

Hon. Mr. Deschatelets: May I ask the government leader if there is another honourable senator who wishes to speak?

Hon. Mr. Martin: Yes.

Hon. Mr. Deschatelets: There is one?

Hon. Mr. Martin: There is at least one.

Hon. Mr. Deschatelets: Otherwise it would take me just two or three minutes to deal with some of the points raised.

Hon. Mr. Martin: I know, but I made a commitment to the Leader of the Opposition that we would adjourn at 1 o'clock and return at 2 o'clock. I wish to respect that commitment because of the very co-operative way in which he has responded to this situation.

Hon. Mr. Connolly (Ottawa West): I think this will be agreeable to everyone in the house, but I would suggest that the Leader of the Government now arrange to have the person who is to adjourn the debate stand and do so.

Hon. Mr. Martin: That is right, he will have to adjourn the debate.

Hon. Mr. Connolly (Ottawa West): Until later this day.

Hon. Mr. Martin: Yes.

Hon. Mr. Macnaughton: Is it the desire of honourable senators that the debate be adjourned at this moment?

Hon. Senators: Agreed.

On motion of Senator Macnaughton, debate adjourned.

The Senate adjourned during pleasure.

• (1400)

At 2 p.m. the sitting was resumed.

Hon. Alan A. Macnaughton: Honourable senators, regardless of what is generally thought of Mayor Drapeau of Montreal, I personally think a great deal of him. He has done so much for the city. I will not attempt to compare his efforts with those of our colleague to my left, Senator Fournier (de Lanaudière) who, in his own time, was a great Mayor of the City of Montreal. I do congratulate His

Honour Mayor Drapeau on his dynamic foresight in fighting to obtain the Olympic Games for Montreal and Canada, because, after all, for this short period of time Montreal becomes the showcase for the rest of Canada to the world. In bringing the Olympic Games to Montreal, the mayor has brought a new dimension in living to the attention of Canadians generally, and the Games will be of great benefit to this country.

My complaint is that some Canadians are far too modest in international efforts and affairs. All one need do is spend a little time in Europe—and I know all of us have spent considerable time there—and look at this great country, Canada; look at its resources, its people, its climate, its history, the enterprise of Canadians over the years—in fact, everything connected with it. This is a great country, and it is time we took its light from under the bushel and showed it to the rest of the world.

For example, take Expo '67. There was a great deal of criticism; it was said it would be a flop, it would be a failure. What happened? It turned out to be one of the greatest sales efforts which this country has ever made. It was good for Canada. It brought us international recognition. It brought great credit to the country and it indicated that Canadians could rise to the challenge artistically, physically, structurally and in every other way. I think that is self-evident.

Then take the Pan-American Games in Winnipeg in 1967. I am indebted for this information to Senate Molgat. As a result of the Games in Winnipeg that city has the finest swimming pool in Canada. While that is important in itself, Canadians since that time have been breaking world records. In other words, those Games have promoted and changed the attitude towards amateur sport amongst Canadians, particularly in that fine city. This is something for the young; it takes them off the streets.

Then take the third great international sports event, the British Empire Games in Vancouver, which had good effects within the Commonwealth. Vancouver ended up with one of the great sports stadiums of the world, and the effect on the citizens of Vancouver and British Columbia generally was good.

Honourable senators, great international events like these result in cleaner cities and benefits to the individual host cities, such as swimming pools, stadiums, better roads, and better communications, and better interchange of ideas on the international level. This is nothing particularly new, because if you consider Europe you will see that for centuries the British, for instance, have indulged in sport. They like it, it makes for a healthy nation. The same can be said for the French and the Germans. Even the Swiss, with military training, make sure that every citizen at least gets a degree of discipline and physical conditioning. Coming closer to home, in Ottawa, we had 32,000 people skating on the Rideau Canal last winter, and they are now cycling on the paths that have been created through the parks system.

These are things which can and should be done. We have been negligent in not having done them long before, because the social benefits to the nation are great. Canadian participation in sport promotes national health, and we all know that a healthy nation is a wealthy nation.

[Hon. Mr. Macnaughton.]

The Olympic Games in Canada will, it seems to me, promote this idea. It will open the door to young Canadians by allowing them to take their proper place in the world of sport. The money we put into this project is small indeed compared to the return Canada will receive in national co-operation and national participation by all Canadians in another joint effort.

Honourable senators, I support the bill enthusiastically.

Hon. Mr. Forsey: Honourable senators, I rise merely to say that I have very grave misgivings about this bill, and that I shall be very agreeably surprised if this is the last we hear of this subject. When the vote is called, I propose to utter the words, "On division."

[*Translation*]

Hon. Jean-Paul Deschatelets: I would like to thank, first of all, Senators Asselin and Macnaughton who have participated in this debate, and I must say that both of them have taken a very responsible attitude, though this has not prevented Senator Asselin from expressing certain criticisms of some aspects of the bill, which is perfectly in order.

If I understood him correctly, Senator Asselin has indicated, on behalf of the Opposition, that this bill would receive the support of his party on second reading. He raised a few interesting and very relevant questions which I would like to comment on briefly.

As I can understand, Senator Asselin took as a basis the analysis of the government officials which foresaw a deficit of about $172 million.

Hon. Mr. Asselin: Mayor Drapeau.

Hon. Mr. Deschatelets: When COJO and Mayor Drapeau submitted a budget of $310 million, government experts said we should now add to this about $22 million. When we consider the revenues and that Mayor Drapeau indicated he was convinced that $250 million would come from the sale of Olympic coins—and government officials said that, according to them, on the basis of the example of Munich, these sales would produce not more than $100 million and thus, they foresaw a deficit of about $150 million.

I think I am entitled to my personal opinion and I think that the analysis made by government officials was made in a somewhat conservative fashion, with a small "c" because in my opinion they did not take into account the fact that in the case of the 1976 Olympics in Montreal a considerable effort will be made abroad to have foreign countries participate not only from the athletic standpoint but also from the financial standpoint in order to allow those Games to be a success.

Therefore, it was perfectly reasonable for Senator Asselin to say this: but if there is a deficit of $172 million who will pay that deficit?

One thing is sure, under Bill C-196 now before us the federal government cannot—does not have legally the right to make any direct contribution neither now nor during nor after the Olympic Games to make up any deficit unless later, in a few years, a different legislation is introduced.

I think that that answers Senator Asselin's question.

Once again, the three letters, from Mayor Drapeau, from COJO and from the Government of Quebec, which will appear as appendices to the official report of the Senate, state this very clearly:

● (1410)

[*English*]

Give us the tools and we will do the job, and if you pass this legislation, Bill C-196, it is understood that no contribution will be expected from the federal government.

[*Translation*]

Hon. Mr. Asselin: May I put a question to the honourable senator?

Hon. Mr. Deschatelets: But of course.

Hon. Mr. Asselin: If, as Senator Deschatelets indicated, a deficit is not to be made good by the federal government, why is it that on third reading the President of the Treasury Board demanded a promise from the Mayor of Montreal, the chairman of COJO, as well as from the Quebec government—a written promise—that the deficit would not be made up by the federal government? If that is so clear in the bill, why should the President of the Treasury Board have asked for that written promise?

Hon. Mr. Deschatelets: I believe I can answer that question, I trust, to the satisfaction of Senator Asselin.

When the federal government decided to introduce Bill C-196 in Parliament, it obtained prior guarantee from the three parties concerned that they did not expect that there should be a direct federal contribution; and that solved the problem. I believe that answers Senator Asselin's very pertinent question.

As a result of the consideration of the bill in committee, certain major amendments have been made, and note carefully—

Hon. Mr. Asselin: The amendments introduced by the Conservative Party have been accepted by the Postmaster General.

Hon. Mr. Deschatelets: I am glad to hear that. Please note that these amendments may not please Mayor Drapeau, as they limit the amount of coins to be minted; they limit everything, which is a way of saying to COJO, to the Mayor and to the City of Montreal: "You claimed that you could organize the Olympic Games if you obtained proceeds from the sale of coins and stamps, to the tune of $260 million; you will get them, but these amendments are a warning to you that when $260 million worth of coins and stamps have been issued and sold, that will be the end of it, and you will not get any more".

I believe that questions were asked in the other place, since that would restrict the activities of COJO and of the City of Montreal, and Mr. Drury was asked what the Mayor of Montreal thought of the amendments introduced following second reading, which will restrict the opportunities and the hopes he had. I think he replied that he did not know what Mayor Drapeau said to that, but if the bill is passed, rest assured that, under this legislation, there will be no direct contribution, and that there will be a definite limit set to the amounts that COJO may receive under this Act.

Hon. Mr. Asselin: Could I make a remark?

Hon. Mr. Deschatelets: Certainly.

Hon. Mr. Asselin: Senator Deschatelets says that there will be no direct contribution. Are the contributions of the federal government to the construction of the Olympic Village, for security, the armed forces, broadcasting expenditures for the Games—are those not all direct expenditures that will be made by the federal?

I do not object but when Senator Deschatelets says there will be no direct expenditures by the federal government, I think he should clarify his position. There will be direct expenditures as indicated earlier. But will the indicated expenditures not be direct expenditures by the federal government?

Hon. Mr. Deschatelets: I think we are playing on words perhaps because I was not very clear on what I call direct contributions. It would be a direct contribution by the federal government if it paid out, for example, $100 million to COJO, but that will not be the case.

Now, as far as the Olympic Village is concerned, of course, if the program for the proposed Olympic Village complied with the present Central Mortgage and Housing Corporation Act, it is estimated that presently in the province of Quebec Central Mortgage and Housing is spending capital expenditures of at least $100 million. I imagine that if the Olympic Village meets the criteria put out by Central Mortgage and Housing, a request will be made between Montreal and Quebec to grant out of the $100 million from Central Mortgage an amount of $25 million, $30 million or $40 million for the Olympic Village.

As far as the lottery is concerned, the federal government as I said this morning does not want to have anything to do with it in any way, shape or form; they let Quebec organize their lottery with any of the provinces willing to cooperate.

However, Senator Asselin has mentioned that because this money will be provided by the poor and so forth, it must not be forgotten that all contributions from the purchasing of Olympic coins and stamps will be made on a voluntary and universal basis. Anyone who does not wish to contribute is free to abstain from doing so. Those who believe that their limited contributions might help will be free to do so.

Now, there is another minor point—the one dealing with security. Security obviously falls under the complete jurisdiction of the federal government because at this international event we will be receiving heads of state and so forth. An approximate amount of $25 million is to be provided for armed forces and RCMP expenses.

In conclusion, I should say it is good that such a consideration is included because there is a basic difference between financial arrangements for the organization of Expo 67 and the 1976 Olympic Games.

It will be remembered, and I think that we may say that we are all in the same situation, that in 1963 I was given the responsibility for Expo, but then that legislation had been passed under the former government of which Senator Asselin was a member in the House of Commons—and no change was made. But for Expo, the government assumed 50 per cent of all expenditures in order

to share, at the end of the project, on a 50-50 basis—or a deficit on a 50-50 basis—which is what happened.

Here all the programs that I referred to this morning will not cost one cent to the federal government; I am thinking of stamps, coins and other activities, because all production, marketing and sale promotion costs will be figured out and deducted from the Olympic Games accounts, and only the present legislation will be put on the Olympic Games account.

● (1420)

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Deschatelets, seconded by the Honourable Senator Quart, that this bill be now read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Forsey: On division.

Motion agreed to and bill read second time, on division.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Deschatelets moved, with leave of the Senate and notwithstanding rule 45(1)(b), that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

BUSINESS OF THE SENATE

Hon. Mr. Martin: Honourable senators, I have no alternative but to move the adjournment of the Senate until the call of the bell.

Hon. Mr. Asselin: Before doing so, does the Leader of the Government know whether we are likely to receive the hijacking bill today?

Hon. Mr. Martin: I do not have any definite information. I believe there is a possibility that we shall.

Hon. Mr. Asselin: Are there likely to be any other bills?

Hon. Mr. Martin: It is possible that we shall receive the bill dealing with crop insurance, as that is a non-contentious item. During the period of this present adjournment I hope to put my antenna to better use than I was able to between 1 and 2 p.m. I am told that the other house is still debating the question of adjournment. There have been prominent participants in that debate. I was hoping that Senator Grosart could give us some information in this connection, as I believe he was there. At the moment, I have no alternative but to move the adjournment until the call of the bell.

If other bills are forthcoming, and we give them the consideration to which they are entitled, and decide that there shall be royal assent, I would like to say to those honourable senators who have been in their rooms assiduously engaged on matters having to do with public business that I hope we shall have a large attendance for royal assent.

[Hon. Mr. Deschatelets.]

We take second place to no House of Parliament for the attentiveness which honourable senators have given to the business of the house in the past six months. I fully expect that honourable senators will apply that same attentiveness to today's proceedings. I know that no honourable senator now in Ottawa will leave the city until we have discharged our business, which includes attendance at royal assent.

The Senate adjourned during pleasure.

At 3.45 p.m. the sitting was resumed.

LIBRARY OF PARLIAMENT

REPORT OF JOINT COMMITTEE TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Joint Committee on the Library of Parliament respecting salary revisions for the members of the staff of the Library of Parliament.

Report tabled.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

27 July 1973

Madam,

I have the honour to inform you that the Honourable Bora Laskin, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 27th day of July at four o'clock, for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau
Brigadier General
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

AERONAUTICS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-128, to amend the Aeronautics Act.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. H. Carl Goldenberg, with leave of the Senate and notwithstanding rule 44(1)(f), moved the second reading of the bill.

He said: Honourable senators, the purpose of this bill is to provide for security measures to be taken at airports, including the search of persons and property, for the protection of passengers, crews and aircraft. I am sure that it is not a controversial measure. I do not think honourable senators favour hijacking, and that is what this bill is aimed to protect the public against.

Hon. Mr. Asselin: They do not favour hijacking for themselves.

Hon. Mr. Goldenberg: This bill will provide the government with the authority to require passenger screening services by major Canadian and foreign air carriers using Canadian airports.

Pending the passage of this bill, the major Canadian airlines, at the request of the Minister of Transport, voluntarily developed and implemented their own passenger screening programs. Without this legislation there is no legal authority which would ensure that these security measures are continued by the respective airlines or that consistent standards would be maintained throughout the country. In other words, the Government of Canada does not have the authority to screen passengers, and the airlines are able to do so only because of the contract on the reverse of the ticket which reserves to the airlines the right to refuse a passenger. Otherwise there is no authority.

● (1550)

The Government of the United States has had this authority since January 9, 1973. At the international level, beginning on August 28, there is to be held an extraordinary assembly of the International Civil Aviation Organization in Rome, and a diplomatic conference at which representatives from throughout the world will attempt to find additional ways to combat the threat of aircraft hijacking and terrorist acts against civil aviation. Without any legislation to protect the safety of the Canadian traveller, Canada's position at these conferences will be extremely weak indeed.

The bill has, of course, received the approval of the other place, where it went to the Committee on Transport and Communications, which studied it at five sessions. I can summarize it very briefly. The first clause empowers the Governor in Council to make regulations requiring the owners or operators of aircraft to establish, maintain and carry out security measures affecting the person and the person's belongings.

The next clause allows the minister to establish such regulations in lieu of or in addition to the measures that the airlines would introduce.

The rest follows. No person would be allowed to board an aircraft unless he has submitted to an authorized search of himself and his belongings. The law makes it very clear that there is no obligation imposed. No passenger is obliged to submit to a search of his person, personal belongings or baggage if he chooses not to board an aircraft, so his liberty is preserved.

Penalties are provided for persons boarding an aircraft having refused inspection as provided. Specially trained personnel are now being prepared to perform this work. They are being trained by the RCMP.

Honourable senators, I think this sums up the legislation and its purpose as much as need be done at this time.

Hon. Allister Grosart: Honourable senators, we are clearly under a time limit in discussing this bill, an understandable one in the circumstances, and I will therefore make my remarks on the bill rather shorter than they would otherwise be.

Senator Goldenberg has given us a quick but, I think, full explanation of the bill, and has said that in his view it is not controversial because senators are opposed to hijacking. That is a rather general statement. We can be opposed to hijacking and also to some of the hijinks involved in the method by which this bill is brought before us. I personally am opposed to some of these hijinks, by which, of course, I refer to the financial aspects of the bill and to the matter of the regulations. I agree it is highly necessary that the method should be regularized by which we now screen passengers at our airports. It is absurd, of course, that up to this moment the only authority to search passengers boarding an aircraft has been based on the fine print on the back of an airline ticket.

We have had a minority government, which has been the excuse for many of the failures to introduce legislation in the last year. It will, of course, be the excuse used in this case. Look at the absurdity of the situation when hijacking is going on all over the world. There have been at least six hijacking attempts in Canada. This bill was introduced in the other place in January, and apparently no attempt has been made to push aside non-controversial legislation, other time-killing legislation, in order that we might consider this bill. I think it is fair to say that it is the usual approach of this government to an international problem. We wait until somebody else does something and then we respond.

We have the absurdity of this bill being only in response to an American initiative. I think Senator Goldenberg said it was January 27, or thereabouts, that our American friends took action similar to, but, I think, perhaps more effective than that proposed in this bill.

Honourable senators, it is really amazing that we are asked to pass this bill when there is not a senator or member of the House of Commons who has the faintest idea of the cost of implementing its provisions. This is the kind of thing that has come before us in legislation on more than one occasion recently.

It is quite clear that the minister and the deputy minister have said that neither the House of Commons nor the Senate can be told what this will cost. It has not been decided whether the government will subsidize the cost, the great cost of this measure, or whether it will be added to the cost of airline tickets, or whether the carriers themselves will be asked to bear some portion of the cost.

We are told that this will appear in regulations. The old story! In the committee of the other place there were many requests that the regulations be brought before the com-

mittee. This was opposed. The minister himself was completely contradictory. In one breath he said, "We do not have the regulations," and in another he said, "We have a draft of the regulations which is being discussed with the carriers." These are facts, honourable senators. The regulations which will give full effect to this act, which will decide the cost, which will decide what airports come under it, are not available to Parliament, but they have been for a long time in draft form available to the airlines association. Yet this is the kind of legislation that is supposed to deal effectively with great problems such as this.

The argument the minister made about not producing regulations was the old one. He said it would be impossible to deal with legislation if we had to bring the regulations before Parliament. I suggest to honourable senators that that is nonsense. If there was ever a principle which would make it possible for Parliament to deal effectively with this legislation, it would be to have the regulations before Parliament at the same time. We are all aware that more often than not the burden or the effectiveness of legislation is determined by the regulations and not by the bare bones of the act itself.

Honourable senators, I am not going to suggest that the bill should go to committee—for obvious reasons. It was a long time in committee in the other place and that committee was not able to get the kind of answers that I am suggesting now should be before Parliament.

I regret that on this last bill before the summer recess—if it is the summer recess—I have to raise these controversial aspects. Perhaps it is not entirely out of character for me to do so. Nevertheless, I hope honourable senators will find themselves seized of these grave considerations when they have some responsibility in the matter of other bills which will come before us in the future.

Do let us have a principle in this place that we are going to oppose legislation when we are not told what the cost to the public purse will be.

May I say that the estimate of the cost per Air Canada passenger is 33 cents, which is probably the lowest. On other airlines it will run as high as 75 cents. If honourable senators care to multiply 33 cents by the total number of passengers boarding at Canadian airports this year, they will have some concept of the magnitude of the demand on the public purse that the government has not seen fit to disclose to this Parliament.

Hon. H. Carl Goldenberg: Honourable senators—

The Hon. the Speaker: Honourable senators, if Senator Goldenberg speaks now his speech will have the effect of closing the debate.

Hon. Mr. Forsey: Honourable senators, may I ask Senator Goldenberg one question? I notice the legislation comes into force on proclamation. Has he any idea when it is intended to proclaim the legislation?

Hon. Mr. Goldenberg: No.

● (1600)

Honourable senators, I listened with interest to what Senator Grosart said. He was complaining that the bill was being presented to us without the regulations. I am sure that Senator Grosart is not going to suggest that the normal procedure is to table a bill with the regulations, which in due course would have to be passed.

Hon. Mr. Grosart: That is exactly what I did suggest.

Hon. Mr. Goldenberg: Well, that is not the custom.

Hon. Mr. Grosart: Agreed.

Hon. Mr. Goldenberg: That is not the practice.

Hon. Mr. Grosart: Agreed.

Hon. Mr. Goldenberg: I cannot personally see how it can be done. Of course, so far as regulations are concerned, we have now created the Joint Committee on Statutory Instruments to which all regulations will be referred in future.

So far as the costs are concerned, the situation is that the carriers, Air Canada and the others, say that it is not their obligation to provide security; they say they have been paying for it and now want the Government of Canada to pay for it because security is a governmental function.

I do not think that the government has taken a final stand on this matter. It has been suggested that the costs may be shared. Apparently, in some countries the costs are paid by the national government; in others the costs are paid by the air lines, who then pass them on in the charge for the service.

I am sure that Senator Grosart, having already complained about the delays in presenting this measure, will not suggest that it be delayed further until the costs have been carefully worked out and some agreement has been reached for payment, because this is an urgent measure which should and will, I am sure, receive the approval of all honourable senators.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Goldenberg: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

REQUEST BY C.B.C. TO PHOTOGRAPH CEREMONY DENIED

The Hon. the Speaker: Honourable senators, I have received a request from the Canadian Broadcasting Corporation for permission to photograph the arrival of the members of the House of Commons in the Senate chamber for royal assent. There will be no sound in connection with the picture, and there will be no pictures taken after the ceremony commences.

Do I have your consent to give permission for such a picture to be taken?

Hon. Mr. Benidickson: Honourable senators, I object.

Hon. Mr. Fournier (De Lanaudière): Honourable senators, is unanimous consent required in this case?

The Hon. the Speaker: Honourable Senator Fournier, the Clerk informs me that a majority is all that is required. Will those in favour say yea?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those contrary-minded, if any, say nay?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

● (1610)

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Mr. Molgat: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move, seconded by Senator Macdonald, that when the Senate adjourns today it do stand adjourned until Tuesday, October 30, 1973, at 8 o'clock in the evening.

Before this motion is voted on I should like to make clear that, while this might seem to be a lengthy adjournment, there is a every likelihood that we will be recalled before the date mentioned. Honourable senators should be prepared to be recalled in the event of further bills being passed by the other place, or other circumstances arising that require our presence here. As honourable senators are aware, once a date is established for recall, we must appear at that time. It was, however, felt that the setting of our return for October 30, subject to recall at any time, would give us more flexibility. I point out that such a recall may, in fact, issue at any time.

Hon. Mr. Martin: Honourable senators, may I say a word about this motion, simply to underline what Senator Molgat has said? We are always subject to the call of the Chair, and in the light of some reports that have reached this house with respect to bills that may well be dealt with in the other place in the early part of the resumed session, it is certainly not inconceivable that we will be called back before October 30.

As you are aware, honourable senators, we have to plan our work here based largely on progress in the other place, and it is with that in mind that we have accepted a suggestion that we should set October 30 as the date of our return, at the same time clearly emphasizing the possibility that we will be back well before that date.

Having said that, honourable senators, let me say that my main point in rising at this time is to say to Her Honour, the Speaker, as we reach this point in the session's proceedings, how grateful we are for the way in which she has presided over our deliberations.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: I should like to say further to all honourable senators how grateful I am personally—and I know that Senator Molgat and Senator Langlois join me in this—for the co-operation we have had from senators on both sides of this house. I want particularly to thank the Leader of the Opposition, who is unavoidably absent, and his deputy, Senator Macdonald, who is here in his place, for the way in which they have joined with us in trying to conduct the affairs of this house during a very difficult time when the uncertainties of minority government have made themselves manifest.

I should like also to thank the members of the staff, the Clerk, the Assistant Clerk, and all the officers of the Senate. I particularly want to thank Mrs. Sutherland and her staff for their daily co-operation, the pages, and all who have in any way contributed to the carrying out of the work of the Senate.

The record of our sittings will show that we sat proportionately for a longer period than during many sessions in the past, and this at a time when the legislative flow from the other place was not as it normally is. I make this observation simply because it reflects the fact that the Senate is a working legislative body, composed of men and women who have accepted heavy responsibility and who, in my judgment, have discharged it in a manner which warrants my appreciation and recognition, and this I heartily give.

Hon. Mr. Macdonald: Honourable senators, before the motion is put, may I associate myself and those on this side of the house with the remarks of the Leader of the Government and express our appreciation for the fine manner in which he has carried out his function in this chamber. May we also associate ourselves with his remarks of appreciation to the staff. On behalf of all members on this side, I wish all honourable senators and members of the staff a very happy holiday.

Motion agreed to.

The Senate adjourned during pleasure.

● (1620)

At 4.20 p.m. the sitting was resumed.

ROYAL ASSENT

The Honourable Bora Laskin, Puisne Judge of the Supreme Court of Canada acting as Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Honourable Bora Laskin, Puisne Judge of the Supreme Court of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk Assistant.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Aeronautics Act.

An Act respecting Centre Amusement Co. Limited.

An Act to amend the Customs Tariff (No. 2).

An Act to suspend the operation of the Electoral Boundaries Readjustment Act.

An Act to amend the Excise Tax Act and the Excise Act (No. 2).

An Act to amend the Fisheries Development Act.

An Act to amend the Harbour Commissions Act (Nanaimo Harbour Commission).

An Act to amend the Immigration Appeal Board Act.

An Act respecting certain immigration laws and procedures.

An Act to amend the Income Tax Act (No. 2).

An Act to amend the statute law relating to income tax (No. 3).

An Act respecting the 1976 Summer Olympic Games.

An Act respecting wildlife in Canada.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. Mr. Molgat: Honourable senators, before I move the adjournment may I wish you all a very pleasant holiday. Thank you for your co-operation over the past few months. I look forward to seeing you all on or before October 30 full of vim, vigour and new ideas.

[*Translation*]

To all our faithful employees, I wish a pleasant recess and even if it has been delayed I hope they will still enjoy it.

[*English*]

The Hon. the Speaker: Honourable senators, I, too, wish you all a very pleasant summer.

Hon. Mr. Molgat: Honourable senators, I move the adjournment.

The Senate adjourned until Tuesday, October 30, at 8 p.m.

APPENDIX

(*See p. 959.*)

LETTERS TO THE PRIME MINISTER OF CANADA RE 1976 OLYMPIC GAMES

January 31, 1973.

The Right Honourable
Pierre Elliott Trudeau
Prime Minister of Canada
Parliament Buildings
Ottawa, Ontario.

Re: 1976 Olympic Games

Dear Mr. Prime Minister:

Following upon our previous discussions, I wish to inform you that the City of Montreal and the Organizing Committee for the Olympic Games have assured the Government of Quebec that the revenues received by COJO will cover its expenses and that no direct contribution will be required from the federal government provided that the federal government acts upon the request of the City of Montreal and COJO concerning the special issues of stamps and coins during the period indicated by them.

I understand, moreover, that the federal government is studying in concert with my government, the City of Montreal and COJO the best way of acting upon the request of the City of Montreal and COJO concerning an annual lottery.

Taking into account the benefits and advantages that the holding of the Olympic Games will produce not only for the City of Montreal itself but also for all of Quebec as well as all of Canada, the government of Quebec gives its support to the holding of these games provided the federal government accedes to the requests of the City and COJO that I have just mentioned.

The government of Quebec agrees that the federal government will not have to assume the interim financing of costs relative to the 1976 Olympic Games throughout the period leading up to and including the holding of the Games.

Provided that the federal government agrees to remit to COJO the net proceeds of the sale of special Olympic coins and stamps, the government of Quebec also agrees that the federal government will not be called upon to make any special contribution towards the payment of any or all expenses incurred in connection with the Olympic Games of 1976 and which would be in excess of the net proceeds mentioned above and of revenues from other sources.

Yours truly,
Robert Bourassa
Prime Minister of Quebec

February 1, 1973

The Right Honourable
Pierre Elliott Trudeau
Prime Minister of Canada
Parliament Buildings
Ottawa, Ontario

Mr. Prime Minister:

Confirming repeated discussions, I am pleased to inform you again that the City of Montreal intends to stand upon the position it adopted from the outset of efforts which resulted in obtaining for Canada the honour of hosting the world's best young athletes in Montreal to participate in the 21st Olympic Games. Indeed, the methods and programs of self-financing already submitted to federal government analysts and improved upon since our meetings in November enable us to affirm that the City of Montreal will not have to call on the federal government for a contribution from federal funds for the purpose of the Olympic Games.

An understanding has been reached to the effect that the methods and programs for self-financing approved by the federal government as requested in letters addressed to you by His Excellency Mr. C. O. Roger Rousseau, General Commissioner for the Olympic Games, will benefit by effective co-operation from the federal government for their best possible implementation.

The programs already submitted are in no way final as, once the self-financing principle has been accepted by your government through appropriate legislation, all abilities will be welcome to co-operate actively to further improvement of methods and programs conceived, to date, for the purpose of illustration. Implementation of the various programs will be spread over a period adequate to permit covering authorized expenditures.

Insofar as the national lottery is concerned, I understand that your officials and those of the Quebec government are trying to work out the best solution and I have no doubt of their success and of remittance of proceeds to COJO.

Provided, of course, the federal government agrees to remit to COJO the net proceeds from sales of special Olympic coins and stamps, and with the support of the Quebec government, which is well aware of the benefits and advantages involved in holding the Olympic Games and of the healthy stimulant these games will represent for young people throughout the country, both before they actually take place and for a long time after, the City of Montreal assures the federal government that it will not be called upon to grant special direct support for the holding of the 1976 Olympic Games or to assume interim financing.

Any surplus of income over expenditures will, under control of the City of Montreal, go into a separate special

25862—62½

fund, the income derived therefrom to be used exclusively for the promotion of amateur sports and the training of young athletes.

I am firmly convinced that these considerations will allow you to make a proper assessment of the City of Montreal's stand relative to the financing of the 1976 Olympic Games.

I have the honour to remain,
Yours respectfully,
Jean Drapeau
Mayor of Montreal

February 1, 1973

The Right Honourable
Pierre Elliott Trudeau,
Prime Minister of Canada,
Parliament Buildings,
Ottawa, Canada

Re: 1976 Olympic Games

Sir:

Further to our previous conversations, I wish to inform you that COJO has given the Government of Canada the assurance that revenue collected by COJO will cover expenses and that no direct contribution will be required of the federal government provided the federal government approves the requests submitted by the City of Montreal and COJO for the issue of special series of stamps and coins during a specific period.

I realize also that the federal government is engaged in consultations with the Government of the Province of Quebec, the City of Montreal and COJO in seeking the best course of action in connection with the request made by the City and COJO for a national lottery.

COJO agrees that the federal government will not have to provide for the interim financing of costs incurred in relation to the 1976 Olympic Games pending the beginning of the games and until their completion.

Provided the Government of Canada agrees to pay COJO the net revenue from the sale of special Olympic coins and stamps, COJO also agrees that the federal government will not be called upon to pay special contributions to meet any expenses incurred in connection with the 1976 Olympic Games and in excess of the net revenue mentioned above and income from other sources.

Yours sincerely,
(Signed)
C. O. R. Rousseau,
Chairman and Commissioner General

THE SENATE

Thursday, August 30, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

SIR THEODORE BRANCKER, PRESIDENT OF THE SENATE OF BARBADOS, AND LADY BRANCKER

The Hon. the Speaker: Honourable senators, I should like to draw to your attention the presence in the gallery of Sir Theodore Brancker, the President of the Senate of Barbados, and his wife, Lady Brancker, whom we are very glad to welcome to Canada.

Hon. Paul Martin: Honourable senators, I also wish to say how pleased we are to see the President of the Senate of Barbados in our midst. He and his gracious wife are most welcome.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Unemployment Insurance Advisory Committee for the year ended December 31, 1972, pursuant to sections 89(1) and 90(2) of the Unemployment Insurance Act, chapter U-2, R.S.C., 1970.

Report of the Department of Public Works for the fiscal year ended March 31, 1972, pursuant to section 34 of the Public Works Act, chapter P-38, R.S.C., 1970.

Report on operations under the Regional Development Incentives Act for the month of June 1973, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

BUSINESS OF THE SENATE

Hon. Mr. Martin: I should like to say to the Leader of the Opposition that I thought I knew every honourable senator in this house. I do not want to raise a procedural point at this time, but I hope before the evening is out Senator Flynn will be good enough to introduce to us the bearded gentleman who sits on his left.

Hon. Mr. Flynn: Honourable senators, the Leader of the Government has never introduced to us the honourable member sitting over there, who also wears a beard. I do not see why I should have to make an introduction now.

Hon. Mr. Argue: One is on the left, and the other is on the right.

Hon. Mr. Flynn: Honourable senators, I should like to ask the Leader of the Government if he could let us know why we are here tonight.

Hon. Mr. Martin: Certainly. One of the by-products of being here is that we are going to have an opportunity of meeting a new senator.

Hon. Mr. Flynn: At any rate, not an old one!

Hon. Mr. Martin: And, of course, we are here primarily to deal with the railway strike in respect of which the other house is now considering a bill of urgent national importance.

Hon. Mr. Flynn: I presume that we will know a little more about it later. Apparently we are not supposed to know what is going on in the other place. I say that because I thought the government leader might be more explicit.

TRANSPORTATION

FREIGHT RATES AND NEW TECHNOLOGY—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Cameron calling the attention of the Senate to the need to re-examine the structure of freight rates in Canada and the importance of new technology to the economics of transportation.—(*Honourable Senator McIlraith, P.C.*).

Hon. Mr. McIlraith: Honourable senators, I would ask that this order stand until October 30.

Hon. Mr. Flynn: Honourable senators, I have, of course, no objection to Senator McIlraith's request, but I would have thought that it was a subject matter of great relevance to the situation presently existing, and that he would therefore deal with it at this time. It would, perhaps, prepare us for the legislation that the Leader of the Government suggested we are going to be faced with in a few hours or a few days.

Hon. Mr. McIlraith: Honourable senators, I have no desire to use this item on the Order Paper today to further confuse the Leader of the Opposition.

Hon. Mr. Flynn: Rather, you would perhaps confuse the government if you did.

Order stands.

● (2010)

TRADE

CANADA'S DEVELOPMENT AS A MANUFACTURING NATION—ORDER STANDS

On the Order:

Resuming the debate on the inquiry of the Honourable Senator van Roggen calling the attention of the Senate to the question of Canada's development as a manufacturing nation in the light of world trading patterns today.—(*Honourable Senator Lang*).

Hon. Mr. Lang: Stand.

Hon. Mr. Molson: Honourable senators, would it be in order to ask what are all these items? We have no Order Paper, and do not know what we are discussing.

Hon. Mr. Beaubien: Why no Order Paper?

Hon. Mr. Flynn: I think you should rise on a point of order with respect to this.

Hon. Mr. Martin: Honourable senators, I cannot answer Senator Molson. I also would like to know why there is no Order Paper. Perhaps the Table could tell us?

The Hon. the Speaker: Honourable senators, I believe you will find the Orders of the Day in the files in your desks.

Order stands.

BUSINESS OF THE SENATE

Hon. Mr. Asselin: Honourable senators, I rise on a point of order.

[*Translation*]

Honourable senators, as the Leader of the Government said a while ago, the Senate was recalled to pass a special act. I wonder how we can resume a session that has not started, the last one having been adjourned to October 30, when we were to have Orders of the Day and also discuss some legislation that is to come before the Senate.

Can the Leader of the Government tell us how we can possibly discuss today acts other than the one for which we were convened, that is, the legislation that will end the railworkers' strike?

I am under the impression that the study of any other item in the Senate would be out of order, and I ask the Leader of the Government to enlighten us on that point.

Hon. Mr. Martin: Honourable senators, I cannot accept what Senator Asselin has just said. The Senate may discuss any matter. Of course, we are here expressly to consider a bill on rail service stoppage in Canada and the strike. But we are entitled to discuss any matter here if we so wish and decide. The Senate was not prorogued, but merely adjourned to October 30. However, the Speaker asked us to return, as she had the right to do, and as she did, for the reasons I have given.

[*English*]

Hon. Mr. Flynn: Honourable senators, the government leader suggests that we should speak of anything tonight except the matter concerning which we were recalled. I suppose we could discuss problems which have arisen since we adjourned on July 27. Perhaps we should discuss, for instance, the appointment of Senator Davey as the chief campaign organizer of the Liberal Party. Of course, we congratulate him on his courage in accepting such an assignment. I was organizer for my party in 1962-63 and I cannot imagine my accepting the appointment again, as Senator Davey is now doing. He has been very careful to say that he will adopt a low profile. I am very curious as to how he intends to achieve that. In any event, since we have, apparently, nothing else to do tonight, we might as well discuss this matter. As far as I am concerned, I wish him well.

[Hon. Mr. Lang.]

Hon. Mr. Davey: I very much regret having to inform the Leader of the Opposition that my low profile makes it impossible for me to speak.

Hon. Mr. Phillips: That is the best news since the railway strike.

Hon. Mr. Molson: Is a motion for adjournment in order?

The Hon. the Speaker: Honourable senators, in answer to the inquiry of the Leader of the Opposition as to why the Senate was recalled this evening, I would say that I do not think anyone in Canada was unaware that the House of Commons was to be recalled today at 2 p.m. No one knew whether the bill that was to be placed before the house would be passed immediately. It might have been passed by six o'clock this evening and, in that eventuality, it certainly would not have looked very well if the Senate were not here to deal with it. That did not happen, but we had no way of knowing that it would not have been the case.

I think it was quite reasonable to recall the Senate for this evening, in view of the fact that when the Senate adjourned it was subject to recall by the Speaker. I exercised that privilege and recalled the Senate to deal with business which might come before it tonight.

That is the explanation as to why we are here.

Hon. Mr. Flynn: With great respect, Madam Speaker, I do not doubt that you exercised your discretion with wisdom. However, I think it has always been clear in the minds of all honourable senators, as well as in the minds of all members of the other place, that the recall of the Senate and of the House of Commons is done on the initiative of the Prime Minister, or of the Leader of the Government in the Senate.

Hon. Mr. Martin: Honourable senators, I do not know whether the Leader of the Opposition is provoking debate for the sake of debate.

Hon. Mr. Flynn: I am provoking anything you want.

Hon. Mr. Martin: I think Her Honour the Speaker has given us a very good explanation. The motion for adjournment provided that the house would adjourn to such and such a date subject to earlier recall by the Speaker. Her Honour, naturally, had consultations in this matter with members of the government—the Leader of the Government and the Prime Minister. It seemed to us—as I am sure it did to the Leader of the Opposition, because I talked to him on the telephone regarding this matter and he fully agreed—that in view of the emergency with regard to the railway strike and the proposed legislation, we should be here to deal with this matter as quickly as possible.

I do not want to leave the impression that the Leader of the Opposition does not see, as do the rest of us, the urgent reasons why we are here tonight, which have been so succinctly stated by the Speaker.

Hon. Mr. Flynn: Honourable senators, let me just add that I wanted the government leader to put on the record the reasons for our being here tonight. The one responsible for our being here tonight is the Leader of the Government, and I should like him to put on the record the reasons why we are here. It does not lie with Her Honour

the Speaker to come to the rescue of the Leader of the Government.

The Hon. the Speaker: Honourable senators, I feel I must enter this discussion again. Honourable senators who listened to the announcement by the Prime Minister that Parliament was to be recalled—

Hon. Mr. Flynn: Yes, the Prime Minister.

The Hon. the Speaker: —will remember that he stated he had consulted with the Speakers of both Houses of Parliament and asked them to recall Parliament. I can tell you—and I trust you will take my word for it—that he did consult me before he made that announcement. I concurred in it, and I also concurred in the view that this evening was the proper time for us to be here.

Hon. Mr. Flynn: You are just repeating what I have been saying, Madam Speaker. I agree with you.

Hon. Mr. Martin: I am sure the Leader of the Opposition did not mean to convey this, but in his remarks a few moments ago he said that the Speaker had come to the assistance of the government—

Hon. Mr. Flynn: No, the government leader.

Hon. Mr. Asselin: He did not say that.

Hon. Mr. Martin: I think we are all agreed that Her Honour exercises the greatest impartiality, and I am sure no one recognizes that more than the Leader of the Opposition himself.

• (2020)

PUBLIC BILLS

MOTION TO SUSPEND RULES DROPPED

On the Motion:

That until the Senate adjourns for the summer recess, Rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Hon. Mr. Langlois: Honourable senators, I believe we can drop this motion, since it has no useful purpose now.

The Hon. the Speaker: Is that agreed, honourable senators?

Hon. Senators: Agreed.

Motion dropped.

ADJOURNMENT

Hon. Mr. Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until tomorrow, Friday, August 31, 1973, at 11 o'clock in the forenoon.

Hon. Mr. Flynn: Honourable senators, I have no objection to the motion. It would have appeared to be a reasonable decision if the Leader of the Government had answered my question in a proper way.

Hon. Mr. Prowse: He did answer it properly.

Hon. Mr. Flynn: Here is Senator Prowse coming to the rescue of the Leader of the Government.

Motion agreed to.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Friday, August 31, 1973

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

BUSINESS OF THE SENATE

Hon. Mr. Langlois: Honourable senators, since it is not likely that the legislation for which we are waiting will come to us until much later this day, I venture to suggest that we should dispense with going through the usual proceedings and deal with a motion to adjourn until later this day—that is, to the call of the bell at approximately 5 o'clock this afternoon. As I have said, honourable senators, we do not expect the bill to reach us until some time after dinner today.

Hon. Mr. Flynn: I understand that in the other place the bill is being dealt with in Committee of the Whole, following second reading.

Hon. Mr. Martin: Yes, and I understand there will be amendments.

Hon. Mr. Langlois: I move, therefore, that we now adjourn to reassemble at the call of the bell at approximately 5 p.m., or earlier if necessary.

Hon. Mr. Flynn: That is if the bill reaches us before then.

Hon. Mr. Martin: Yes.

The Senate adjourned during pleasure.

At 5.30 p.m. the sitting was resumed.

Hon. Mr. Langlois: Honourable senators, we have no further news from the other place, except that progress is being made and it is expected that the legislation will be coming to us some time this evening, the exact time being unknown. In these circumstances I move that the Senate now adjourn, to reassemble at the call of the bell some time this evening, but I do not know when.

Hon. Mr. Flynn: To be more precise and to avoid any objection, I would suggest to the Acting Leader of the Government that "some time this evening" is not sufficient, as the bill could be sent here during the night. I was in the other place when it was decided to sit until 6 o'clock, adjourn until 8 o'clock, and complete all stages of the bill in such time as is necessary. Therefore, we may be here until midnight or even until 3 o'clock in the morning, which has occurred before. I do not mind that. We may as well stay here as return tomorrow.

Hon. Mr. Langlois: In that case I will say, "some time this evening or during the night."

The Senate adjourned during pleasure.

At 4.10 a.m. the sitting was resumed.

MAINTENANCE OF RAILWAY OPERATIONS BILL, 1973

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-217, to provide for the resumption and continuance of operations of railways and for the settlement of the disputes with respect to terms and conditions of employment between railway companies and their employees.

Bill read first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time now.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Mr. Flynn: I have no objection, but I should like the government leader to tell us whether the House of Commons is waiting for us. If it is not, I do not think we should deal with this bill at this time.

Hon. Mr. Martin: Yes, the House of Commons is waiting for us. It is hoped that when we dispose of this bill we will have royal assent. The hour, of course, will depend upon the consideration which the Senate wishes to give to this matter.

Hon. Mr. Flynn: Let us hope that is when the sun rises.

Hon. Mr. Martin: Honourable senators, in rising to move second reading of this bill I should like to say good morning to you. This is the first time I have had the opportunity of addressing this House of Parliament at this hour of the day, although I have done so in the other place.

As honourable senators are well aware, the bill before us, Bill C-217, the Maintenance of Railway Operations Bill, 1973, provides for the resumption and continuance of railway and associated services in Canada, as well as for the settlement of the disagreement which has arisen over the question of the terms of a contract under which the employees of the railways are to work.

The bill to get the railways operating is not, nor do we think it should be, a bill that destroys or even injures the fundamental and justly-won bargaining rights that labour has gained over the years. I am sure that this is the view of all of us.

This bill does not interfere with the right of unions to negotiate settlements on behalf of their membership.

The history of the problem necessitating this legislation will be helpful in our consideration of the bill. Negotiations began in November of last year, two months before the expiration of the contract on December 31, 1972. Negotiations have been carried on for approximately 91,000 employees of the railway, by the Associated Non-Operating Unions, the United Transportation Union, and Division No. 4 Railway Employees Department of the AFL/CIO, representing various shopcraft unions. The unions involved are listed in Schedules B and C of the bill and the various companies involved—some 13 of them—are listed in Schedule A.

Across the table were representatives of the Canadian National Railway Company, the Canadian Pacific Railway and 11 other smaller railway companies, which are mentioned in Schedule A of the bill.

The strike action which has been taken directly involves the non-operating unions only. The dispute between the railways and the United Transportation Union, together with the shopcraft unions, has not yet culminated in strike action.

In all cases, early mediation assistance was sought by both parties. In the case of the non-operating unions the government first appointed Mr. A. R. Gibbons and then, in addition to Mr. Gibbons, Mr. W. P. Kelly and, finally, Judge Alan B. Gold of Montreal. Meetings with the parties were held almost constantly between December 28, when Mr. Gibbons was assigned, and August 25.

A conciliation board was convened towards the end of June, because little progress between the associated non-operating unions and management was demonstrated to have taken place. This board consisted of S. E. Dinsdale, Q.C., the railroad nominee; Professor J. C. Weldon, the union nominee; and the Honourable Mr. Justice F. Craig Munroe, Chairman.

On July 13 the chairman's report was released to the two parties. Mr. Justice Munroe suggested a 30 cent per hour increase, effective January 1, 1973; a subsequent 5 per cent increase on the wage rates in effect as of December 1973, to begin January 1, 1974; and another 3 per cent increase to take effect July 1, 1974, and based upon the rates in effect in June 1974.

None of the reports of the conciliation board was acceptable to both parties, and on July 21 the union was in a legal strike position. Rotating strikes began on July 26. It was shortly after this that the Minister of Labour entered the negotiations to do what he could, not only to further negotiations but to impress upon the parties a sense of national urgency.

When the total inability of the parties to come to agreement became evident and the call for a nationwide strike on August 23 was made by the non-operating unions, the government felt itself compelled in the national interest to suggest to the Speakers of both Houses that Parliament should be recalled. This it did on the evening of August 27.

A resumé of the disputes involving the railway and the shopcraft unions, as well as the railway and the United Transportation Union, will provide a complete survey of the present picture.

With respect to contract negotiations involving the United Transportation Union, a conciliation board was established on May 29 under the chairmanship of Mr. R. A. Gallagher, Q.C. The report of this board, while it contained no recommendations on wages, is presently under consideration by the UTU. This union is in a legal strike position today, September 1.

Regarding the dispute involving the railway and the shopcraft unions, yet another conciliation board was convened on June 26, after a negotiated settlement had been rejected by the union members. The majority report emanating from the board proposed wage increases of 8.25 per cent effective January 1, 1973; 6.5 per cent on the wage rate in effect as of December 1973, and this to take effect January 1, 1974; and a further increase of 1.5 per cent as of July 1, 1974, based upon wage rates in operation in June 1974.

● (0420)

This latter report has been rejected by the negotiating committee of the shopcraft unions and a strike vote is now being conducted.

Since August 23, when the rotating strikes of the non-operating unions became a total, nationwide strike, the lack of necessary rail services in Canada has seriously hampered the country economically.

There are before us now three amendments to the original bill. The first of these amendments is to clause 5, which will be found on page 3; the second is to clause 14.1, on page 10; and the third is to clause 16(3) on page 12.

The bill before us provides for the resumption of railway and related services throughout Canada forthwith. It is divided into four parts. Part I pertains to the railway non-operating employees, Part II to the railway shopcraft employees, Part III to the railway operating employees, and Part IV deals with mediation and arbitration. There are, however, clauses in the bill which are common to Parts I, II and III and it is to these that I would draw the attention of honourable senators.

The bill provides that "every railway company shall resume operation" and that "employees shall resume or continue, as the case may be, the duties of their employment." It provides that the order shall invalidate all prior declarations to strike action.

It provides further that no person acting on behalf of the railway company shall prohibit an employee from resuming his employment, and as well that no person of the railway company shall discharge or discipline any employee.

In addition, the bill provides that an extension of each collective agreement pertaining to each of the three union groups will continue in effect from January 1, 1973, until such time as new collective agreements come into effect or until December 31, 1974, whichever is earlier.

Provision is made in the bill that negotiations must resume between the railway companies and the unions immediately in order to settle matters presently in dispute. The Minister of Labour is empowered to appoint mediators if he so desires, in the forthcoming re-opened negotiations.

With respect to those provisions of the bill which deal specifically with the unions involved, the following deserve to be noted: the changes to the contract of the non-operating employees in this bill, as amended by the House of Commons, provide for an increase of 34 cents per hour, retroactively effective to January 1, 1973; an increase of 6.5 per cent effective January 1, 1974; and a further increase of 1.5 per cent as of July 1, 1974. These changes, together with the clauses in the bill governing rate increases to members of the shopcraft unions and the railway operating employees, represent "floors" from which renewed bargaining, mediation or arbitration may begin.

Identical with those recommendations proposed by the conciliation board involving the railways and the shopcraft unions are the proposals which are made in the shopcraft employees' contract—an hourly increase of 8.25 per cent effective January 1, 1973; a further increase of 6.5 per cent effective January 1, 1974; and another increase of 1.5 per cent effective July 1, 1974. This same scale will apply to the railway operating employees.

In Part IV provision has been made for the appointment of a mediator who, if appointed, will have all the powers of a conciliation board, pursuant to Part V of the Canada Labour Code, to sort out the existing differences between the railway companies and the unions representing non-operating employees, railway shopcraft employees, and railway operating employees.

Provision is also made in the bill for the appointment of an arbitrator, in the event that no mediator is appointed or following the report of the mediator. The arbitrator is empowered to decide upon matters still in dispute between the parties concerned and to incorporate the necessary amendments in a collective agreement. A new collective agreement would be in effect until December 31, 1974, unless it is mutually agreed by both parties to extend the agreement.

As I indicated at the outset, amendments to this bill were made in the other place to clause 16(3), giving instructions to the arbitrator. As these amendments were not contained in the original bill but come to us fresh from discussion and decision in the other place, I think I should place them on the record. They read as follows:

> An arbitrator appointed under subsection (1),
>
> (a) shall closely examine the job security demands of the unions and fully explore the feasibility of a job security plan based on the principle of attrition;
>
> (b) shall not alter or amend any existing work rules or practices in a manner that could have an adverse effect on rates of pay, earnings or employment opportunities, or safety;
>
> (c) shall, for the purpose of the arbitration, have all the powers conferred on a conciliation board under section 175 of the *Canada Labour Code*; and
>
> (d) shall in respect of wages, specifically provide for the adjustment of wages to any increase or increases in the cost of living where the arbitrator is satisfied that such adjustment has not been previously or adequately provided.

I point out that paragraph (c) was in the original bill.

[Hon. Mr. Martin.]

Hon. Mr. Flynn: Has this been accepted by the government?

Hon. Mr. Martin: Yes, and it will now become the law of the land.

Hon. Mr. Flynn: I am simply asking you whether the government was satisfied with it.

Hon. Mr. Martin: This was an amendment introduced by the Minister of Labour pursuant to suggestions that had been made by, I believe, two of the Opposition parties.

Hon. Mr. Flynn: Why don't you say, "Yes", when you have only to say, "Yes"?

Hon. Mr. Phillips: Did the honourable Leader of the Government say that the provision respecting allowance for the increased cost of living is already the law of the land?

Hon. Mr. Martin: No, I said that it was provided for in the bill passed by the other place. It will become the law of the land only after the two Houses of Parliament have dealt with the matter.

Hon. Mr. Flynn: If the honourable leader said it was the law of the land, it must have been a *lapsus linguae*.

Hon. Mr. Martin: The original bill was amended by adding a new clause concerning layoffs and numbered 14.1 in Part IV under the heading "General", which reads:

> Forthwith upon the coming into force of this Act,
>
> (a) every railway company to which any Part of this Act applies shall call back to work every employee of the railway company who has been on strike or has been laid off as a consequence of any strike that has ceased to be valid by reason of the coming into force of this Act; and
>
> (b) no such employee shall be laid off or again be laid off by any such railway company as a consequence of any such strike.

This relates, I may say, to every employee of all railway companies affected by this bill.

● (0430)

Hon. Mr. Connolly: Honourable senators. I wonder if the leader would allow me to make an observation for a moment. In the copies of the bill we have before us, the clause to which he is referring in Part IV is numbered 14.1, and I think it probably should be 14.2 since clause 14 is in Part III. This may simply be a typographical error, and it may well be rectified at a later date when the bill is reprinted. I simply draw this to the attention of the leader since when the bill is reprinted it may appear that his remarks refer to a section that is numbered differently.

Hon. Mr. Martin: That is right.

The question of pensions for the railwaymen has become an issue of contention between the railway companies and their employees for subsequent to March 16, 1973, the date on which agreement was reached between the two sides over this question, controversy has arisen over the railway companies' cost estimates of such benefits. The government wishes to examine this question, and to this end has appointed an industrial inquiry commissioner. The principal of Queen's University, Dr. John Deutsch, has been

charged with estimating the cost of the negotiated settlement relating to pensions.

I am sure that most, if not all, honourable senators will agree that we have an obligation, that the government has an obligation which it has exercised, to ensure communication services essential to the nation, and to prevent undue hardship to those island provinces dependent upon ferry services for their sustenance.

Furthermore, the interruption in export trade and the operation of large and small industries alike, caused by the withdrawal of rail service, threatens not only our economic lifeline but the livelihood of all whose jobs are disrupted, not the least of whom are the railway workers themselves.

We all remember the late Senator Roebuck, an acknowledged champion of the rights of labour, who represented the railway operating unions for over thirty years. I was reading yesterday what he had to say about the measures introduced in Parliament in 1950 and incorporating some of the provisions—not all, but some of the provisions—in the measure before us. He said, quite frankly, as many of us could and would say, that he did not approve in principle the 1950 and or the 1966 bills requiring a return to work of the railway employees. But he understood, he said, not only that the bills presented in those years were drawn "with every possible care, devotion and bona fide" but drawn in "an attempt to bring the strike to an end, and . . . in a manner that would not cripple too greatly the economy of our country." He voted for the bills. He did not vote, any more than we will vote tonight, against the unions which he represented so ably, or against his conscience, but, as he himself said, "in an emergency, when the economic life of Canada demands that the railways resume operation" and that the men return to work. I am sure that that is our conviction as well.

Hon. Mr. Flynn: May I ask the Leader of the Government if he dealt with the amendment to clause 5?

Hon. Mr. Martin: Yes.

Hon. Mr. Flynn: I do not remember if he mentioned whether this was acceptable to the government, or that the government considered it to be a good amendment?

Hon. Mr. Martin: No, I did not say it was attributed to the government. As my honourable friend knows, in the bill before us the government used as the base the recommendations of the chairman of the board, and I mentioned what the chairman had recommended. The bill, however, in clause 5, now incorporates the provisions of an amendment which was introduced in the other place by the party to which my honourable friend belongs; it was not the position of the government. The government decided, because the chairman of the board took one position, the representative of the employees another, and the representative of the employers another, that it was right that the base provided should be that suggested by one who was, by virtue of his chairmanship, clearly a neutral party on the board. That was not the decision taken in the other place and the provision in clause 5, with the modifications that were made, is now incorporated in the bill before us.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, I do not know whether it was of Bossuet that it was said when he delivered late in the evening his first sermon at age 16 with the oratory recorded in history, that no speech had even taken place both so early and so late. I wonder if we are not in the same situation. I do not know whether it is early or late because indeed this sitting of the Senate began at 11 o'clock on August 31 and, if I am not mistaken, it is now 4 o'clock in the morning of September 1.

Hon. Mr. Martin: You are correct.

Hon. Mr. Flynn: So, it is understandable that there should be some confusion with regard to time.

On the other hand, what is rather strange is that exactly seven years have elapsed since the Senate—or the Parliament of Canada if you wish—has been called upon to pass a legislation substantially similar to this one.

I was reading a short while ago in the official report of the House of Commons and of the Senate that on September 1, 1966, the Deputy of His Excellency the Governor General gave royal assent to a bill entitled:

> An Act to provide for the resumption of operations of railways and for the settlement of the existing dispute with respect to terms and conditions of employment between Railway Companies and their employees.

It is an interesting coincidence which enables us to discuss not the particulars of this bill, but the problems facing us at this time.

[*English*]

Honourable senators, I think we owe some thanks to the Leader of the Government for the explanation he has given with regard to this bill. I would not say he deserves too much praise, however, because the task was an easy one. He had only to repeat what was said on previous occasions with respect to bills such as this.

It is always the same problem: "We do not like to do it, but we have to do it. We are in favour of the right to strike, but when it is exercised, sometimes we must remove that right." That is all very well; we continue to find ourselves in the same sort of situation. We are pressed by an urgent situation to adopt a bill in a matter of hours. We in this chamber this morning—again I hesitate to say "this morning"—have been waiting about 17 hours. Do you not think we look a little bit silly? Do you not think that Parliament as a whole looks a little bit silly trying to rush through a piece of legislation of this importance, legislation which concerns very difficult questions and very important principles? Dealing with this bill at three o'clock in the morning—

• (0440)

An Hon. Senator: Four o'clock.

Hon. Mr. Flynn: I am referring to the other place. We really cannot do justice to this piece of legislation at this time of the day and under the circumstances in which we meet. It is foolish to think that we can.

We are here, of course, because it is urgent for us to legislate an end to this strike, which is seriously damaging the economy and causing significant personal hardship to a great number of Canadians.

This problem should have been dealt with by the government many, many weeks ago. The situation we are now faced with is not new. We knew it was coming. I remem-

ber that before we adjourned at the end of July we were discussing the inevitability of the strike. We knew that there was not one chance in a thousand that this dispute between the railway employees and the companies would be settled in the ordinary process of conciliation and mediation. But the government waited and was telling everybody, "We will not interfere; we respect the right to strike. We do not want to do anything about it." The government was not being sincere. I am convinced the government knew then that it would have to intervene at some time or another. Had the government at that time indicated that it was prepared to intervene, perhaps a solution would have been found.

But that is not the main problem. The main problem is that in this sector of industry the right to strike is given to employees and that right, if exercised, results in hardship to the public at large. It cannot be exercised without causing serious damage. To protect against situations like this, the government should have taken, some years ago, the decision to embody in legislation some machinery to deal with the type of situation which faces us this morning. For instance, the government has had since 1968 the report of the Task Force on Labour Relations, which task force it set up. However, it has done nothing about that report. The task force recommended that a three-man public interest disputes commission be set up—

Hon. Mr. Martin: That is the Woods Report.

Hon. Mr. Flynn: Yes, that is the report to which I am referring. The commission, it was recommended, should be independent of any government department and composed of members of the public only, and should report directly to the Prime Minister. Nothing was ever done about that.

Since that time Parliament has had to intervene in strikes affecting the general public on three different occasions. In the previous session it had to intervene twice. On one occasion we had a ridiculous bill relating to the strike of the stevedores of the St. Lawrence ports. In it we took the foolish step of ordering people to obey the law. We passed a law telling people, "You must obey that other law." If we had the machinery about which I was speaking, the government would have the responsibility of deciding when the right to strike should be taken away from a certain group of employees. The machinery would provide for compulsory arbitration, with some rules governing the procedure and indicating to the arbitrator the way in which the wage rates should be set or applied. Even with that kind of machinery we might still have to interfere in the same way we did last year if the employees concerned did not obey the law and did not agree with the decision of the government. But the instances would surely be fewer.

In any event, I do not think Parliament should be recalled every time we have a situation like the one we are now faced with. It seems to me silly to ask Parliament to deal with a problem like the one we are dealing with this morning in a matter of a few hours, and under the pressure of ending a strike urgently.

How can we really appreciate the problems involved? I am not speaking of the necessity to force the railways to operate again, of forcing the employees to go back to work. That is obvious. But we have to tell them to go back to work under certain conditions. Now, how can we, after only a few hours of study, say to the employees that the conditions set down in this bill, even after the improvements made by the Opposition in the other place against the will of the government, are fair and that they should go back to work because we have decided that these are the conditions under which they should go back? We can't, if we're responsible, do that. We are not able to assess all the complexities involved in a dispute like this one. Parliament is not competent, nobody here is competent, to tell the railway employees, "The minimum conditions we are providing in this bill are fair enough for you to go back to work and forget about the right to strike that we have given you."

In fact, when we speak of the right to strike for railway employees we are not being frank at all. Nobody believes in it. Even the leader of the NDP, as far back as 1966, if honourable members want to look at the record, was saying the very same thing. It is not true. We cannot speak of the right to strike for railway employees, because the country can never afford a railway strike. It's just intolerable. You cannot say to a group of people, "You have the right to strike, but if you do use this right we will have to intervene and take it away from you." In the debate on the bill passed in 1966 Mr. Lewis acknowledged that. He said that there should be some rules for compulsory arbitration. Perhaps he did not say so in so many words, but if honourable members take time to read his speech they will find that this was his conclusion. And today he heads the party that is recognized as the political arm of labour in Canada.

I really do not understand why the government, after the experiences we have had over recent years, has not been able to bring in some legislation that would enable it to accept its responsibility, and not invite Parliament to share the burden of making such decisions. In fact, what is the government doing here? It is asking Parliament, "Will you help us out? Will you bail us out?" That is what is happening in the present instance. When the strike is on, with the necessity to end it as soon as possible, Parliament has to pass judgment on problems which it is not competent to judge.

● (0450)

We are going to vote for this bill, of course, because we want to end the strike. But how do we know, how can we know, that the conditions under which we are asking the employees to go back are fair? We are just shooting in the dark.

I hope that the improvement made in the other place to clause 5—increasing the award, or the decision of the conciliation board, by four cents and by 1.5 per cent, I understand, as of January 1, 1974—will help to convince the railway employees that Parliament is doing what it can to give them a fair minimum settlement, and will induce them to go back to work.

I certainly hope that the union leaders will show some responsibility. But I say this to the Leader of the Government and to the majority in this house: Sooner or later you will have to face the situation directly, and not try to avoid the issue; you will have to set up some machinery to settle these problems. If you continue asking Parliament to approve legislation in a rush, without really under-

standing what it means, one of these days you will be faced with a serious situation.

I am quite convinced that the union leaders and all the employees concerned will go back to work, but one of these days they might refuse, because they will not understand this process that we have been using over the years. They should know where they stand, they should know that there is a certain standard that will be observed in so far as they are concerned, and it should be embodied in legislation. I urge the Leader of the Government, I urge the government, and I urge the majority here, to think about it.

This is an impossible situation. I do not know whether I am acting in the right way in supporting this legislation. I know that I am doing the right thing in asking the employees to go back to work, because the country cannot afford to have this strike continue. But whether the conditions offered to the employees are right or wrong I do not know. I leave the responsibility for that to the government. I hope that one of these days the government will come up with really adequate machinery to settle these very difficult problems.

The fact that we are here at this hour of the day, the fact that the House of Commons started debating this bill the day before yesterday, and continued through the whole of yesterday until 3 o'clock this morning, and asks us to concur in this bill at this hour, it being now 5 o'clock on Saturday morning, is an indication of the stupidity of the situation in which Parliament finds itself.

We have no choice, if we want this strike to end. Since the House of Commons is waiting for us, there is no use in our considering this bill in committee; there is no use in discussing the details of the conditions under which the employees are being forced to go back to work. That would be useless, and we can only rubber-stamp this legislation. The House of Commons may have appeared to do a little more than that, but it did not do much more. In fact, Parliament cannot boast about having done very much by going through this legislation and passing it in the time it did.

Hon. J. Harper Prowse: Honourable senators, it is not my intention to weary you by embarking on a philosophical debate about matters which might properly be submitted later to committees of both houses, but I am concerned about the document which is placed before us. It may be that there is an answer in the Interpretation Act.

This bill says on its face that it was passed by the House of Commons on 31st August 1973. According to my watch it was not passed until about 2.30 or three o'clock on the morning of September 1. If that is correct and if there is an error on the face of the document, I do not know what effect that error would have on its legality.

The second point that arises is that clause 17 provides that the act shall come into force upon the day immediately following the day it is assented to. In other words, if we assume it was expected that it would be assented to before midnight last night, then it would have come into effect one minute after midnight and would now have been in effect for almost five hours. On the other hand, if, as I believe, there has been an oversight here, then it means that nobody will be starting anything until midnight tonight, which is 19 hours from now.

In view of the urgency, it is not a matter of stupidity that we are here dealing with this measure at this hour in the morning. The reason we are here is to get those trains running, and those people out of the spot they are in, as soon as possible. Therefore, if there has been any error in the drafting of this bill then, for heaven's sake, let us get it fixed up right now. Let us make the necessary amendments, and send the bill back to the House of Commons so that they can concur in them. By so doing we will not find ourselves with a piece of legislation that does not do what everyone expects it to do.

Hon. Orville H. Phillips: Honourable senators, I had intended in my remarks to refer to the question raised by Senator Prowse. It is very important that we have a definition in that regard, because it can mean almost a further 48 hours' delay in the resumption of railway operation. I would point out that this is very significant to the Atlantic provinces, where we have had, as a result of the rotating rail strikes, a further two or two and a half days of strike. The rotating strike hit the Maritime provinces, after which the employees returned to work at six o'clock in the morning, and then they went out at six o'clock the same evening on a national strike.

The question raised by the Honourable Senator Prowse is valid and important. At this hour of the morning, we are not even sure whether it is Friday or Saturday. Of course, I could digress and outline a little bit of history, and refer to the fact that the Liberal Party has always solved this problem nicely by declaring Thursday to be Friday, and I am sure they will be able to handle this situation as well.

The various notes that I have made raise a number of questions in my mind. However, I am going to concentrate on one point, namely, the ferry service to the two island provinces, Prince Edward Island and Newfoundland. It is interesting to note that the Minister of Labour in his remarks in introducing the bill in the other place--and here I assume that he was presenting the viewpoint of the government, and expressing government concern—failed completely to recognize that the ferry services to the two island provinces had terminated as a result of the strike.

Hon. Mr. Côté: The Prime Minister recognized that situation.

Hon. Mr. Phillips: I am sorry. I could not hear the honourable gentleman.

Hon. Mr. Côté: I said the Prime Minister did.

Hon. Mr. Phillips: I have not had a chance to read the Prime Minister's remarks.

Hon. Mr. Molson: It would be out of order if you did, senator.

● (0500)

Hon. Mr. Phillips: Yes, it would be very much out of order. Naturally they have not been printed in *Hansard* yet, but the remarks of the Minister of Labour are there. They do not contain a reference to the ferry strike, which had such an adverse effect on the two island provinces on the Atlantic coast. The tourist industry in particular was very seriously affected by the strike, and great numbers of tourists have been stranded in both provinces.

I was intrigued by the fact that the province of Prince Edward Island, having the benefit of a privately operated car ferry service, was able to make arrangements to assist in the orderly movement of traffic across the strait, while Newfoundland, solely dependent on the benefits of a nationalized system, was completely captive and had no recourse to any other form of transportation.

It is also interesting to note that when an emergency occurs in other parts of the world, Canada offers transportation as its chief means of assisting in such an emergency. Yet two of our own provinces have been virtually isolated because of this strike, and no one in the federal government offered them our great asset, transportation, which is offered so readily when disasters occur in various parts of the world. Various areas, not only in Newfoundland but also in northern Canada, were becoming short of essential food items, yet no one proposed any form of government transportation, whether by Armed Forces or Department of Transport aircraft. I suggest that this is a matter to be very seriously considered. With the approach of fall, many areas may be in a serious situation regarding essential food items.

Two of our Atlantic provinces, Prince Edward Island and Newfoundland, are considering legal action against the federal government, in an effort to obtain compensation for the losses suffered as a result of the rail strike. This may or may not be a desirable tactic, and it is not my intention to go into the question of the desirability or undesirability of legal action. However, I would urge the government to give consideration to settling this claim out of court. It is rather unfortunate that we should end up, as a result of a rail strike, with at least one province suing the federal government. Surely we are democratic enough to settle this matter out of court.

There is in the Atlantic provinces a great deal of bitterness against the members of the railway union who operate the car ferries. Perhaps this will be of very short duration. I hope so, because the members of the union feel they must participate in the strike if they are to enjoy the benefits. A far more important point is that they must participate in the negotiations, because they work in a very unusual situation. During the winter, and more particularly during the spring, when the ice is heavy, the railway employees can leave on a crossing which should take one or one and a half hours but can last for five or six hours. They must then repeat the procedure in returning. Consequently their contract must contain certain special points respecting their terms of employment, and it is essential that the general public recognizes this.

I am concerned, honourable senators, with clause 4(1), which provides:

> —every railway company shall resume operation of the railway and subsidiary services—

The car ferries to Prince Edward Island and Newfoundland are owned by the Department of Transport, yet they are operated by the Canadian National Railways. In my mind, therefore, there is some considerable doubt that this would constitute a subsidiary of the railway company. Perhaps the expired agreement between the railway and the union would cover the situation. However, I would like assurance from the government that the railway will resume immediately the operation of the two car ferry services to Prince Edward Island and Newfoundland. It is essential that there be no further delay in this regard.

I am quite willing to accept the word of the honourable Leader of the Government in the Senate. I realize it is not the best authority in the world, but it is the best that we have here; and at this hour of the morning one reaches for a straw and hangs on to it. The two provinces have asked that the right to strike be removed from the operation of the ferries. Perhaps this could be done by legislation. I would hope, instead, that in the future the government will consider allowing the railways and the brotherhood of railway employees to consider these persons as members of an auxiliary unit of the brotherhood. They could participate in negotiations and live up to the terms of their employment, yet not feel obligated to answer the strike call. In my opinion, this would be quite satisfactory. It would allow employees of the railway service to transfer to other branches, and would allow laid-off employees of the railway to transfer to the ferry service.

● (0510)

Honourable senators, I wish to emphasize again the need to restore the ferry service, and I would ask Senator Martin to give his assurance that it will be restored immediately.

Hon. Chesley W. Carter: Honourable senators, I have some brief remarks in support of what Senator Phillips has just said. The ferry service between Nova Scotia and Newfoundland is a vital link in the economy of the province of Newfoundland. In fact, it is our life line. The province of Prince Edward Island does have a private ferry on which it can rely and from which it gets some relief in a situation such as the one we are going through. However, there is no private ferry service in Newfoundland.

About 10 days ago there was a backlog of 600 freight cars piled up in North Sydney. I do not know what the situation is at the present time, but that backlog certainly must have doubled, which means that the economy of Newfoundland is already crippled. It will be months before this backlog can be cleared up, with the result that our northern settlements may be completely cut off from the supplies which they need, because those supplies must be shipped before the freeze-up in late fall or early winter.

When the railways ceased operating, other parts of Canada fell back on the trucking service. However, in Newfoundland the ferry is both our railroad and our highroad, so once the ferry stops running we have no trucking service. Consequently, we suffer more severely than any other part of Canada.

I should like to point out to the Leader of the Government that the Terms of Union between the Province of Newfoundland and the Dominion of Canada require that the ferry service be continued. As a result, when a strike interrupts that service it not only violates a contract between the railway and the union, but it also violates the provisions of the British North America Act. I understand that there are penalties for breaking the law in Canada, and certainly this is a law that is being broken. It is my hope that the government will take some steps to enact legislation to prevent interruption of the ferry service in the event that strikes of this nature occur in the future. I would ask the Leader of the Government to bring this to

the attention of the government, to see whether legislation cannot be put on the statute books to prevent a recurrence.

As Senator Prowse has pointed out, Bill C-217, as it is before us now, will come into force some 19 hours later than we had hoped. Once it does come into force there will be another period of 24 hours or probably 36 hours before things can get rolling again, which means that it will be Wednesday or Thursday of next week, at the earliest, before the ferries are back in operation. Another factor is that we do not know what the union reaction to this legislation will be. We hear over the news media that they are not too happy with it and that some employees have vowed not to obey the law.

I point out that the province of Newfoundland is in a crisis position at the present time, and if the ferries do not run for another week the situation will become intolerable.

For those reasons I should like to impress upon the Leader of the Government the need to provide some emergency service to fill the gap in the event that this interruption of the ferry service is prolonged.

Hon. Mr. Forsey: Honourable senators, I had hoped to speak on this bill, but in the circumstances I have no choice but to defer my remarks to a more convenient season.

Hon. Mr. Flynn: I would have liked to have done that, too.

Hon. Mr. Martin: Honourable senators—

The Hon. the Speaker: Honourable senators, I would inform you that if the Honourable Senator Martin speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Mr. Martin: Honourable senators, I should like to reply briefly to some of the questions that have been put and some of the assurances that have been asked for, and to refer to one matter raised by the Leader of the Opposition in a speech that I thought was, in these circumstances, a responsible one, and one that we would have expected him to make, having in mind his interest in the welfare of the country.

Senator Prowse called our attention to the provisions of the final clause of this bill, dealing with the time when the bill becomes effective. This bill, with clause 17, has just come to us from the other place, and I can tell Senator Prowse—as I think he knows himself, because he followed a good bit of the debate in the other place—that clause 17 was before the other place. It represents the wish of that House, and consequently it seems to me quite clear what our responsibility is, namely, to deal with the bill in the form in which it comes to us. Clause 17 provides:

> This Act shall come into force on the day immediately following the day this Act is assented to.

The fact that on the cover of the bill there are in type the words "As passed by the House of Commons 31st August, 1973" does not alter the validity and effectiveness of what I have said as representing the decision of the other place, one of the Houses of Parliament. The words "As passed by the House of Commons 31st August, 1973" are obviously a mistake. The time of day at which we are sitting in the Senate is a response to that. They are not, however, part of the bill. This is a designation by the officers of Parliament. It is not Parliament itself that puts in "As passed by the House of Commons 31st August, 1973," because the House of Commons would respond "We passed it today." This editorial slip in no way affects the substance of the bill. It is an editorial mistake that will be corrected.

The reason the bill comes into force on the day following royal assent is that if it came into force on the day of assent the bill would be retroactive to 12.01 a.m. on that day, according to the provisions of the Interpretation Act. The result would be that all parties would be acting illegally. The Interpretation Act defines "day" as a calendar day; that is, 12.01 a.m. to 12.00 midnight. Therefore, if the bill came into force on the day of proclamation at 5 a.m. or at 5.30 a.m., "day" having been defined, it would have been effective five hours before anyone could have had any notice.

I will certainly act on the suggestion of Senator Carter with respect to what he has said should be brought to the attention of my colleagues in the government, particularly the Minister of Transport, with regard to emergency services.

● (0520)

Senator Phillips mentioned the provisions of clause 4. It is a fact, as he himself has said, that the ferries in question are owned by the Department of Transport. They are operated, pursuant to contract, by the railways. Clause 4 provides that the subsidiaries such as the ferries are clearly covered in this bill, not only in clause 4 but also in clause 8(1), and clause 16 dealing with arbitration.

Honourable senators, as to the legal action that has been threatened, this is a matter which each government must decide in the light of its responsibilities. I make no comment on the legal situation, for two reasons. In the first place, it would not be wise for me to make a comment. Secondly, I would not know what kind of comment should be made. In any event, whatever may be the legal situation, the matter raised by Senator Phillips is not one that will go without the fullest study and consideration.

Senator Flynn, in his helpful and sometimes hard hitting—understandably hard hitting—speech, said that the government should have acted a long time ago. This is the precise remark, the kind of argument, I myself made when a government of which he was a distinguished member had to deal with a situation like this, when the men were ordered back to work, without any compensation having been determined, or any minimum terms provided. It was said then, as I recall, by myself and by others, that the government should have acted earlier. That is the kind of statement one would expect a vigilant oppositionist like Senator Flynn to make. I was not less alert on another occasion than he was tonight. But the government did not act prematurely.

Senator Flynn says that there should have been some law in existence enabling the government to deal with emergency situations in the public sector and affecting the interest of the nation. I know there is a strong section in Parliament, and outside, which takes that position. But in this case, there being no such provision, had the government acted earlier it would properly have been accused of having interfered in the collective bargaining process,

which is a vital part of our heritage of freedom in this free society.

There is always the hope, even with respect to operations that are of national import, operations that involve the employment, as in this case, of over 90,000 men, that at some point agreement between the parties will be reached. The national interest clearly must be protected, but until the danger point is reached, and in the absence of any such legislation as Senator Flynn mentioned, a government would be open to the greatest criticism—

Hon. Mr. Flynn: Not by me.

Hon. Mr. Martin: —if it interfered with the collective bargaining process. Senator Flynn says "not by me," and he clearly made his position understood in that regard, but I am sure there would be many in this country who would regard a premature interference as unwarranted.

Senator Flynn seriously invited all of us, the government in particular, to take into account the recommendation of the Woods Report. The leader of his party has, in the other place and outside, proposed the establishment of a public disputes commission, one which would categorize those operations that should be dealt with as coming within the class of those that create, in the event of a strike, a national emergency. I can only say that the Minister of Labour, when faced with this request for a public disputes commission, said that he did not accept it. I was not in the other place at the time and I forget the reasons which he gave, but I am advised that he rejected this type of commission. Nevertheless, the question is one of great importance.

We have in the Senate men and women of varied experience in business, in the professions, in labour, in agriculture and in other avocations. I am sure they could give this matter a great deal of thought, and it might be desirable at some point that we give some further consideration to this. Not only have we a wide representation of expert opinion and great experience in our membership, but we have some outstanding people who have had long experience in labour matters—Senator Goldenberg, Senator Forsey and Senator Lawson, to mention but three, and we have Senator Croll and others.

This House of Parliament need not feel it is less competent to deal with a matter of this kind than the other House of Parliament. In any event, it is open to any one of us to take the initiative with respect to the question understandably raised by Senator Flynn.

There were many other points which Senator Flynn made. I do not think he expects me at this time to comment on them, but I assure him that what he did say, certainly by way of constructive criticism, will not go unnoticed. I would not pay the same attention to those remarks which I regard as not within the category of constructive criticism. Nevertheless, I admire the way in which those unconstructive observations and criticisms were levelled at me and at the government.

But now the task for all of us is to get on with the job, for the railways to resume their operations, and for the men to go back to work. I am sure that the end result, as in other instances similar to this, will be that justice will be accorded to both sides in the dispute, and that the interests of the nation will not be further imperiled.

[Hon. Mr. Martin.]

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Paul Martin: With leave of the Senate and notwithstanding rule 45(1)(h), I move that the bill be read the third time now.

Hon. Mr. Prowse: Honourable senators, may I ask the Leader of the Government a question? I did not understand the last part of his answer to the question I raised, namely, whether clause 17 as we now have it was put in that form deliberately or inadvertently. If that clause were changed to provide that the act "shall come into force at noon on the day on which it is assented to", we would get around the objection about the retroctivity, and it would still give us 12 hours more.

● (0530)

I ask that question because 12 hours could be very important, and I would not feel I was doing my duty if I were not clear on that before being asked to vote.

Hon. Mr. Martin: I do not think I can add anything to what I have already said. I appreciate very much Senator Prowse's interest in the matter, but clause 17 is quite clear. It is the provision as passed by the other house and it is the provision that I am proposing to this house. When the bill is finalized, it will bear the designation Chapter 32, assented to on September 1, 1973.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

1 September 1973

Madam,

I have the honour to inform you that the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 1st day of September, at 4.30 a.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau
Brigadier General
Administrative Secretary to the
Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding Rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, September 18, 1973, at 8 o'clock in the evening.

Honourable senators, I feel I should add at this stage that although this motion calls for adjournment to September 18, we shall very likely be recalled before that date, when legislation is passed in the other place. It is expected that we will return within a week.

Hon. Mr. Flynn: Does that mean that the session is resumed at this time rather than on October 30, the date set when we adjourned at the end of July?

Hon. Mr. Langlois: I do not think it means that, but it is likely that we shall receive urgent legislation before too long.

Hon. Mr. Flynn: Does that mean legislation that was not on the Order Paper of the other place when we adjourned?

Hon. Mr. Martin: Perhaps I should briefly supplement the remarks of Senator Langlois. It is true that at the end of July we adjourned until October 30, and the House of Commons adjourned until October 15. In the meantime, of course, we encountered this situation. Other situations of an important character seem to be of concern to members of Parliament, and to the public.

The government has addressed itself to some aspects of the problem of inflation. The House of Commons is to meet on Tuesday, and there will undoubtedly be a discussion of inflation, its causes and proposed remedies. The government will be dealing with some aspects of that problem, as the Prime Minister has indicated, and in all probability some new measures will be introduced. Those measures can only be enacted with the consent of both Houses of Parliament. It is not possible now to envision when—it may be next week or the week after—those bills will be dealt with in the other place. We therefore consider it wise to adjourn until the date mentioned by Senator Langlois, with the expectancy that we may have to return earlier.

Hon. Mr. Flynn: In the event the measures referred to by the government leader are passed, is it the intention of the government to adjourn the House of Commons until October 15?

Hon. Mr. Martin: I do not believe any decision has been made with regard to that matter.

Motion agreed to.

• (0540)

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bill:

> An Act to provide for the resumption and continuance of operations of railways and for the settlement of the disputes with respect to terms and conditions of employment between railway companies and their employees.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, September 18, at 8 p.m.

THE SENATE

Thursday, September 6, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Canadian National Railways Securities Trust for the year ended December 31, 1972, pursuant to section 17 of the Canadian National Railways Capital Revision Act, chapter 311, R.S.C., 1952.

Copies of amendments to the Income Tax Regulations with respect to Canadian manufacturing and processing profits, together with press release, dated August 30, 1973, relating thereto.

Copies of Order in Council P.C. 1973-2482, dated August 21, 1973, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.

BUSINESS OF THE SENATE

On the Question Period.

Hon. Mr. Flynn: Honourable senators, as no one has asked, I would like to know why we are here again? I thought the Leader of the Government would have had the courage to step up and tell us something regarding the recall of Parliament before the date that we had set last Saturday morning at six o'clock.

Hon. Mr. Martin: I thought that the Leader of the Opposition was aware, because I did telephone him the other day—

Hon. Mr. Flynn: I knew that would be the first thing you would say. Don't you know any other formula with which to start a reply to me?

Hon. Mr. Martin: —to advise him that we would reconvene in order to deal with three measures, we hoped, which were being proposed by the government. At that time it was anticipated that we would certainly have one or two, and possibly all three of them, so that the Senate could dispose of them, if it wished, after giving them the consideration it wanted.

We felt that, as the other place was going to adjourn following those matters, in all probability—

Hon. Mr. Flynn: You said no to that last week.

Hon. Mr. Martin: Would my honourable friend allow me to finish? It was felt that because of this the Senate would want to be here to deal with these measures, as is its constitutional obligation.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: And that, in any event, the Senate would not want to be placed in the invidious position, of which it is sometimes unjustly and unfairly accused, of shirking its responsibility, which I deny is the case. We wanted to deal with these measures. I can very well understand what would have certainly been said outside if we were not here to deal with measures designed to meet the problem of inflation and which had been passed by the other place.

By being here tonight the Senate is doing its duty, and it is my concept, after the fullest consultation with other honourable senators, that this is our duty.

Hon. Senators: Hear, hear.

Hon. Mr. O'Leary: Honourable senators, I rise, if I may, to support the position taken by my leader. I think that this house, being recalled on two occasions in recent weeks when there was nothing for it to do, compels and creates the disrespect which is growing in this country for this house.

When I accepted an appointment to the Senate I did not do so expecting to be at the beck and call, to be a waiter for the whims and follies and the mistakes and incompetence, of the other chamber. This is what is wrong here. We have been recalled for what? We have been recalled to do nothing.

I, myself, am convinced that this country is forgetting what this house is about. This house is an integral part of Parliament. Yet we have the press, or we have the media, as it is called now, referring constantly to members of Parliament and senators. We are members of Parliament, and surely we are entitled to more respect than merely to be here at the beck and call of the other place.

● (2010)

Nobody knows this better, and nobody should know it better, than the consummate, sophisticated politician who is the leader of this house. In fact, every time I hear him speak, every time I see him in action and hear him in action, I feel I should bow where I cannot pray. I appeal to him as an ornament of this branch of Parliament to be a little more in character with the guardian of the dignity of this house and its rights.

Hon. Mr. Forsey: Honourable senators, I would venture to add something to this. It seems to me that one thing we could very well do on occasions when we are here with no business from the other place is to get on with some of the items on the Orders of the Day. There is a string of things down here, at least six items on the Orders of the Day, some of which have been there for a very long time. Repeatedly when they are called we hear, "Stand. Stand. Stand." I cannot see why some of them, which seem to me to be suitable and of continuing importance, might not be taken up by some of those who have adjourned the debate on these matters, either by rising and saying their piece or

giving way to somebody who is prepared to speak. There must be people in this house who are prepared, with very little preparation, to speak on order number one, for example, the bill introduced by Senator Grosart concerning representation of the Yukon and Northwest Territories. There must be people here prepared to speak, with very little preparation, on a number of these matters.

Under the head of Inquiries there is one that was put down by Senator Argue way back in January, and as far as I can recall it has never been taken up at all. I do not say it is incumbent on every senator who puts something down on the Order Paper to be here on every occasion, or for every senator who adjourns a debate to be here prepared to speak on the matter at a moment's notice. But I do think we would enhance our stature in the eyes of the country if some of us were to exert ourselves and be ready to take up various matters that are on the Order Paper. I am perfectly prepared at a moment's notice to make my small contribution on the first order, for example, dealing with the representation of the Yukon and Northwest Territories.

If we are brought here for some quite legitimate reason, as explained by the Leader of the Government, I do not see why we should not do some of the business that we have put on our own Order Paper on our own initiative. It is our own responsibility. This, it seems to me, would be a way of discharging our duties, or performing our function in Parliament, which would avoid some of the unfortunate results that have been alluded to by other senators.

Hon. Mr. Langlois: Honourable senators, far be it from me to try to stand in judgment of the conduct of others. As far as I am concerned, I would rather be called here on occasions when there is nothing to do than not be here when there is something to do. I think that is the way we should look at our job as senators here. We should be at the disposal of the country when there is urgent legislation to be passed. Following the suggestion made by Senator Forsey, if we are looking for some work to do tonight, we can do what they did in the other place instead of discussing urgent legislation which is before Parliament. They discussed inflation. We can do that tonight. We are called here to pass measures to remedy inflation—

Hon. Mr. Flynn: Honourable senators, I rise on a point of order.

Hon. Mr. Langlois: You cannot take it, as usual, of course.

Hon. Mr. Flynn: If the honourable senator wishes to discuss the debate that is going on in the other place, which is entirely out of order, I have no objection.

Hon. Mr. Langlois: I am not discussing that.

Hon. Mr. Flynn: If you have no other argument you might as well stay where you are on your seat.

Hon. Mr. Langlois: You can continue going on giving your lesson to everybody. You are not teaching very much, and you are not being listened to.

Hon. Mr. Flynn: I know. That's why we look ridiculous at times. It is because suggestions from this side aren't followed.

Hon. Mr. Langlois: As to what took place in the other house, I am just giving that as an example to follow in this place. If honourable members of the Opposition do not know what they should talk about tonight, let them talk about inflation—that is what they have been doing in the other place, instead of discussing measures to deal with inflation—or let them talk about any other matters on the Order Paper. It is up to you. It is a free house and we are ready to give leave to discuss any matter you want to discuss, if you have anything to say on the situation prevailing in the country.

Hon. Mr. Flynn: You people have nothing of value to say. You're the people who created this economic mess we have on our hands.

Hon. Mr. Langlois: You can talk as long as you wish, beating on that point. You probably can talk louder than I can, and I will not try to contend with you on that.

Hon. Mr. Cameron: Honourable senators, I do not wish to enter into the argument between Senator Flynn and Senator Langlois, but I would like to associate myself with Senator Forsey's idea that one of the things we could do in this time, pending the arrival of legislation, is to proceed with what is on the Order Paper. I think that is a perfectly proper suggestion to follow. I am sure that when the house does reconvene, if we have another recess, there will be plenty to do, so let us get what we can out of the way.

Hon. Mr. Phillips: Honourable senators, it has been the custom on Thursdays for the Leader of the Government to give an indication of the business for the next week. I wonder if he could indicate to the chamber what emergency the government has prepared for next week, and what days we will be sitting next week.

Hon. Mr. Martin: Honourable senators, as Senator Phillips knows, there is now being discussed in the other place an amendment that will provide for the indexing of old age security pensions on a quarterly basis instead of on an annual basis. We had every reason to believe, on the basis of a reasonable assessment, that that bill might reach us sometime today. Because of the rules of the other place, that progress was thwarted at 5 o'clock when one single member—within his right—objected to the use of the private members' hour between 5 and 6 o'clock for that purpose. That measure will be with us, if not later tonight, perhaps tomorrow.

Hon. Mr. Flynn: What is the urgency?

Hon. Mr. Martin: There is also a bill providing for the indexing on a quarterly basis of superannuation payments to persons in the Public Service. In addition to that, there is another measure providing for the increase in family allowances up to $12, pending the introduction later of a measure providing family allowances in the amount of $20 to begin on January 1, 1974.

Hon. Mr. Flynn: Very urgent!

Hon. Mr. Martin: These three measures are part of the government's current program to meet the rise in the cost of living.

Hon. Mr. Flynn: Recent? Not very recent.

Hon. Mr. Martin: With the cooperation of all honourable members of all parties on both sides of the house, those three measures will be before us sometime between now and some day next week. Those are measures which everyone in the country regards as capable of contributing to an improvement and an easing for thousands of citizens in respect of price rises. This, together with the government's effort at subsidizing bread and milk, the persuasion that it seeks to exercise on the oil and gas industries, and the various selective measures it has devised, is all part of a program designed to meet the problem of inflation. Now, this program is important.

Hon. Mr. Flynn: It is inflationary.

Hon. Mr. Martin: These are matters which lie ahead and which can only be dealt with by both Houses of Parliament. I say, in answer to Senator O'Leary, it is true that we are all members of Parliament. It is because we in this house are members of Parliament, like those who constitute the membership in the other place, that when there is legislation pending it is our duty as senators to be here to deal with it as quickly and as expeditiously—

Hon. Mr. Flynn: That is not true.

Hon. Mr. Martin:—as our obligations following careful study will permit. That is our duty. That is our constitutional obligation.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: I am sure that there would be nothing that would bring this chamber into criticism by a sometimes unknowing news media than for us not to be here to discharge our obligation. Our obligation is to be here to deal with this legislation, and it is not our fault if that legislation is not before us now.

• (2020)

Hon. Mr. Flynn: That is a lot of hot air!

Hon. Mr. Martin: There was every reasonable expectation that at least one or two of these measures would be here before the end of the present week. It is not our fault if they are not here—

Hon. Mr. Flynn: But it is your fault that we are here.

Hon. Mr. Martin: It is not our fault if they are not here, and, I repeat again, if those measures had come to us and the Senate was not here to deal with them, a howl would have gone up in the country, and rightfully so, by the electorate and a citizenry that would have every justification to complain.

Hon. Mr. Flynn: Hot air!

Hon. Mr. Martin: Not only would they have every justification, but there would be some honourable members of this house who would also criticize us for not having been called here to deal with measures which everyone recognizes as desirable, if not fully satisfactory.

Hon. Mr. O'Leary: May I ask the honourable leader a question? If certain people in the other house go on endlessly electioneering as they have done in the last few days, as reported to me by a member of their own party, if they go on day after day, hour after hour, electioneering, are we to sit here and wait until they finish electioneering?

[Hon. Mr. Flynn.]

Hon. Mr. Martin: My honourable friend Senator O'Leary, who has far more political experience than I have, can answer that question by noting that if there is a disposition to electioneer—and I am not saying there is a disposition to electioneer—that disposition is not confined to one political party.

Hon. Mr. O'Leary: It was confined to one party the other afternoon, and if you read *Hansard* of the House of Commons you will see that it was confined to one party, and that that bill would now be before us if it had not been for Liberal members in the other house having been engaged in electioneering. And what good that electioneering will do them, God knows!

Hon. Mr. Flynn: Senator O'Leary was answering the charge made by Senator Langlois, but—

Hon. Mr. Langlois: I made no charge.

Hon. Mr. Flynn: That is what you said—that the Conservative Party in the other place was electioneering. But my question to the Leader of the Government at this time—and I hope he can answer it without making a speech full of hot air like the one he just made—is whether there was any absolute necessity to pass the bill respecting the increase, the indexing of the old age pensions, by tomorrow. Wouldn't next Monday or Tuesday have been soon enough? What's the rush? The increases are only for October.

Hon. Mr. Martin: I think there was. Basically, as I told Senator Flynn on the telephone at the time, there were good reasons for concluding that the three bills would be in our hands before the end of this week. There was also some good reason for thinking that there might be an adjournment on the part of the other place.

Hon. Mr. Flynn: Oh, oh.

Hon. Mr. Martin: In that case, it was surely our obligation to be here to deal with those measures before the other place adjourned. Now, those were not final judgments; those were judgments that could be made only on an assessment of the situation. It was an honest assessment. It was an assessment that Senator Flynn himself would have made, if he were sitting on this side.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Martin: He says no. He has not yet had that responsibility. I know that if it ever comes to him he will discharge it sincerely and in no way different from the way it has been discharged today.

Hon. Mr. Flynn: Honourable senators, I wish to make my position clear. I am not here trying to defend the case of the party sitting on the left of Madam Speaker. I am trying to defend the case of the Senate. I know that I am defending a case that many senators sitting behind the Leader of the Government believe to be a just case—one of great merit. The Leader of the Government always speaks of his telephone conversations with me. I could speak of many telephone conversations with many of his supporters, or so-called supporters. If he wants to raise such matters, it could become very embarrasssing for him. I always considered the telephone conversations that I had with the Leader of the Government as private. I resent his making them public knowledge for the purpose of bolster-

ing his very weak argument. I never said to the Leader of the Government that I agreed with his decision to recall Parliament tonight. He says that we should be here in case the other place passes legislation.

Hon. Mr. Denis: What is wrong with that?

Hon. Mr. Flynn: I say no.

Hon. Mr. Denis: But what is wrong with that?

Hon. Mr. Flynn: I say no. We are not here to wait for the other place to pass a bill and then rubber-stamp it. That is a basic and erroneous assumption under which the present Leader of the Government in the Senate has operated since his coming to this place. In recalling Parliament tonight, just in case the legislation presently before the other place might be passed, the government was taking for granted that the Senate would be willing to completely ignore its rules, that the Senate would have foregone its usual two days' notice, and that we would have dealt with this legislation tonight.

Hon. Mr. Langlois: Parliament was not recalled tonight. It was recalled two weeks ago.

Hon. Mr. Flynn: I meant the Senate.

Hon. Mr. Langlois: But you said Parliament.

Hon. Mr. Flynn: All right. I stand corrected. But I do wish to point out that it was clear to all other honourable members of the Senate, if it wasn't clear to Senator Langlois. If only one fails to understand, is it not possible that it is he who has a problem?

Now, to get back to my point. When the Leader of the Government tells us to be here tonight, in case the other place passes a particular bill dealing with old age pensions, linking them to the rise in the cost of living on a quarterly basis rather than on an annual basis, he assumes that we are going to deal with that bill tonight.

Hon. Mr. Martin: No, no.

Hon. Mr. Flynn: Oh, yes. Otherwise, why call members of the Senate from British Columbia and Nova Scotia if not to be here to deal with the bill? But if there is no leave to deal with the bill tonight or tomorrow, then we will according to our rules have to adjourn until next week. So, in fact, what you have done is quite simply this: you have called these people to take a bow before Madam Speaker, but more particularly before the Leader of the Government. The Leader of the Government was lonely in his office—

Hon. Mr. Langlois: You are not fair. Say something sensible.

Hon. Mr. Flynn: The Leader of the Government misses us when we are absent too long. But let me hasten to point out that we don't miss him. Not at all.

We were summoned to the Senate to deal with the business of Parliament when there is business before Parliament. We were not summoned here to wait and be prepared to fall all over ourselves to pass legislation the moment it is sent us. That may be the government leader's position but it is not mine and it is not that of anyone who understands the role of the Senate.

Hon. Mr. Martin: That is not the case at all.

Hon. Mr. Flynn: We are supposed to give sober second thought to legislation, and I cannot see how we can give that sober second thought if we are prepared to rubber-stamp a bill two minutes after it has passed the other place.

There is no justification for our being here tonight. If the legislation were to pass the other place, then it could come to us next Tuesday, and members of the Senate from British Columbia or Nova Scotia would not have to come all that way to sit here and wait until next week to do any work. For myself I do not mind particularly, although it has disrupted my own program somewhat. Still, I am not complaining. But some members of this house will be here five days for nothing simply because the Leader of the Government in the Senate thinks that he has a duty to safeguard and protect the government by having the Senate approve immediately, with utmost speed, all measures that may pass the other place.

Apparently the Leader of the Government is not capable of making a distinction between the situation with which we were faced last week and the present one. In that situation there was an element of urgency, and I agreed with him at that time when during the course of a telephone conversation I told him that he was right in what he wanted to do. I said, "You are right to call the Senate on Thursday even if the bill has not passed the other place." There is a difference between the two situations. I thought that the Leader of the Government was more incisive. But I suppose it is as hard to teach partisans new ways as it is to teach old dogs new tricks. The Leader of the Government does not understand the Senate and never has understood it. I say to the government leader, and to all his supporters who get worked up occasionally when he makes hot air speeches such as the one he made a short while ago, that no one has ever hurt the Senate and its image more than he. Every time he summons this house to give quick approval to legislation coming to us from the other place he puts another nail in the coffin of the bicameral system. There is never any justification for servile behavior.

• (2030)

Senator Forsey and Senator Cameron ask why we do not deal with the items on the Order Paper. I have no objection, but when you recall Parliament because of urgency why should you deal with such matters as these? You were in agreement when we adjourned on July 27 that we not deal with these matters before October 30. Now you suggest we use them as fill. Your motive is noble. You want to keep your leader from looking completely inane. But that doesn't make your suggestion worthy of much consideration. If you insist that it is a serious proposal and should be implemented, I won't stand in your way. But I leave to you the responsibility of defending this position before public opinion.

The Senate has one principal duty, and that is to review legislation. And that should be done after it has passed the other place, not before. The government leader has already made a speech defending the legislation in advance. He does not know what it will be when it arrives here, and he has no right to assume that it will be the same as it now is. He does this, nevertheless, and assumes that we will waive our rules in order to approve and rubber-stamp the legisla-

tion. For five years I have urged the government leader to understand that there is no need for the Senate to be here before the legislation has passed the other place. The position in which we find ourselves now is completely ludicrous. But this is not the first time we have demonstrated our propensity for the absurd. We have found ourselves in similar circumstances on many occasions.

I have discussed this matter with many members of the Senate and none of them are pleased with the way we have been forced to act. I reiterate that I am not defending the case of the Opposition at all, but that of the Senate.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: My honourable friend Senator Langlois says no.

Hon. Mr. Langlois: I said nothing at all; you are imagining things.

Hon. Mr. Flynn: If you tell me you didn't mean what you seemed to say, I will accept that.

Hon. Mr. Langlois: I did not utter anything; you are just imagining things.

Hon. Mr. Walker: He spoke but he said nothing. Let us make the distinction.

Hon. Mr. Flynn: What annoys me is that I know that when, after the next election, the Grits wake up on this side of the chamber, they will seek out every opportunity, both real and imagined, to criticize us for the very things they are doing now.

Hon. Mr. Langlois: That is your old habit of sleeping over there.

Hon. Mr. Flynn: Did you say something this time?

Hon. Mr. Langlois: You did, as usual.

Hon. Mr. Flynn: But did you say something about my sleeping on this side?

Hon. Mr. Langlois: That is what I said.

Hon. Mr. Flynn: That is what you said, unless *Hansard* does not report you correctly. You are seated across from me and you said it would be my old habit of sleeping on this side.

Hon. Mr. Langlois: You are being silly.

Hon. Mr. Flynn: Did you say that, or not?

Hon. Mr. Langlois: You are being silly.

Hon. Mr. Flynn: I am not being silly, but I will tell you that I do not snore as you do. Of course, when the Leader of the Government speaks that would be just cause for all of us to retreat to the arms of Morpheus.

Hon. Mr. Langlois: You should not say that. You are not fair when you say that.

Hon. Mr. Flynn: Well, who was not fair in the first place?

Hon. Mr. Langlois: You.

Hon. Mr. Flynn: That's a good one. I never heard anything so asinine. I suppose, honourable senators, that I am helping the Liberal side of the Senate by speaking so long that the bill may reach us before we are through this exchange. I can just imagine how pleased the Leader of the Government would be if we received a message from the other place saying that the bill had finally passed. I do not mind; it would do no violence to my basic contention. I am not speaking on behalf of the Opposition; I am trying to defend the Senate. I would hope that some members on the other side who have strong convictions similar to mine would tonight have the courage to rise and speak their minds.

The Hon. the Speaker: Honourable senators, there is nothing before the house at the present time. We are on the Question Period, and under the rules questions may be asked of the government leader or a senator who is a minister of the Crown. There is, however, no provision for a debate. Because this is obviously a matter of great interest to honourable senators, and sometimes we do not follow the rules too closely, the Chair has allowed ample opportunity for both the Leader of the Government and the Leader of the Opposition to make their points. I would like to be able to call the Orders of the Day, but before doing so, if you will allow me, I will make another statement.

Increasingly comments are made which cast reflection on the other house, and speeches made there. I refer honourable senators to the 18th edition of *May* at page 416, where it is stated:

> It is obviously unbecoming to permit offensive expressions against the character and conduct of Parliament to be used without rebuke; for they are not only a contempt of that high court, but are calculated to degrade the legislature in the estimation of the people.

I ask honourable senators to bear that passage in mind when making comments.

I should like to proceed with the Orders of the Day, but if other senators wish to speak I shall allow them.

Hon. Mr. Croll: Honourable senators, I have a question for the leader. As payments under the three acts which are now before the House of Commons will not be made until October 1, what is the urgency?

Hon. Mr. Martin: There is the obligation of processing three different acts. These are amendments to the Old Age Security Act, which governs well over a million people; similar payments respecting pensions of retired public servants; and a measure providing for an increase in the family allowance. I do not suggest that there is any limitation on our right of debate or the length of time that we take. It does, however, take time to process and prepare. In addition, notices must be inserted, not by a central office but by a regional office. The department officials concerned have advised both the ministry and the government of the need for this time.

Hon. Mr. Walker: Honourable senators, I have heard in high circles that our leader is to leave us shortly to become the Governor General in November.

Hon. Mr. Flynn: Bravo; it is the best thing that could happen to us.

Hon. Mr. Walker: Obviously the display put on tonight by his would-be successors is something regarding which I should like to ask a question of the leader. Never in all my

years in the Senate have I heard the Honourable Senator Langlois in such an ebullient and oratorical mood. Would it be that he is the first choice? He is in the front row tonight.

Hon. Mr. Langlois: I have no ambition whatsoever.

Hon. Mr. Walker: Or could it be Senator Molgat, who had trouble in Manitoba? Of course, that is an odd sort of province, which did not appreciate his talents and he has come along very quickly here. Could it be that he is to be the choice? Or could it be that our great friend, Senator McDonald, is to be the leader? It has been a wonderful thing to sit here opposite and watch these three very distinguished senators compete for the succession. We on this side are becoming highly nervous about it and having watched Senator Langlois tonight I am reminded that he looks his best in his sailor's uniform sitting in his yacht with the waves racing about him. But tonight he was so eloquent that I am almost inclined to think that he must have the nod. Otherwise, he would not have presumed to have been as forceful as he was. It is marvellous.

• (2040)

On the other hand, there is Senator Molgat. We have not had a leader from the Western provinces for some time. We have had Senator Macdonald from Ontario; we have had Senator Connolly from Ontario, and we have Senator Martin from Ontario. It is time we had someone from one of the Western provinces.

Hon. Mr. Benidickson: We had Senator Haig.

Hon. Mr. Walker: Yes, Senator Haig from Manitoba, and a wonderful leader he was. Perhaps it is for that reason, if none other, that Senator Molgat might be considered as a possible candidate. In any event, these are brilliant men and I congratulate the leader. I did not realize what he was doing all these months in giving encouragement to one and then pulling the carrot away and favouring another. Of course, the one being rejected looks annoyed for a while and the new man looks pleased, as pleased as Punch, particularly Senator Molgat.

Senator Molgat has not been in this house long. He does not know what happens to those who are too ambitious. But it is wonderful that he has kept his ambition to its present height. And do not forget Senator "Ham" McDonald, a very good friend of all on this side. He is still in the running.

Senator Croll could perhaps give a better answer than I, but if our leader becomes the Governor General—

Hon. Mr. Flynn: You mean the Leader of the Senate.

Hon. Mr. Walker: Yes, the leader of our house—and I hope he does. He is an old friend of mine and a very distinguished one. There is no one in Canada who could fill that honoured post with more distinction than he. I have known him since I debated with him at the University of Toronto away back in 1926. He will be a good Governor General, but who is going to fill the exalted place he is leaving? That is important. That is the real question tonight, not the obvious fact that my leader is right about the recall of the Senate. It is a completely ridiculous thing. However, I do not blame the Leader of the Senate for recalling us. He does not want to lose the preference that he has at the present time by doing anything untoward. Had the measures passed the House of Commons and we were not here to deal with them, it might have wrecked his future career. Who knows?

But here we have four people, all of them playing what we used to call musical chairs. We would ride around on our horses and then have to get off the horse and sit on the chair. Well, they don't have to get off their horses, but I might say to Senator Langlois that he had better get off his high horse if he hopes to fill this honourable position.

Having said what I said in support of my leader, who always talks common sense, I will come to my question and ask the honourable Leader of the Government to relieve us of our worry. This has been worrying me for months. Until tonight I thought Senator Langlois was just a second runner. However, he was so eloquent tonight I thought perhaps he had moved to the forefront. Would the Leader of the Senate please tell us who is going to succeed him?

Hon. Mr. Martin: I am sure that this question is very relevant to the important issue that Senator Flynn has provoked. I can assure Senator Walker that he need not have any concern. He and I will be in this house for a long time together. In any event, I can only say to him that I do not know why he puts himself out of the running. There is always a possibility that with a change of ideological conviction he might succeed me.

Hon. Mr. Croll: Honourable senators, I would not have asked the question I asked of the Leader of the Government a few minutes ago had I not known what the answer was. It was not the answer that he gave, in which he said that so much time was needed to do this, that and the other thing. As a matter of fact, the machinery is ready and prepared to go on almost instant notice—five or three days' notice. So that is not the reason. I think perhaps he did state earlier in his remarks that there was some thought that Parliament would adjourn tomorrow, and that it did not work out that way. Perhaps it was for that reason. But the reason he gave is not acceptable, as far as I am concerned.

Hon. Mr. Flynn: He had better give an acceptable answer. He very seldom gives an acceptable answer anyway.

Hon. Mr. Molgat: Honourable senators, I rise with some hesitation after listening to Senator Walker. I do not know whether I should ask him to be my campaign chairman, or what position I should propose for him.

Her Honour the Speaker suggested that there should be no further discussion on the comments that were made. However, I wonder if I might—

Hon. Mr. Walker: Is this a new question?

Hon. Mr. Molgat: —Possibly on a question of privilege, if I may word it that way; it is reverse privilege in a sense—

Hon. Mr. Flynn: I agree that you are entitled to speak. I respectfully disagree with the point made by Her Honour the Speaker. As long as there is no objection by any senator to a debate, there should be no intervention by the Chair. I understand the comments of Her Honour the Speaker regarding the debate in the other place, because some comments were made regarding it. It was very

proper for Her Honour to speak of that. But as to the rest, I think Senator Molgat is entitled to make his comments.

Hon. Mr. Molgat: Quite frankly, I am inclined to agree with the views of Her Honour the Speaker, in that there is really no debate before us. However, in view of the fact that the question was raised—

Hon. Mr. Flynn: We agree to debate that.

Hon. Mr. Molgat: —I rise to make it clear that there is no need for me to defend my leader in this place. He is quite capable of defending himself. On the other hand, I want to make my responsibility in this matter clear to the Senate, because I was one of those involved in the decision to recall the Senate.

Quite frankly, it was a difficult decision to make. We were faced with the possibility of three bills coming from the other place, all of which concern a matter of extreme urgency, and a matter of extreme—

Hon. Mr. Flynn: No.

Hon. Mr. Molgat: —importance to the people of Canada at this time on the subject of inflation.

Hon. Mr. Flynn: What urgency?

Hon. Mr. Molgat: Well, you may not think it is urgent, but the people who are faced with the increased cost of living right now certainly feel it is urgent.

Hon. Mr. Flynn: What is the difference between having them dealt with today or next Monday?

Hon. Mr. Molgat: That may be your point of view, but that is not the point of view of the poor working man in this country who is faced with increasing costs.

Hon. Mr. Flynn: No.

Hon. Mr. Molgat: Well, you may not think that. You may not think that, but perhaps it is about time that you found out.

Hon. Mr. Flynn: Tell me how—

Hon. Mr. Walker: You are preaching for a call.

Hon. Mr. Molgat: Well, you may think that as well.

Hon. Mr. Walker: I do.

Hon. Mr. Molgat: That is your privilege. I am preaching for no call.

Hon. Mr. Flynn: May I ask you a question? What difference would it make to the poor people or the poor worker, for whom you seem suddenly to feel such great concern, were the Senate to pass this bill next Tuesday or Wednesday rather than tomorrow?

Hon. Mr. Molgat: That is not the point.

Hon. Mr. Flynn: Ignorance.

Hon. Mr. Molgat: My honourable friend says that the Senate looks silly.

Hon. Mr. Flynn: Yes, indeed.

Hon. Mr. Molgat: How would the Senate have looked in the eyes of Canada had the House of Commons passed those three bills and we were not here to deal with them? I would not want to be a member of that kind of Senate.

[Hon. Mr. Flynn.]

My honourable friend talks about the importance of Parliament. I respect the importance of Parliament. I come from a background of political life. I have spent 20 years in political life and I respect the importance of the legislative process.

My honourable friend has a responsibility to Canada. We complain at times that we have to wait for legislation; that we are not happy about the process. But we are part of the parliamentary process. I remind honourable senators that we have a clear responsibility to the people at the other end of this building who are paid no more than we are, but who spend a great deal more time here than we do. I do not have much patience for people who say that we ought to be on an entirely different scale than those at the other end. We have a responsibility to Canada. My honourable friend may say that we look silly tonight. I say we would have appeared to be derelict in our duty had the House of Commons passed those three bills and we were not here prepared to deal with them.

That is the decision which we took. It was not an easy one. No one likes to recall honourable senators from all over Canada, and in this respect I am particularly conscious of those who had to come from the Maritimes and those who had to come from the West coast, because I know what it means. It means a whole day travelling for them to be here. They are in an entirely different position from those senators of central Canada. Whenever we discuss a recall I am very conscious of that fact.

● (2050)

On the other hand, it is one of those decisions that has to be made. We thought the bills would be passed by the other house, and that they would be before us. Had they been sent to us, I think it would have been damaging for the Senate not to be here ready to deal with them. It turns out that they have not been passed, and it is unfortunate.

When I made my recommendation concerning, and gave my approval to, the recall of the Senate I did so thinking it was the best thing to do in the circumstances. If the chance was that the bills would be passed by the House of Commons, I thought the better decision for the Senate, and for the good of the country, was that we should be here in a position to deal with them.

In one respect I agree with Senator Flynn. As he knows, I very much dislike this business of bills' coming to us and our being under the gun to pass them. He will recall that some two years ago I refused passage of a bill at Christmas time, even though it meant a recall, because I could not agree with the procedure. I do not agree with it. However, I do agree that we should be back here tonight to deal with the business, not to be under the gun of having to pass the legislation tomorrow, so that the Senate will be in a position to deal with matters that come before it, and be able to take the time required to deal with them.

I rise to make it clear that I accept my responsibility in this. The responsibility is not wholly that of the leader. He did consult with me, and that was my recommendation based on the facts.

Hon. Mr. Forsey: The sooner we are here the more time we can give to considering the matter.

Hon. Mr. Flynn: Honourable senators, Senator Molgat put a question to me, so may I reply briefly? I do not want

to engage in a discussion. I thought I made my position very clear, possibly too forcibly at times. In any event, the record will speak for itself. I am not arguing that the decision was not made in good faith. I think it was a wrong decision. I am not questioning the good faith of the Leader of the Government. I have told him he does not understand the Senate, and maybe that is also true of Senator Molgat. When he says the members of the other place are paid the same indemnity as we are, he is right. If I have something to do, I do not mind being here; but I object to being here when there is nothing to be done. That is the first point.

The second point is that if we are to give sober, second thought, we should not be here waiting to give immediate approval, because otherwise it is useless for us to have any rules. Honourable senators might like to think about that. If I told the Senate tonight that I would not give leave to proceed with the bill if it came to us tonight or tomorrow, we would have to adjourn until next week. That would be the proper thing to do, because long ago the Senate decided, in its wisdom, to write rules that would prevent us from proceeding with second reading of a bill before we had had two days to think about it.

Senator Molgat will not tell me that it makes any difference whether we pass this bill respecting old age pensions tomorrow or next week. What I am questioning, and I question it again, is the judgment that was made to recall senators before we knew the bill had passed the other place. If we had we would have had a better perspective. I disagree with the idea of coming back in advance, and I know that many of my colleagues on the other side of the house think the same. I have continuously objected to this practice which the Leader of the Government has insisted on following since he came to this place. He seems to have convinced Senator Molgat, and apparently Senator Langlois of its value—although I doubt the latter a little—but he has not convinced me. I think it is entirely wrong.

Hon. Mr. Molgat: If it is Senator Flynn's decision not to allow second reading to proceed, I would agree. Furthermore, if it is his decision to refer the bill to committee, I would agree with that as well. I think that is the proper course.

Hon. Mr. Flynn: Then why are we here?

Hon. Mr. Molgat: However, I think it would be wrong for the Senate not to be ready to proceed with at least the first stages to get the machinery moving when we are dealing with a matter that is of extreme importance to Canadians today. That does not mean it should not receive proper consideration here, and you will get my support if you wish to defer second reading to another day and then refer the legislation to committee.

Hon. Mr. Flynn: First reading would be implied if we had not been recalled tonight. I would say it is the same thing. We know the bill has passed the other place, we know in what form it is. In such circumstances first reading is deemed to have taken place the next day, even if we are not here. I would have agreed then to forego the two days' notice.

Hon. Mr. Molgat: Hindsight is always much easier than foresight.

Hon. Mr. Flynn: Then next time try to think so far ahead that what is about to happen will seem like hindsight.

RAILWAY OPERATIONS

FAILURE OF EMPLOYEES TO RETURN TO WORK—QUESTION

Hon. Mr. Cameron: Honourable senators, I should like to ask the Leader of the Government a few brief questions that are exercising the minds of people in Western Canada in particular. On September 1, at 4.30 in the morning this Parliament passed an important piece of legislation ordering the railwaymen back to work. I was out of the country at the time, and I was sorry to miss the sitting. However, it is my understanding that when that act was passed it became the law of the land.

Hon. Mr. Flynn: It was at 6.30 in the morning.

Hon. Mr. Cameron: Today, several days later, the railways are still not operating across Canada. The question is: is a small minority of the railway workers of Canada breaking the law? Secondly, if they are, how long is the government going to be tolerant and not do anything about this breach of the law?

Hon. Mr. Martin: Honourable senators, the law on the matter is clear. What action is to be taken with regard to what Senator Cameron calls a small minority is something for the government to consider in due course, and I do not want to complicate matters. I think it important to remember that the railways are running now, that the men are back at work with the exception of those he has mentioned. I think at this time that is sufficient by way of reply.

Hon. Mr. Flynn: The Minister of Labour has made a statement on that. I do not know whether the Leader of the Government wants me to help him.

Hon. Mr. Walker: Honourable senators, in that connection, may I quote from the Toronto *Star* of tonight, September 6, which refers to the appointment of the former Supreme Court judge, the Honourable Emmett Hall, to arbitrate the railway dispute, and then giving him very narrow terms of reference in which to work. The article says:

> The terms—which refer only to a cost of living adjustment, job security and work rules—are so limiting as to suggest that all the government wants is a temporary repair job, one that will stand up until the next round of negotiations between the railways and their employees. It is such short-range pragmatism that has bred chronic strike threats, and three costly strikes, on the railway in the last 23 years.

It goes on to say:

> With a man of Hall's calibre available as arbitrator, this should be the time to seek the basis of a durable peace on the rails, through a formula that would keep railway wages matched to those in a comparable industry.

I would ask the honourable leader whether he would not suggest that the government widen the terms of reference of the Honourable Mr. Justice Hall so as to include, not

only the suggestion of the Toronto *Star* that the formula should be worked out for the settlement of railway wages, but also the suggestion that he should work out—and he is a man with a great record of achievement—a formula for avoiding future strikes.

Hon. Mr. Croll: May I ask the honourable senator a question? How can Mr. Justice Hall possibly come to any conclusion without having a formula? I read that editorial. I know Mr. Justice Hall very well, and I do not think the government could make a better appointment. It occurred to me that it is fallacious to say that he must lay down some formula at that time which will show exactly what he will do.

● (2100)

Hon. Mr. Walker: That is right, and he has not any jurisdiction, under his narrow terms of reference.

Hon. Mr. Croll: But, Senator Walker, he must have jurisdiction to make a decision. He must lay down the formula. He does not have to say, "Please bring in that formula." When he brings down a decision, he says, "This is my decision," and he compares it with whatever he wants to compare it with.

Hon. Mr. Walker: No one knows better than my friend that the Honourable Mr. Justice Hall is asked to arbitrate this strike and to arbitrate the final results that will accrue. What I am suggesting—and my honourable friend, having been a labour lawyer and a labour man all his life perhaps does not appreciate this—is that the days of strikes should be at an end. Mr. Justice Hall, within the limit of railways, should be able to suggest a formula, and within the reference that he has been given he can make a suggestion, not only to settle this strike and to arbitrate as to what the merits are of this strike, but to have a formula to deal with any future strikes. That may not appeal to my friend. He enjoys strikes.

Hon. Mr. Croll: It may not appeal to Mr. Justice Hall either, I can assure you.

Hon. Mr. Walker: Just a moment. I have never heard of my honourable friend, brilliant as he is, and consummate politician that he is, being in the Supreme Court in his life. I doubt whether he knows Mr. Justice Hall or Mr. Justice Hall's thinking. Mr. Justice Hall's experience—which my friend may not be in a position to appreciate—with his incomparable background, enables him to make a suggestion as to a final formula for getting rid of strikes, not only the railway strike. But he can confine it, if he wishes, if the terms of reference are broad, to suggesting how railway strikes can be avoided in the future and what formula should be adopted.

Hon. Mr. Martin: Honourable senators, Senator Walker put a question to me and I want to reply to it. Mr. Justice Hall was appointed arbitrator within the terms of the act that was passed by Parliament last week. His judgment in the matter will be final. There are certain parameters set out in the bill which the arbitrator must take into consideration. It would not have been possible, under any legislative authority, it seems to me, to give to Mr. Justice Hall the powers suggested by Senator Walker. Senator Walker knows that in the Woods Report, which was referred to by the Leader of the Opposition in his speech the other night, there was a recommendation dealing with the wider aspect of the subject of strikes in certain industries that are of national concern and national interest. The Leader of the Opposition in the other place has suggested a particular formula based on that report. But it does seem to me that it would not be open to Mr. Justice Hall to deal, as Senator Croll said, with this broader question, important as that question may be.

Hon. Mr. Walker: May I just answer your suggestion? Considering Mr. Justice Hall's terms of reference, you are quite right; he is not empowered to do so. He has to go through with this arbitration in connection with this particular strike. But there is no reason why the Cabinet, of which you are a worthy member, cannot widen his terms of reference, and use the experience that he has in this strike, and in the settlement and the arbitration of this strike, to make suggestions as to the avoidance of future strikes. There is no reason whatever why they cannot be broadened.

Hon. Mr. Forsey: Honourable senators, I would put a supplementary question to the Leader of the Government, arising particularly out of what Senator Walker has just said. I have not seen the terms of reference of the appointment for Mr. Justice Hall but surely they must accord with the provisions in the legislation. Are they different from the provisions in the legislation? It seems to me, with great respect—and I should like to have the statement of the Leader of the Government on this—first of all that the specific provisions in the legislation dealing with the matters which Senator Walker has referred to—work rules, job security and the cost of living—are not restrictive; that the arbitrator, as I read the terms of the legislation, is told that he must take into consideration these things. It does not follow that these are the only things that he can take into consideration. Surely I am not incorrect in that. The Leader of the Government can correct me if I am wrong. I think this ought to be made clear one way or the other.

As for the suggestion that Mr. Justice Hall could proceed to lay down some formula for the settlement of future disputes, with great respect, it seems to me this is not possible for him in his capacity as arbitrator, As a citizen of this country, like anybody else in this country, he can suggest any formula he likes to settle railway disputes; but on his powers as arbitrator, I would have thought—I would defer to the great legal knowledge of Senator Walker, but I would have thought, in my simple layman's fashion, that as arbitrator he is limited by the terms of the legislation establishing the position to which he has been appointed.

Hon. Mr. Martin: That is right. In answer to Senator Forsey, that is what I have said, that Mr. Justice Hall is limited by the parameters in the legislation, which includes job security, the minimum wage levels provided for in section 5 of that act. He certainly has no power under that legislation to deal with any other dispute, nor does the legislation give him or the government power to do so.

As a matter of fact, when the bill was being discussed in this house, this question was raised, as it was raised elsewhere.

Hon. Mr. Flynn: We had no time to deal with it.

Hon. Mr. Martin: It was suggested that it would not be helpful to introduce into this particular matter the very much wider question. But there is no doubt that Mr. Justice Hall is limited by the terms provided in the legislation.

Hon. Mr. Flynn: Which we had to rush through.

Hon. Mr. Forsey: But not limited to the particular, specific points which Senator Walker mentioned. He has to take those into consideration, but he could go beyond those, provided he stays within the provisions of the act.

Hon. Mr. Martin: That is right, within the act.

Hon. Mr. Croll: I can assure you that he is appointed under the Inquiries Act.

Hon. Mr. Flynn: No, no.

Hon. Mr. Croll: And it is directed that he shall—

Hon. Mr. Flynn: No, no; it is under this act.

Hon. Mr. Croll: He must be appointed under the Inquiries Act.

Hon. Mr. Martin: He is appointed under this particular legislation.

Hon. Mr. Walker: By this legislation.

Hon. Mr. Langlois: I am wondering, if Mr. Justice Hall were given a double mandate as arbitrator and as adviser to the government, whether that would not prejudice his position as an independent arbitrator. He cannot fill both roles, to my mind, being an independent arbitrator and at the same time an adviser to the government, even on these particular matters.

Hon. Mr. Flynn: There is a distinction, but it is rather subtle.

Hon. Mr. Martin: I just want to add a supplementary, if I may, to the question asked by Senator Cameron. The Minister of Labour also said he wanted to make sure that the implications of the act were understood by those who, it is alleged, have not fully observed its terms.

Hon. Mr. Croll: I want to thank Her Honour the Speaker for her tolerance here today.

Hon. Mr. Walker: I want to thank Her Honour the Speaker also. I suggest there is no reason whatever why the terms of reference cannot be widened within the terms of the act, because the act itself is what speaks. The arbitrator can make a suggestion, and should make a suggestion, as to how in future such railway strikes can be avoided. There is no question about that.

BRITISH NORTH AMERICA ACTS, 1867 TO 1965

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Grosart, seconded by the Honourable Senator O'Leary, for the second reading of the Bill S-3, intituled: "An Act to amend the British North America Acts, 1867 to 1965 (Yukon and Northwest Territories Senate representation)".—(*Honourable Senator Molgat*).

Hon. Mr. Molgat: Stand.

Hon. Mr. Flynn: Why? I thought you were ready?

Hon. Mr. Molgat: Honourable senators, I would like to make it very clear that I have no objection whatever to giving way to any other honourable senator who wishes to speak on the subject.

Hon. Mr. Flynn: But we want to hear you.

Hon. Mr. Molgat: While I am on my feet, I should say that as one of my duties I frequently adjourn debates so that they will not die, leaving them open for other senators. It is for that reason that there are some items presently standing in my name, not because I personally intend to speak on them. Again, I invite any senator who wishes to participate to do so.

Hon. Mr. Flynn: We would like to hear you.

• (2110)

Hon. Eugene A. Forsey: Honourable senators, if Senator Molgat will make way for me on this occasion, I would like to discuss very briefly and pointedly the matter of the bill which was submitted to us some considerable time ago.

One of our complaints in this house—

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Mr. Flynn: I don't know if it is.

Hon. Mr. Forsey: I may as well wait until the Leader of the Opposition leaves the chamber.

Hon. Mr. Flynn: I will come back.

Hon. Mr. Forsey: Thank you very much. I hope when you come back you may be able to allow me to continue without too many interruptions.

I said some time ago when this was placed before us that one of our perpetual complaints in this house, or at least a very frequent complaint, is that not enough legislation is initiated in this house. Now, it is quite true that to some extent this is the responsibility of the government, and on that subject I have said my say before now and shall probably say it again. But there are certain things which we can initiate in this house ourselves without waiting for the government or without waiting for the other place. Here is one bill which has been initiated by a very distinguished member of this house, Senator Grosart. It is a bill which it seems to me there is no obstacle to our passing promptly. It is a bill which the House of Commons might then be invited to consider promptly when we send it down to them. If they are not sitting at the time perhaps they should be recalled in order to give consideration to this matter, which I think to the people of the Territories might be considered as of some urgency.

The proposal in the bill is part of the proposals which were made by the Special Joint Committee on the Constitution some time ago. For the life of me I cannot understand why the thing has not been proceeded with long before this. I am not attaching any blame to Senator Molgat, who has explained quite well why he has adjourned the debate, but I do wonder that before this

somebody has not stood up and asked, as I have asked tonight, that the matter should be proceeded with. What is to stop us? What is to prevent us? This is useful legislation. Surely it is non-controversial legislation. I cannot imagine that anybody would get up in this house and say that the Territories, the Yukon and Northwest Territories, are not entitled to this modest representation. They have representation in the other house. Why should they not have it here? Years and years ago, in 1886, Parliament was given power, by an amendment to the British North America Act, to provide for the representation of the then Territories in both houses. It seems to me that it is high time that we caught up, as it were, in this particular respect with the position that was established as far back as 1886.

I do not wish to delay the Senate. I am not even making these remarks simply to provide the other place with a little more time to send us legislation, but I do venture to urge that this matter might be proceeded with, and that somebody else might follow my example and either speak in favour of this bill or speak against it and let us settle the thing; get on with the thing and clear this out of the way. This is not simply an academic discussion. This is a piece of legislation.

One of our functions here, and this has been repeated over and over again—notably tonight, I think, by the Leader of the Opposition—one of our functions here is the legislative function. One of our functions here should be to initiate legislation, within the powers that we have. Here has been initiated by Senator Grosart an admirable *tentative*—I do not want to repeat the English word "initiative" all over again—an admirable step. This is an admirable step to take, and here it remains with nothing further done for months and months. Surely we can now cut these things short and decide the matter one way or the other, but after due discussion. I don't want to get any rubber-stamping of Senator Grosart's proposal, but I do think we should have a proper discussion and get on with it and finish it up. It is a simple matter, and something we could very usefully do in the interests of the people of this country, and especially in the interests of the people in the Northwest Territories and the Yukon.

Hon. Mr. Flynn: Question.

Hon. Mr. Buckwold: Will the honourable senator allow a question for information? If this bill is passed by the Senate, and I certainly hope that it will be, what would be the process? Would this involve a constitutional change? Would it require the approval of the provinces or is it in the constitutional power presently held by Canada to increase the number of senators without these other processes?

Hon. Mr. Forsey: Well, honourable senators, I presume that question was directed to me. I was not quite sure because I did not have the listening gadget in my ear at the moment Senator Buckwold began, but speaking subject to correction by the numerous gentlemen and ladies learned in the law in this house, I should say that under the terms of the British North America Act, 1949, No. 2, embodied now in the act as head 1 of section 91, the Parliament of Canada certainly has the power to make this provision and, indeed, in a sense has had the power to do what it likes in the matter, if not this specific thing, since 1886. As far as I know the act of 1886 is still valid and already we could, if we wanted to, pass any measure on this subject dealing with representation of the Yukon and Northwest Territories in the Senate.

I speak again as subject to correction by senators learned in the law, but I think there is no doubt about our constitutional power to do this thing with no necessity in law, at all events, to consult the provinces or anybody else.

Hon. Mr. Flynn: Question!

Hon. Mr. Molgat: If no other honourable senators wish to speak at this time, I move the adjournment of the debate.

Hon. Mr. Flynn: Do you promise to speak the next time?

On motion of Senator Molgat, debate adjourned.

HUNGARY

VISIT OF CANADIAN PARLIAMENTARIANS—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Fergusson calling the attention of the Senate to the visit of Canadian Parliamentarians to Hungary, 25th to 30th April, 1973.—(*Honourable Senator Welch*).

Hon. John M. Macdonald: Honourable senators—

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Macdonald do now speak in place of Senator Welch?

Hon. Senators: Agreed.

Hon. Mr. Macdonald: Honourable senators, Senator Welch has been in touch with me about this matter. Because he is very uncertain as to when he will be able to proceed with it, he suggests that, unless some other senator wishes to speak on it, the matter be dropped from the Order Paper.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

ADJOURNMENT

Hon. Mr. Langlois: Honourable senators, I move the adjournment of the Senate.

Hon. Mr. Flynn: Just as a matter of interest to the Senate, may I ask whether it would not be proper to adjourn the Senate to next week? You want the Senate to be adjourned until tomorrow at two o'clock?

Hon. Mr. Langlois: It is a normal adjournment.

Hon. Mr. Flynn: The other house is sitting at eleven o'clock. Will we not know before two o'clock whether we are going to waste another day?

Hon. Mr. Langlois: It is not wasted.

Hon. Mr. Flynn: Well, probably I am the one who should not consider this night as wasted; but I am prepared to agree to that because I would not want another

day to be wasted. May I suggest that the leader and his assistant adjourn the Senate to next week, at which time we can deal with all the bills that come in by Monday night. It would be much better.

The Hon. the Speaker: It has been moved by the Honourable Senator Langlois, seconded by the Honourable Senator Martin, P.C., that the Senate do now adjourn. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Mr. Flynn: On division.

Motion agreed to on division.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Friday, September 7, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

OLD AGE SECURITY ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-219, to amend the Old Age Security Act.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Hon. Mr. Martin: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time now. Can we proceed now?

Hon. Mr. Choquette: May I inquire of the Honourable Leader of the Senate whether it is his intention to give this bill royal assent today?

Hon. Mr. Benidickson: Why?

Hon. Mr. Choquette: Is the answer "no"?

Hon. Mr. Martin: The answer is no.

Hon. Mr. Choquette: In that case, we will certainly agree to having second reading proceeded with today and have the sponsor of the bill explain it, following which we will adjourn the debate.

Hon. Mr. Martin: Agreed. Nobody wants to be a rubber stamp.

Hon. Mr. Walker: A little louder.

Hon. Mr. Flynn: It is not for the record.

Hon. Mr. Martin: I do not want the Leader of the Opposition to be a rubber stamp.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, the fact that we are here today to discuss Bill C-219, less than eighteen hours after the good dressing-down which some distinguished members of the Opposition gave the government leader, fully establishes that Senator Martin was justified in recalling the Senate this week. It establishes also that the disparaging remarks they uttered last night against him were mischievously inspired.

[*English*]

Hon. Mr. Flynn: Honourable senators, I rise on a point of order. The honourable senator is sponsoring second reading of the bill, but she is now referring to a debate that took place last night, which is entirely out of order. If she wants to continue in this vein I personally have no objection, but it will be entirely irrelevant. I have risen on a point of order and I want Your Honour to deal with it. Since you dealt with one that was not raised last night, surely you will deal with this one.

[*Translation*]

Hon. Miss Lapointe: The most painful part of my speech is already over. I shall merely add that the sense of duty which our leader has shown should be exemplified instead, and that the vote which was taken yesterday in the other place confirms the wisdom of his decision. It was reported this morning on the radio that the Senate would examine this bill this very day, which confirms our immediate availability and gives us a better image than if it had been announced that we would wait until next Tuesday before getting on with it.

Let us turn now to this bill which deserves our attention.

It is not necessary to be a learned financial critic to know that the staggering rise in food prices is due to three basic causes and that it is raging throughout the world: first, the scarcity of crops in the Soviet Union, China and the Indian subcontinent in the past two or three years; then, the fluctuations of currencies in the Western World which has given rise to inflated prices of commodities on the world market and finally, the general improvement in the standard of living throughout the world which led to stronger demand, higher prices and lower reserves

According to an expert of the Reuters agency, prices will be lowered only when production, stimulated by rising prices, will reach the market and when the American dollar will be set at a more realistic rate of exchange. The issue is therefore international rather than national.

Even if Canada suffers considerably less than many western countries and some steps have already been taken to correct the problem at least partially, the government feels that it must do more, especially for the needy who are often compelled to cut down on their food to pay for drugs or other essential items.

That is why, today, it requests that you study a new measure providing for the quarterly adjustment of the old age pension, a measure from which over 1.8 million Canadians will benefit.

Bill C-219 proposes that from October 1973 pensions be increased by 5.3 per cent of current rates. Since the basic pension, since April last, is $100, this will mean a minimum increase of $5.30 to $105.30 a month for single people who do not receive the guaranteed income supplement.

Those who receive the maximum supplement will get $179.16 instead of $170.14, and married people will receive $341.80 instead of $324.60. What is the basis for this increase in benefits? It is the cost of living from October 1972 to July 1973, as compared with that for the previous ten months.

In addition, next January and every quarter thereafter, pensions will be pegged to the cost of living index, allowing a two-month delay to enable the administration to get from Statistics Canada the required data on the cost of living fluctuations and to adjust payments accordingly. This means, in plain words, that a pensioner as at April 1, for instance, will see his pension adjusted to the cost of living over the previous period from November 1 to February 1; this leaves a two-month interval for administrative purposes. Moreover, the same will apply to the other quarters, that is, those of July 1, October 1 and January 1.

● (1410)

I would like to point out immediately that even if there should be a reduction in consumer prices during one quarter, the benefits will not go down. Also, they will never be lower than those for the same period in the previous year.

This quarterly revalorization will undoubtedly be costly. This is one of the reasons why the government waited till this time to implement it. Indeed, the change will cost an additional $1.5 to $2 million in administrative expenditures. As the Minister of National Health and Welfare pointed out, the government would have preferred to direct that money immediately into the pockets of older citizens. But since the provision regarding quarterly adjustments seems to please everybody we must accept the unavoidable expenses that will result from it, keeping in mind the relief older people will enjoy through the distribution of supplementary benefits which this year will reach more than $90 million and perhaps even $95 million depending on the increases in prices in coming months. The total commitment of the government with regard to that sector of the population will thus be increased to over $3 billion, which is a far cry from the original pension of $20 a month at age 70 brought in nearly 50 years ago by a Liberal government, a pension which for that matter was subject to a stringent means test.

It was after January 1968 that the Pearson government decided to escalate pensions on the basis of the cost of living. However, at that time a ceiling of 2 per cent was decided which made quite easy the calculation and adjustment of pensions even though the number of pensioners varied each year. When the ceiling was abolished early in 1972—

Hon. Mr. Flynn: By which government? You mentioned that the Pearson government had adjusted them but who abolished the ceiling?

Hon. Miss Lapointe: Probably the Liberal government again.

Hon. Mr. Côté: They are the only ones doing anything.

Hon. Miss Lapointe: When the ceiling was abolished early in 1972, paying out pensions to roughly 1,800,000 Canadians became much more complicated. But the difficulty was not insuperable. The adoption of a new formula will no doubt give rise to new difficulties but with time it is likely to undergo adjustments and improvements.

[*English*]

Canada offers probably the highest guaranteed income in the world to its senior citizens. For each one there is a solid floor minimum income which is set at over $2,000 for a single pensioner and at almost $4,000 for a couple. We all remember that ten years ago the highest payment to an older citizen was $65 a month, and the benefit was not payable before he was 70.

Under the Liberal government, total expenditures on old age pensions has risen from about $1 billion in 1967 to approximately $3 billion a year, and the number of persons benefiting from the plan has risen also from 1.2 to 1.8 million, because of the lowering of the qualifying age.

Before these improvements took place we could easily admit that old people, without other means, were in fact condemned to live. Today they feel much more secure; not only can they afford the necessities of life, but they can enjoy, thanks to governmental measures, many of its pleasures and commodities.

The increased pension is not the only advantage offered them. Let us not forget that the budget brought down last February increased the basic single exemption from $1,500 to $1,600, and the married rate from $2,850 to $3,000, in addition to an exemption of $1,000 for senior citizens.

The Minister of Finance also reduced the basic federal tax by 5 per cent, which means a decrease of between $100 and $500 in the basic federal tax payable.

Everyone agrees that all these additional measures have helped to alleviate the burden of Canadians with fixed incomes, and we cannot deny that the program New Horizons has given them some opportunities for creative action and travel, which they greatly appreciate. On the other hand, the excessive increase in the cost of living has nevertheless become a cause of daily concern, especially for the 58 per cent of our older citizens whose income is so low that they have to claim the partial or full supplement. It is evident that the low-income family suffers twice as much as the high-income unit from that 20 per cent increase in food costs over a period of 18 months, since it already spends nearly 28 per cent of its income on food compared with 16 per cent for higher income families of the same size.

● (1420)

The method of adjustment will work like this: the benefits which will be paid in January 1974 are calculated by multiplying the rates in effect during October 1973 by the proportional ratio between the average of the official consumer price index for the period from August to October 1973 and the average of the official consumer price index registered for the May-July quarter of 1973. As I said already in French, a two-month delay is provided so that the government may obtain from Statistics Canada all the necessary data on the fluctuations of the price index and also so that the government may take administrative action intended to ensure the payments in accordance with the increase in the rates of both the old age security and the guaranteed income supplement plans.

This will be the second time this year that the government will have increased the old age security pension.

Last April, as you remember, it was raised to $100 a month from the previous level of $82.88. Also, in May of 1972 the two per cent ceiling on escalation was removed and full automatic escalation was extended to both the guaranteed income supplement and the old age security pension. Since 1967, when the supplement was first paid, the combined pension has risen from $105 to $179.16 for a single person, and from $210 to $341.80 for a married pensioner couple. This program has cost the Canadian taxpayers about $3 billion each year. But I feel the Minister of National Health and Welfare was right when he said a few days ago that the Canadian people are expecting us to do no less in order to maintain in dignity those who have contributed so much and are still contributing to what Canada is today.

The increases, brought about mainly by Liberal governments, have, in reality, been larger than the increases in the cost of living during the same period. We can be proud of that fact, for it certainly shows the government's respect for Canada's senior citizens and its concern about their welfare.

Hon. Mr. Flynn: What a joke.

[*Translation*]

Hon. Miss Lapointe: Let us now glance quickly at Bill C-219 and its amendments to the Old Age Security Act.

In clause 1, where the consumer price index is defined, the words "adjustment quarter" are simply substituted for "fiscal year or any twelve-month period".

In clause 2, the word "quarterly" is subsituted for "annually"; the other amendments in this clause provide for a quarterly adjustment of the pension, while prohibiting any adjustment that would lower the pension to an amount inferior to the preceding one.

Clause 3, which deals not with the basic pension but with the supplement, provides for the same amendments with regard to the quarterly adjustment and the prohibition of any lowering of the supplement.

Finally, clause 4 of the bill which deals with the price index and its adjustment, substitutes the words "adjustment quarter" for "fiscal year or twelve-month period".

Clause 5 permits the Governor in Council to make regulations in respect of the determination of the average of the consumer price index.

As a whole, therefore, in spite of its dull phraseology, the bill is rather simple. Contrary to what one of my honourable colleagues was saying earlier, that the Liberals are putting too much icing on the cake and that the latter is threatening to collapse, I will say that I have explained this bill without too many embellishments and congratulations to the government. I explained it as briefly as possible. I think that all of us agree with its principle, just as we do, for instance, with the principle of motherhood. However, if any honourable senator wishes to get into technicalities, members of the Standing Committee on Health, Welfare and Science, to which this bill may be referred, are free to get to the core of the matter by inviting the experts from that department to answer all his questions.

[Hon. Miss Lapointe.]

[*English*]

Hon. Douglas D. Everett: Honourable senators, it is customary at this time for a member of the Opposition to reply to such a proposal as that made by Senator Lapointe with respect to this bill. However, I have spoken with the Leader of the Opposition and understand it is agreeable that I may proceed in place of Senator Phillips.

Honourable senators, I am, of course, in complete agreement with the Old Age Security Act amendments and, indeed, this was a subject raised and recommended by the Standing Senate Committee on National Finance some two years ago, that pensions be increased. Rather than continue with discussion of the bill itself, however, I deemed it useful to discuss the question of the economy and, more particularly, the inflation that is endemic in the present economy. Indeed, the amendments contained in this bill refer directly to an attempt by the government to control the process of inflation which is taking place in Canada and throughout the world. More important, it is an endeavour to lessen the effects of that inflation on those who are more unfortunate members of our society in the economic sense.

Dealing with this broad overall question, I will start by saying that the Economic Council of Canada defined five performance goals for the Canadian economy, which have become widely accepted. They were: Rapid and sustained economic growth, high employment, reasonable price stability, a viable balance of international payments, and an equitable distribution of rising incomes. These performance goals are not ends in themselves, but rather a means of realizing achievement goals which relate to the manner in which our growing resources are used.

Comparatively, the Canadian economy has performed well over the long term. However, the simultaneous and consistent realization of the performance goals continues to elude us. So it is at the present time.

Over the last six months the Canadian economy has been in a phase of exceptionally strong growth. In the last quarter of 1972 and the first quarter of 1973 the real GNP increased at an annual rate of nearly 12 per cent, the strongest advance for two quarters since 1955. Reference to the components of final demand will indicate that they reflect this growth.

● (1430)

In the area of personal consumption, consumers have reduced their savings rate from 8 per cent to 5 per cent and, combined with the ready availability of credit, have increased their expenditures at a seasonally adjusted annual rate of 12½ per cent, the largest gain in almost 20 years. Retail sales increased at a seasonally adjusted annual rate of close to 35 per cent in the first four months of this year.

Corporate profits to date in this recovery have advanced at a seasonally adjusted annual rate of close to 30 per cent. As a percentage of the GNP they have recovered from a depressed level of 8.6 per cent in the fourth quarter of 1970 to 11.8 per cent in the first quarter of this year, which is closer to their historical share of the national income.

Machinery and equipment expenditures in constant dollars increased at a seasonally adjusted annual rate of more than 25 per cent in the first quarter. Combining that with

advances in expenditures in non-residential construction, the first quarter gain of plant and equipment spending was the largest since the last quarter in 1965.

Business inventories increased at a seasonally adjusted annual rate of close to $1.5 billion. This increase, interestingly enough, was largely in raw materials and goods in process, not in stocks of finished goods.

Capacity utilization by industry has risen to 97 per cent, and an increasing number of industries are operating at full capacity. Continuing strong demand pressures and capacity constraints have led to an unprecedented backlog of unfilled orders which, in manufacturing, have risen at a seasonally adjusted annual rate of more than 23 per cent in the last six months. Industrial production has increased at an annual rate of 16 per cent since September last, one of the most rapid increases in the post-war period.

Honourable senators, it is clear from this data, and from the fact that seasonally adjusted employment increased by over 400,000 in the first six months of the year, that the Canadian economy has been operating well beyond its potential. As a result, economic policy has shifted towards restraint in an effort to guide the economy back to a sustainable growth path and thus avoid a sharp application of the economic brakes.

The rate of increase in the money supply since June of 1972 has decelerated to approximately 11 per cent from the 16 per cent prevailing since the current period of monetary ease began in 1970.

The liquidity of chartered banks has continued to decline and interest rates have risen. The total cash requirement of the federal government, including foreign exchange, declined to $1.4 billion for the fiscal year ending March 31, 1973. The net position of the total government sector moved from a deficit of $752 million in the fourth quarter of 1972 to a surplus of $824 million in the first quarter of 1973. The full employment budget position moved towards restraint at an annual rate of approximately $1 billion. The results have been seen in the slowing of the rate of real growth in the second quarter.

So, given the present position of an economy operating at or beyond its capacity, I should like to suggest the uses of the policy options available to the government and the central bank to sustain the economy on a stable growth path and move it closer to the Economic Council's performance goals.

Before proceeding further it is worthwhile to examine the following specific aspects of the economy as they bear directly on the use of the policy options. First of all, I should like to look at prices versus wages. It is sometimes felt that prices are increasing nearly as fast or, indeed, faster than wages, and, in fact, from time to time in Canada that is the case. However, over the long term the increases in average weekly wages and salaries far outstrip the increases in the consumer price index. Between 1949 and 1973 the consumer price index increased by 86.7 per cent. In the same period, average weekly wages and salaries increased by 263.5 per cent, at least three times as much. The greatest increase in the elements of the index is to be found in vegetables, which have increased 127.2 per cent in that period as against an increase in average weekly wages and salaries, as I said, of 263.5 per cent.

Despite the magnitude of the differences in these percentages, people still feel that they have trouble keeping up with the cost of living. This is largely due to the much broader range of goods and services available today that people now classify as necessities.

While incomes have accelerated much faster than the cost of living over the long term, there is a disquieting note showing up right now in the statistics. Average weekly wages in manufacturing and disposable personal income continue to show increases over the previous year in current dollar terms. However, in constant dollar terms the increase has been declining since the middle of 1972. If this trend continues, the perception that prices are going up faster than wages will be realized. Even though this may be a relatively short-term phenomenon it means that labour contract negotiations will be conducted in a very difficult climate.

Let us now look at the question of employment in Canada. For better or for worse Canada is enjoying one of the strongest population growths in the world, outstripping the United States, the United Kingdom, France, Germany and even Japan. Add to this an exceptional increase in the participation rate and the result is that Canada has the most rapid rate of labour force growth amongst industrialized nations. It is calculated that the Canadian labour force will increase 30 per cent between 1970 and 1980, or a rate of 2.4 per cent per year. That is a pretty impressive figure when compared with the OECD projections for other industrialized countries, such as the United States at 1.4 per cent per year, Sweden at .5 per cent per year, or Japan at .4 per cent per year. The central problem for Canadian economic policy in the 1970s will be to accommodate this rapidly growing labour force while maintaining a stable economy. This problem is made even more difficult by major changes in the composition of the labour force over the decade. As an example, in 1960 the 25- to 34-year olds constituted only 23 per cent of the labour force. By 1970 this age group had declined to 22 per cent, but by 1980 they are projected to expand to 28 per cent of the total. In 1970 the 14- to 24-year old segment of the labour force stood at 27 per cent of the total, while they are expected to constitute only 24 per cent by 1980. Between 1970 and 1980 women in the labour force will increase from 32 per cent to 35 per cent of the total. The proportion of the labour force constituted by the 35- to 54-year old males, considered to be the most eminently employable members of the labour force, declined from 31 per cent to 27 per cent between 1950 and 1970, and by 1980 that proportion will have shrunk to 23 per cent.

As these changes in the composition of the labour force take place, there will be a marked increase in the proportion of more highly educated workers who will undoubtedly demand more challenging forms of employment.

Next, we look at the question of unemployment. In June the seasonally adjusted unemployment rate was 5.3 per cent. The disaggregated figures are rather interesting in relation to that 5.3 per cent. Members of the labour force of 25 years and over were 3.8 per cent unemployed; of those between 14 and 24 years 9.1 per cent were unemployed; and of married men between 28 and 54 years of age only 3.0 per cent were unemployed. Young people account for only 26.7 per cent of the labour force, but they represent

47.5 per cent of the pool of unemployed labour. And while unemployment between 14 and 24 years for both sexes is 9.1 per cent, for males of this age group it is 10.1 per cent.

● (1440)

The regional breakdowns are also interesting. When lined up against an adjusted employment rate of overall 5.3 per cent, the regional breakdowns are: in the Atlantic region 9.3 per cent, Quebec 7.4 per cent, Ontario 3.6 per cent, the Prairie region 3.5 per cent, and British Columbia 6.1 per cent.

While the policy makers judge the economy on many different sets of statistics, the media, the public and the Opposition often zero in on the overall seasonally adjusted unemployment rate. If it is perceived to be high, or if it is moving in an upward direction, intense pressure is brought to bear on the government of the day to do something about it. If the government bends to such pressures, it can very easily find itself stimulating an economy that is already dangerously close to the boiling point. This is especially risky when one considers the length of the lags that are associated with the use of most of the demand levers.

As I have demonstrated, the disaggregations of the overall figure are a more meaningful guide to policy. Beyond that, we do not have in Canada a generally agreed upon definition of full employment. In June 1973, the unemployment rate of what has been termed "the hard core employed"—that is, married males 25 to 54 years old—was 3 per cent, although the overall rate for Canada was 5.3 per cent. Together with other indices it would appear that we are very close to capacity in Canada, and yet historically the unemployment rate would indicate that we have not achieved full employment. One reason for this is that there is some evidence that changes in income support programs have had a marked effect on labour force participation rates, and may have helped to considerably alter the definition of full employment.

It is clear that an intensive examination of the meaning of unemployment and full employment is required in Canada. Proper definition would improve policy making and would remove some of the pressure for instant solutions that can lead to a boom and bust cycle.

Then what about the problem that confronts us today, the problem of inflation? The consumer price index has increased by 8.1 per cent in the past year. The increase in food prices is 16.7 per cent, while all other items have increased by 5.0 per cent. Some of the increase is undoubtedly due to cost-push elements, and some to the strength of the economy. However, there are certain special problems which are affecting the price index. First, all major Western countries are undergoing a boom simultaneously. To my knowledge it has never happened before. Secondly, the rapid expansion of the U.S. economy has caused a large increase in Canadian exports. Thirdly, demand and shortages have combined to cause world-wide price increases in industrial commodities and agricultural products. It is interesting to note in this regard that in the last ten years in Canada per capita beef consumption in pounds has increased 33.7 per cent and poultry consumption has increased 50.6 per cent. This means that each Canadian is consuming, on the average, one-third more in beef products and 50 per cent more in poultry products. This is

going on around the industrialized world. Fourthly, in addition to that, commodity markets have been chosen as a vehicle for speculation at a time of widespread disenchantment with currencies and of expectations of inflation. Fifthly, in most countries in the world, wage gains have been running persistently in excess of productivity gains.

These factors indicate that much of the present inflation in Canada is a world-wide phenomenon, and for the time being domestic policies will not be as effective as they normally would be.

The main policy options available to the government and the central bank are the demand levers of fiscal, monetary and exchange rate policies. In an economy that is suffering from a high degree of expectations of continuing inflation, the demand levers must be applied in a steady and consistent manner. Because of the extremely long lags that are associated with the exercise of the demand levers, under no circumstances should they be used to fine-tune the economy.

In theory, therefore, the government and the central bank should decide on the targets for the economy over the medium term and set the demand policies to achieve those targets. However, there is too much of an interrelation between fiscal, monetary and exchange rate policies to allow this to happen without serious short-term dislocations. Therefore, in suggesting appropriate settings for the demand levers, qualifications necessarily appear.

Under the heading of monetary policy, emphasis should be given to the increase in the money supply, and as much as possible it should be set to accommodate our potential growth. As this would amount to a restriction of the money supply from the present rate of expansion, we will likely suffer an increase in interest rates. This increase will have to be tempered by domestic requirements and the requirements of exchange rate policy.

In the realm of fiscal policy, the concept of full-employment budgeting should be used as a test against which fiscal policy is examined. Our fiscal policy should ensure that our cash requirements do not frustrate our monetary policy. As we enjoy the fiscal dividends of a booming economy we must be cautious about using these surpluses to embark on new programs that have long-term cost effects.

There are a number of people around today who are saying that really that does not matter, that the total answer to operating the economy is to bring in controls. Indeed, controls are politically popular. They look to the average Canadian like the complete answer, as though tomorrow you could stop it all and everything would be fine. Of course, the longer the government delays in bringing in controls the more the Opposition is in a position to say that had controls been brought in six months ago we would not have had this price rise.

I will admit that there are limited possibilities for controls, but those possibilities have long passed us by in this economic cycle. The possibilities for controls are at the bottom of a cycle after a down turn, when the public has expectations of continuing inflation. Controls can help at that time. Cut off those expectations and they work, because there is a lot of slack in the economy and because

productivity is rising extremely quickly as you come back up the other side of the cycle. The reason they work is that they are not imposing themselves on any sort of price or wage because the level of prices and wages is generally below the control level. Even then, their application, as we found in the United States, is only for a limited time. But beyond that one area the trouble with controls is that they just don't work. No control policy or experiment in the world has yet worked. One of the great exponents of controls is John Kenneth Galbraith and even he states that in the present context of the economy controls do not work. Let me quote from him:

● (1450)

> Controls should not be used where price increases are caused by an excess in aggregate demand or a shortage in the specific supply. If so used, some momentary effects apart, the result will be either random shortages in the retail stores, violations, or, more likely, both.

Controls just don't work. And even worse, they heighten the expectation of continuing inflation.

One of the reasons for the increase in many prices in the Canadian economy over the last six months has been the promise of the Conservative party that they would bring in a price freeze. What do you think the average businessman does? He says, "If they get in, which is a possibility, I suppose, I had better put my prices up now."

Hon. Mr. Phillips: Make it a distinct possibility.

Hon. Mr. Everett: If you wish.

Hon. Mr. Phillips: Thank you.

Hon. Mr. Everett: And coming out of controls there has in every case been an explosion which again raised the expectation in the mind of the average member of the public that inflation would continue. The problem with controls is that once they are put in, the controllers have either to keep giving away, giving away and giving away, until the whole thing is a shambles—as it was under phase III in the United States, or they have to hang onto the control system, in which case they have distortions, with farmers killing chickens because it is cheaper to kill them than to bring them to market. That is the problem with controls.

Over and above all that, Canada of all countries is in the worst possible condition to bring in controls. Some 20 per cent of our gross national product is dependent upon exports and imports. We are subject to those world prices; we cannot isolate ourselves from what is going on in the world. The fact of the matter is that there is a heavy commodity inflation in the world. So to put in controls, to think that we, with 20 per cent of our GNP in the form of exports, imports and foreign trade, could do anything with these controls, is really getting very ludicrous. Beyond that, controls can actually contribute to inflation. Let me read to you from the Harris Bank letter:

> Basic economic analysis suggests that wage and price controls will actually have a perverse effect upon inflation, particularly in view of the capacity limitations which currently exist. First, by holding down prices, they encourage more consumption than would have occurred at higher prices; second, lower prices in certain areas will reduce the incentives to increase or even maintain current production levels; and third, given increased uncertainty over future prices, controls tend to reduce investment, thereby resulting in a lower level of productive capacity. Since they tend to encourage consumer spending while discouraging increased supplies, controls tend to aggravate underlying inflationary pressures.

The basic problem that we face in our economy, and indeed that many countries in the world face, is that we have enormously rising incomes and we have not been quick enough to match supplies to those incomes.

On January 18 I made a speech here on this same subject. I would like to quote one paragraph from that speech. You will recall that at that time our policy was directed towards the decrease of unemployment. That was the basic thrust of government policy. I said at that time:

> I should like to suggest that the problem in Canada today is not unemployment; the problem is inflation. We are enjoying a solid growth rate in Canada. Our excess capacity is being utilized. Demand is high. In some areas shortages are developing and investment is increasing at a very rapid pace. It seems to me that, really, what we should be doing is beginning to dampen our economy; because the demand is there, the growth is taking place, and there is a sufficient demand to ensure that the supply problems will be taken care of. If we go on pressing this economy forward, the net result will be excess demand that no amount of supply will be able to satisfy.

I contend that if that policy had been followed in January, the problems we have today would be far less serious. They would still be serious, because they are to a large extent world engendered, but they would be far less serious.

Funnily enough, I think I probably depart from policy again. There is a very heavy restraint being brought to bear on the economy to control inflation at the present time. I think that is the correct policy stance. I most certainly endorse the government concept in not getting into a control scenario. I endorse the government stance in trying to bring up the income of those who are being most seriously affected by this inflation. But I am concerned that there is a possibility now of over restraint, of reacting too far and too fast. If we were projecting over this next year a rate of inflation of 7 per cent, then I would say that 3 per cent of that inflation would be connected with supply problems, mostly in the commodity market, the inability to supply the goods to the people; 3 per cent would be what I would call "institutional," institutional being the fact that government is a non-competitive industry and it is damn hard to control its costs. Our competition policy in industry is not as effective as it should be, and we provide a number of what we call landing nets to people who are in economic trouble, that are often available to people who do not need them. So I say 3 per cent in the supply of goods; 3 per cent in the institutional problem of inflation that we may have to live with for some number of years; and only one per cent attributable to demand-pull, and less than that at the present time to cost-push.

So what does that tell you? It tells you that quick solutions to this problem are just not possible. The room to manoeuvre is in that one per cent out of 7 per cent, and that is not a devil of a lot of room. If you try to control it by pushing that one per cent, believe me, you risk the real possibility of a serious down turn. So what should the government do? It should hang tough. It should hang tough with the Opposition, it should hang tough with the media, and it should hang tough with the public.

There should be no controls, no tinkering with the economy. There should be a steady application of sound restraint policies, and let time take its effect. You cannot fine-tune the economy at this particular point. You have got to tough it out. And really the only thing that is available beyond that is to start some serious long-range policies.

What are we going to do in the future about this question of supply? What is our policy about supply, should incomes keep rising? From 1949 to 1973 they have gone up by 263 per cent. What are we going to do about supply, to meet the rising wealth in incomes of people? What are we going to do about this institutional problem of inflation? What are we going to do about labour-management relations? What are we going to do about competition policy? What are we going to do to keep this increasing level of government expenditures down and to bring efficiency into government? What are we going to do to make sure that, if we provide assistance to unfortunate people who are affected by inflation, unemployment or other economic effects, that assistance will go to those who need it and not to those who do not need it?

● (1500)

I do not paint a very attractive picture and I do not because I really do not believe there are any quick solutions. If the politicians of this country are not prepared to manage the economy on that basis, on the basis that there are no quick solutions, that you have to hang tough for a long time and that you have to plan a long, long way ahead, and, if they fall for this junk that controls are the answer, then all we are doing is delaying what is really going to be a mess. Honourable senators, I think that would be a real tragedy for this country.

Hon. Mr. Walker: Would my honourable friend, who has given a very amazingly lucid address, enlighten the house as to his prognosis, how this matter can be resolved and what period of time will be involved? He must have some idea as to when it is going to abate.

Hon. Mr. Everett: I doubt very much that I or anyone else could measure the time frame. The lags in the application of the major demand levers, senator, are now upwards of two years. That does not mean that if you put in a policy today you will not have its effect for two years, because there is a series of waves: some of the effects are immediate and some are six months off, but there are still lag effects two years later.

One of the problems, and I am talking generally in respect of governments around the world, is that when we bring in restraint policies or expansion policies we are pressured; and, after all, that is the problem of the democratic society: governments are pressured for instant solutions, but nobody who has examined a free economy has yet been able to find an immediate answer. Of course, if you want to talk about a controlled economy that is another matter. One of the things that amazes me is that those people who are really liberals, in the small "1" sense, talk about the freedom of the economy and the dignity of the individual on the one hand and then talk about controls on the other hand. If they want a short route to an illiberal society they are going to find it by controls; but nobody has yet been able to find an immediate answer, and for me to say that it is going to happen in six months or that it is going to happen in a year would be wrong. I just could not say that. It is going to happen with a hell of a lot of patience on the part of a lot of people.

[Hon. Mr. Everett.]

Hon. Mr. Walker: My friend probably is fair in his attitude toward the government, usually. Has he any views as to the aid of the stop-gap indulgences of the government in handouts or in subsidies to keep down the price of bread by paying so much? What is his idea in connection with that, or with government policy?

Hon. Mr. Everett: Are you referring to the recent government initiatives, the ones just announced?

Hon. Mr. Walker: Yes.

Hon. Mr. Everett: As I said earlier, I am certainly very much in favour, as we were in the report of the Standing Senate Committee on National Finance, of the indexing of pensions. I think that is something which should be done, and the concept of indexing quarterly I very much endorse. With respect to the subsidy problem, I guess I would have to say I am of two minds about it.

Hon. Mr. Walker: Are you not really definitely against it? A man of your stature?

Hon. Mr. Everett: I am not definitely against it. I am a Westerner, and, yes, I would like to see—

Hon. Mr. Walker: You are not running for anything; you can be frank with us.

Hon. Mr. Everett: I am being frank with you, senator. If I were running for something I would be frank as well. I am saying that I am a Westerner and that I am in favour of our producers' getting a fair return on their production. They deserve it. The return has not been that high, and when world prices accelerate the way they do you take a choice: either you say to the consumer, "You are going to pay that higher price and the producer is going to get that higher price and the consumer can go to hell," or you can say, "No, we are not going to allow that to happen. There will be a special price for domestic consumption; we are not going to subsidize; the consumer will be all right but the producer can go to hell." The government is trying to say that somehow in this particular situation we have to balance it. I think that is a fair compromise. I do not see that doing a great deal of damage. I think it keeps up production, which we want, because we want an increase in supply, and at the same time it means that milk and bread will not be taken out of the mouths of those who otherwise could not afford them.

As to the oil business, I decline to comment on that because I am in the oil business. Apparently it is very dangerous for a person in a business to comment on it, because everyone then thinks he has an axe to grind, and I guess he does. So if you do not mind, senator, I will not comment on that.

Hon. Mr. Walker: Very good.

Hon. Orville H. Phillips: Honourable senators, once again we meet in an emergency situation—or at least it was an emergency last night. Today we seem to be somewhat in the eye of the storm. Probably today's sunshine has evaporated a certain amount of the fog of last evening so that we find ourselves in a much calmer situation today.

Perhaps in a calm atmosphere we should look back to the fact that after Parliament opened early in the new year we had, as the months progressed, very little or no legislation completed until July. Then arose an emergency—the emergency being a summer recess—and several pieces of legislation did succeed in passing through the gamut of the legislative process and received royal assent. Last week, honourable senators, we had another emergency—the railway strike. That emergency was met by legislation. This week we are dealing with what Senator Martin has described as "the government's inflationary program." We seem to be going from emergency to emergency. In fact, the function of the Senate seems to have become that of meeting in emergency session so that the other place can adjourn after emergency legislation.

I would say to the supporters of the government that we could have an emergency on the hour, every hour, 24 hours a day, seven days a week, for seven months, but we would not even scratch the surface of the problems this government has created in the last few years.

One must ask why there was such a delay in passing legislation to meet these problems. After all, these problems did not arise during the summer recess. We should have met them long before the summer recess. Why was there such a delay? The answer is obvious to everyone. The assistant prime minister—Mr. Trudeau—had to introduce his legislation in the other place and then consult his bosses in the NDP, after which he had to shelve his legislation while he held behind-the-scenes discussions with Mr. Lewis and his colleagues. Then, once this legislation was shelved, it never seemed to come out of the discussions.

● (1510)

We have had threats that if such and such a piece of legislation were not improved, then the government would fall. Then, all of a sudden, after the legislation had been in hibernation for a few months, it would come out again in the form of a teddy bear or a butterfly, and it would be just as beautiful to the Liberals and to the NDP as it was before it went into hibernation.

King David of the Old Testament is very familiar to all of us as a shepherd. The present-day David of the Canadian Broadcasting Corporation is also a form of shepherd in that he is still leading the Liberal Party around. King David was a much more considerate shepherd in that he led his charges by quiet waters; David of the CBC wants to lead his charges from emergency to emergency—in short, leading the country down the drain.

During all this time, honourable senators, the cost of living has become excessive. It is not only the people who are affected by Bill C-219, but every Canadian has felt the neglect that has occurred in the last few months. Bill C-219 will give some small form of relief to about one million Canadians, but there are approximately 22 million Canadians, Senator Martin, still waiting for emergency legislation to meet their desperate situation.

Last evening in reply—and it was a very brief reply, I should say—to my question concerning next week's emergency legislation, Senator Martin emphasized that the government was embarking on a legislative program. What he really meant, honourable senators, was that the government has been on an inflationary program, and a rather deliberate program at that, for the past several years. In fact the only real success this government can claim is that it has achieved an extremely high rate of inflation. It is rather a dubious honour and one which the government has been, up to now, most reluctant to accept, and one that they did not quite understand until recently.

During the past summer the Minister of Finance attended an International Monetary Fund meeting in Japan. He returned from that meeting full of understanding. He appeared before the TV cameras and said he had found the reason for the problem of inflation in Canada. Somehow at that meeting he had learned that the Japanese also used money, and that they had $22 billion in reserve, and were beginning to live it up. I would point out, honourable senators, that $22 billion is about the equivalent of one year's federal budget in Canada—that is, the budget plus the supplementary estimates. The Minister of Finance, as I have said, stated that the Japanese were now beginning to live it up; they were beginning to buy imported wine and imported perfume. Honourable senators, I wonder how those two items affected the situation that our old age pensioners are in today. How many grandmothers and great-grandmothers suffer the loss of imported perfumes?

But the other members of the Cabinet were not going to be outclassed, honourable senators. They too made their appearances before the idiot box, and in turn gave their very wise opinions on the subject. There really was not a Solomon in the whole group. The Minister of Agriculture stated that even at today's food prices, the consumers were getting a bargain. The Minister of Consumer Affairs accused the retailers of gouging. The Minister of Labour stated that wages had no effect on today's prices. About the only conclusion one can arrive at is that they all seem to agree with the Minister of Finance, and that is that the Japanese are responsible for the inflation in Canada today.

Every shopper who entered a supermarket in the last few months was shocked by the sudden increase in food prices. Yet we find that the producer, in many instances, is still on a quota basis. In fact, he is just beginning to recover from many of the effects of the socialist planning that we have had in the past few years. Senator Everett has just dealt to some extent with the problem of controls, and he referred to the fact that chickens were being slaughtered rather than taken to market. I was rather intrigued with this, honourable senators, and I am sure Senator Everett wishes he had read the Annual Report for 1972-73 of the Agricultural Stabilization Board. There on page 4 it states that by order in council the board paid producers 75 cents for each fowl slaughtered during the period from June 5 to June 20, 1972. Then they go on to say that this program had the immediate effect of markedly improving producers' egg prices. So we paid close to two

and a half million dollars, Senator Everett, for slaughtering chickens a year ago and now all we can boast about is an increase in price. I would rather have a look at the situation and ask what effect those three million chickens would have had on today's prices if they had been allowed to remain in the market.

Hon. Mr. Buckwold: They would certainly be tough chickens.

Hon. Mr. Phillips: You have to be tough to survive under a Liberal government, and there are still a few chickens around, Senator Buckwold.

Hon. Mr. Walker: Don't go any further.

Hon. Mr. Phillips: One must also ask what has happened in the last few months to the chicken and egg war. If you remember that one, Senator Martin, we had emergency legislation then too with a deadline. We had to meet that deadline and have the legislation in effect by a certain date, or else we were going to be faced with a chicken and egg war. Today the consumers are looking for chickens and eggs at reasonable prices, and they are not concerned about the chicken and egg war.

The legislation before us, honourable senators, proposes to increase the old age security and the guaranteed income supplement on a quarterly basis. For several months the government had been ridiculing Mr. Stanfield's proposal for very similar legislation, and in the very scholarly address which we have just heard this point that there is a great deal of similarity between what was advocated by Mr. Stanfield and this legislation has been overlooked.

● (1520)

Up until last week, however, it was too expensive; it was impossible to calculate the effect on the cost of living and on rising prices. Never mind what it was doing to the old age pensioner, the low-income groups and the workers with whom Senators Molgat and Langlois were concerned last evening. It was impossible to calculate the rate of increase in the cost of living and adjust it to pensions. However, something happened last week that made the government change its mind. Did the bureaucrats—the sluggish, self-satisfied bureaucrats in the Department of National Health and Welfare—suddenly see Damascus? Did they become that enlightened that now they can do it on a quarterly basis? Give them another week and they will be able to do it on a monthly basis.

I would suggest that this is an ideal opportunity for the Liberal Party to adopt Mr. Stanfield's proposals, because those who follow the political scene in Canada and make forecasts are predicting a general election very soon. I would say to the Leader of the Government that if his party expects to escape the NDP deluge they must adopt a great many of the Progressive Conservative Party's proposals. Otherwise they will go under the Lewis flood. The government now has an ideal situation in which to practice. I would suggest that the government adopt the full conservative viewpoint on this bill, and use it as practice for the election to come this fall. After all, Senator Martin, Mr. Stanfield will be busy on the campaign trail and will not be around to continually explain the situation to you. I think you should have at least one practice run before the election, and would urge you to use this case as an example to do so.

Honourable senators will recall that on April 5 this chamber completed its debate of a measure amending the Old Age Security Act, following which royal assent was granted. At that time honourable senators opposite were very jubilant and excited because of the fact that Canada had the best social security system in the world and our old age pensioners received the best care in the world. It would take years in the case of some countries, and generations for others, to catch up with Canada. What happened during April, May, June and July that we now find ourselves with a measure giving an increase of 1 per cent per month? The situation must have been one in which you had two choices, of which you could take your pick. I would suggest that you obtain one of the NCC doggie bags before you touch the mess.

The situation boils down to two points. First, the situation was not as good as you described it in April when everyone on the other side joined in the trumpet blast. The contrast came when the predominant wind instruments on the other side came into contrast with the string instruments. We found Senator Martin, on the one hand, claiming the legislation was the result of his long interest in old age pensioners, and Senator Croll, on the other hand, saying it was the result of the recommendations of the Special Senate Committee on Poverty. Both came back into harmony, however, for the final part of the symphony, and the old age pensioners turned out to be the best off in the world.

Hon. Mr. Everett: Would you care to identify the winds and the strings?

Hon. Mr. Phillips: Actually there is a little bit of each in all of them but I believe Senator Croll is rather more of the bull fiddle type than the winds.

The situation is such, honourable senators, that you must give very serious consideration to the fact that we have experienced a 1 per cent monthly increase in the cost of living, as calculated in this bill. Yet the sponsor of the bill in her remarks I believe stated that we had a 20 per cent increase during the last 18 months. I have not had an opportunity to check this, honourable senators, but I rather suspect that the 18-month period was adopted to give a lower average monthly increase, and that you will find it much higher in the last few months.

Last evening Senator Martin, through his two lesser microphones, Senator Langlois and Senator Molgat, was calling for us to discuss inflation—by "us" I mean the supporters of the Progressive Conservative Party. It seems to be *verboten* for a Liberal to discuss this subject, but I would like to suggest that the government at this stage introduce a complete and adequate method of controlling inflation. If not, it is my opinion that it is high time for both the prime minister, Mr. Lewis, and the assistant prime minister, Mr. Trudeau, to step down and allow Mr. Stanfield, who seems to be the only party leader with a program to control inflation, to take over and return the economy to even control. We have had enough of this incestuous situation between the NDP and the Liberal sheep. Since it was indicated on the introduction of this bill that the emergency has passed, and we now have time

to think over the situation, I propose that the government consider this suggestion.

I move the adjournment of the debate until Monday.

Hon. Mr. Martin: Tuesday.

Hon. Mr. Phillips: Why not Monday, if it is an emergency?

Hon. Mr. Langlois: Until the next sitting.

Hon. Mr. Martin: We must not be rubber stamps.

On motion of Senator Phillips, debate adjourned.

ADJOURNMENT

Hon. Mr. Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday next, September 11, 1973, at 8 o'clock in the evening.

Motion agreed to.

The Senate adjourned until Tuesday, September 11, at 8 p.m.

THE SENATE

Tuesday, September 11, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the International Development Research Centre, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 22 of the International Development Research Centre Act, chapter 21 (1st Supplement), R.S.C., 1970.

Auditor General's report to the Solicitor General on the examination of the accounts and financial statement of the Royal Canadian Mounted Police (Dependants) Pension Fund for the fiscal year ended March 31, 1973, pursuant to section 55(4) of the Royal Canadian Mounted Police Pension Continuation Act, chapter R-10, R.S.C., 1970.

Report of the Auditor General on the examination of the accounts and financial statements of the National Battlefields Commission for the fiscal year ended March 31, 1973, pursuant to section 12 of An Act respecting the National Battlefields at Quebec, chapter 57, Statutes of Canada, 1907-08, and sections 75(3) and 77(3) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of the Fisheries Prices Support Board for the fiscal year ended March 31, 1973, pursuant to section 7 of the Fisheries Prices Support Act, chapter F-23, R.S.C., 1970.

SCIENCE POLICY

REPORT OF COMMITTEE TABLED

Hon. Maurice Lamontagne: Honourable senators, I have the honour to table the report of the Special Committee of the Senate on Science Policy, *A Science Policy for Canada*, Volume 3, *A Government Organization for the Seventies*.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Lamontagne: I move that the report be taken into consideration at the next sitting of the Senate.

Hon. Mr. Asselin: Explain.

Hon. Mr. Flynn: Honourable senators, before the question is put, I rise on a point of order. I do not want to be critical of the chairman of the Special Committee on Science Policy. I know that he got leave from the Senate to publish and distribute this third volume as soon as it became available even though the Senate might not then be sitting. But the Senate was sitting or was to sit this evening, the day the report was published, and I think it is highly irregular that it should have been given to the press before being tabled in the Senate, given the present circumstances. I can understand a mistake may have been made, but it is indeed very unfortunate that the Senate was treated in this way, be it by accident or otherwise.

Hon. Mr. Lamontagne: Honourable senators, it was merely by accident. This press conference was organized at least three weeks ago, because they needed some warning.

Hon. Mr. Flynn: You could have postponed it to tomorrow.

Hon. Mr. Lamontagne: All right, but I think the press had been warned three weeks ago that this would take place today. I personally would have preferred that the conference would have taken place tomorrow. I am sorry that it happened but I think that honourable senators were warned in advance—

Hon. Mr. Flynn: Not during any sitting last week.

Hon. Mr. Lamontagne: —when I was asking for this special authority. I am sorry that it happened that way, but I think that it was the only way it could happen.

Hon. Mr. Walker: I have the greatest respect for the honourable senator who has just spoken, but there is no question about the practice on a matter of this kind. It is incongruous that my honourable friend, knowing that the Senate was to sit this evening, should have given a press conference this morning and announced the report to the press before reporting to the Senate. The fact that the plan for the press conference was made three weeks ago is no excuse; the honourable senator could have said to the press, "tomorrow morning." They would all be there just the same. It is again a denigration of or a reflection on the prestige of the Senate, and we have enough reflections on us from the other place without having it happen from one of our own senior members. I am not saying this personally to you, senator, but in the other place a matter of this sort would cause a tremendous storm of disapproval. Thank you very much.

● (2010)

Hon. Mr. Lamontagne: I am very sorry to rise again, but I must take the blame for this. I asked for the authority of this chamber to do it.

Hon. Mr. Flynn: Not under the circumstances.

Hon. Mr. Lamontagne: I assume the responsibility. I think the issuing of this report will reflect on the Senate in a nice way. If it does not, again I say I will take the blame.

[*Translation*]

Hon. Mr. Côté: Honourable senators, I merely wish to add one thing.

Although some may feel that the fact that the report was made public outside the Senate may be prejudicial to the prestige of our assembly, I feel personally that the report in itself and the magnificent work performed by the committee reflect great credit on the Senate.

Hon. Mr. Asselin: Honourable senators, our leader, and Senator Walker have raised the following point: the committee was appointed by the Senate to undertake a study on scientific research. The work Senator Lamontagne did is not being questioned; everyone congratulates him on the way he performed his job. He is, however, being taken to task because, although the Senate was sitting this evening, a news conference was held and announced by both radio and television, and the findings and the report were tabled without the Senate having been notified in this chamber.

It may be that the report was sent individually to some senators, to their private offices, but the report should first have been tabled here in the Senate in order that the senator might then make a statement. That is the reproach we address to Senator Lamontagne.

Hon. Mr. Côté: Do not forget to congratulate him!

Hon. Mr. Flynn: That smacks of the government leader's attitude.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Lamontagne, P.C., seconded by the Honourable Senator Cameron, that this report be placed on the Orders of the Day for consideration at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Hon. Mr. Flynn: With leave.

Motion agreed to.

MEXICO

STATE OF THE UNION ADDRESS BY PRESIDENT—INVITATION TO SENATE SPEAKER—NOTICE OF INQUIRY

Hon. Donald Cameron: Honourable senators, I give notice that later this day, with leave of the Senate and notwithstanding rule 44(2), I will call the attention of the Senate to the invitation of the President of Mexico to the Speaker of the Senate to be present when he delivers his third State of the Union Address.

The Hon. the Speaker: Is it agreed, honourable senators, that the Honourable Senator Cameron have leave to proceed with his inquiry later this day?

Some Hon. Senators: Agreed.

Hon. Mr. Flynn: No. No leave is granted for that. We will see later this day.

OLD AGE SECURITY ACT

BILL TO AMEND—SECOND READING

The Senate resumed from Friday, September 7, the adjourned debate on the motion of Senator Lapointe for the second reading of Bill C-219, to amend the Old Age Security Act.

Hon. Orville H. Phillips: Honourable senators, during last week's emergency debate on this subject I was opening the door to speak on inflation. Since that time I have had the opportunity of reading the speech delivered by Senator Everett on inflation and I have come to the conclusion that perhaps I am no more qualified to speak on the various causes of inflation than Senator Everett or those opposite. However, there is one thing that I will point out to the Senate, and that is the emergence of a rather intriguing philosophy.

One can see the Liberal philosophy develop rather cleverly throughout all the statistics. Apparently, the blame for inflation belongs to everyone else except the government, and no one can deny that inflation is the responsibility of the federal government. I was intrigued by the viewpoint presented by Senator Everett that the Opposition Party—for some reason the Conservative Party was named as the opposition party and the NDP was not listed as an opposition party—should not present proposals to deal with inflation, should not present alternative programs to government legislation and should not criticize the government in any way because that only made the situation worse. This is a new and unique theory in a Canadian Parliament. Every economic theory seems to have a name attached to it, and I think we would have to call this one the commissar's theory—"don't criticize, it is not expected of you, and you only make the situation worse if you tell the people the truth." Then he finished by urging the government to "hang tough." In the beef industry they normally hang beef a certain time to age it, with the idea that it becomes tender by doing so. But in this case the government was urged to "hang tough" with the Opposition, to "hang tough" with the people. I don't know what they mean by "hanging tough" with the people. At any rate, the urging was to hang on.

Unfortunately, the speech did not tell us what we would hang on to, and I would ask honourable senators opposite to clarify that point and tell us what we will hang on to because most Canadians are beginning to wonder what they can hang on to. They cannot hang on to their savings; they cannot hang on to their weekly wages. So what are they going to hang on to?

Bill C-219 attempts to provide relief for those on old age security and guaranteed income supplements having regard to the drastic increase in inflation and the cost of living. In this connection it is interesting to note that in 1971 there were 1,700,000 Canadians receiving old age security benefits. Of these, 387,000 received partial support under the GIS payments and 473,000 received the full payment under OAS/GIS. Then in 1972 there were 1,762,-000 Canadians receiving OAS/GIS, but the number receiving the full payment increased from approximately 22 per cent to around 27.27 per cent. This is a drastic increase of 5 per cent in one year of those who need the full supplementary benefit. Why? I know the cost of living has increased drastically, but there must be other reasons. One of them is that those on retirement have had to use up their hard-earned savings to meet the increase in the cost of living.

• (2020)

That is obvious to all. The second point to come out is that the Canada Pension Plan is not the answer it was supposed to be. While more and more Canadians are drawing their Canada Pension Plan benefits, more and more are applying for the full guaranteed income supplement benefits. Why? There seems to be a reason, and again it is a point that should be considered when this bill is referred to committee. This would be an appropriate time to inquire of the government if it proposes to allow those in receipt of Canada Pension Plan payments to earn more in casual earnings than the present ceiling of $960? As honourable senators know, when a recipient of Canada Pension Plan payments earns more than $960, half of it is deducted. When the amount of casual earnings reaches $1,600, the full amount is deducted. There are a great many Canadians who at 65 years of age still feel that they can contribute something to the Canadian economy and thereby benefit not only financially but physically and mentally. I am sure that no honourable members of either House of Parliament who are over the age of 65 years feel that they are in a crypt of some kind and are therefore cast aside. We have only to look at some of the outstanding parliamentarians to find that many are beyond the age of 65.

In its mid-summer haste the government has overlooked the war veterans, another group with which I am much concerned. In the government's "inflationary program" I see no mention of war veterans who draw disability pensions. Surely that is one group that would be the first in the mind of the government. Yet we find no mention of it in the inflationary program.

One most interesting aspect of Bill C-219 is a rather tacit admission that the government has no answer to inflation nor any program to control it. Instead, every quarter the rate of inflation is reviewed and an addition made to the old age security guaranteed income security payments. Admittedly, this is necessary but are we by enacting this legislation to approve of inflation in perpetuity? Surely there must be some plan by which the Government can put the brakes on inflation. Perhaps it is impossible to control it completely, but must we give blanket approval for galloping inflation and then say that it is all right because we have increased social security benefits? This is a very dangerous pattern to follow. We must look at the alternatives to the inflationary trend. In fact, it is not an inflationary trend; it is a government program.

The sponsor of the bill, in her explanation of it which as she stated was rather brief, spent more time reviewing the history of the Liberal leaders from Laurier to Lewis than she did on the bill. However, there is a brief section in her speech which deals with the bill. I refer to clause 5 which states that the Governor in Council may make regulations. In the past I have objected strenuously to this type of legislation, and again I question the need for this clause in the bill. Perhaps the sponsor, when she sums up, can forget Laurier and Lewis and give us an indication of the type of regulation with which clause 5 concerns itself.

In dealing with the $5 a month increase in old age security one should make a comparison with a control group of some sort. I have looked around, honourable senators, to find a control group. It seemed to me that the fair thing to do would be to have a group that is presently employed. I found a very interesting control group mentioned in House of Commons *Hansard* at page 6231, and it is in the reply to a question from a member of the other place as to why the number of public servants earning above $20,000 a year had increased. The reply was provided by the government, so no one can accuse me of being biased or picking an unfair control group. The government very candidly stated that a salary of $20,000 a year in 1973 is equal to a salary of $11,500 in 1963.

[Hon. Mr. Phillips.]

Ten years ago, honourable senators, the old age security was $65 a month, and was raised to $75 a month in October of that year. On the basis of the government's reply, the explanation in the other place, it is logical to assume that the basic old age security payments should now be in the vicinity of $135 a month—that is, if we assume the government treated our people who receive old age security with the same amount of concern and consideration as it does the moguls of the public service, those people who seem to be the favourites of the government and get promoted at that rate.

I know that the unfinished symphony in regard to the government's old age security program will be rehearsed again, and they will refer to the fact that there is now a GIS supplement and various other things. But I would point out, honourable senators, that those same moguls who had their salaries doubled in the same period also received extra retirement benefits. They were allowed to retire at an earlier age, and the benefits they have received are comparable to, or, in fact, even better than, those provided our old age pensioners.

I feel that we are not being overly generous in this bill. I hope that we will not hear a chorus of applause for this bill from the other side, but rather that you will accept it as a measure of your failure.

• (2030)

Honourable senators, I will close my remarks on this note. Approximately one and a half million Canadians will receive some small benefit from this piece of legislation, but outside in the wide, wonderful world of inflation and unemployment there are approximately 21 million Canadians waiting and looking for relief from inflation. When are we going to deal with the other 21 million?

Hon. Jacques Flynn: If no one else on the government side will support this legislation, perhaps I might say a few words.

[*Translation*]

Honourable senators, the sponsor of this bill, my very good friend the Honourable Senator Renaude Lapointe, in the introduction to her speech the other night, had this to say:

> The fact that we are here today to discuss Bill C-219, less than eighteen hours after the good dressing-down which some distinguished members of the Opposition gave the government leader, fully establishes that Senator Martin was justified in recalling the Senate this week.

Hon. Mr. Côté: Well done.

Hon. Mr. Flynn: Of course, I do not know if these words came out spontaneously from her mouth. I do not know whether she had consulted with the government leader on what she intended to say, but the fact that the government leader, last Friday, had moved to adjourn Senate until Tuesday rather than Monday, and that he refused the most generous offer made to him by the Assistant Leader of the Opposition to deal with that legislation on Friday afternoon so that it could receive royal assent on that day, I think it is obvious that this destroys the argument of the honourable senator. Once again, I do not know where she found inspiration for those words but I think that the facts are more eloquent than her words.

Secondly, the Honourable Senator Lapointe stated:

> It establishes also that the disparaging remarks they uttered last night against him were mischievously inspired.

I do not know what she has found to be ungracious in what was said to Senator Martin. But if she reads carefully what has been reported in *Hansard* of that day she will find that if there were any ungracious words, they were addressed to the opposition leader when it was mentioned that he used to sleep on this side. I think it is altogether unfair and absolutely wrong.

Now, this being said, let us come back to the bill itself.

You will notice that I have no resentment, that I am used to giving and to receiving and that generally speaking maybe I could give more than I receive.

Besides, I see that my good friend Senator Côté—I see him squirming in his seat—would like to participate in this debate at some point so that he could finish me off. It may come, Senator Côté; be patient. Be more interested in the substance of our debates rather than in their form and then—

Hon. Mr. Côté: He wants to give me a lesson.

Hon. Mr. Flynn: Then, you will probably have a better chance to reach your goal.

Hon. Mr. Côté: Which one?

Hon. Mr. Flynn: That of putting me out of action.

Hon. Mr. Côté: If that were my goal, I would know how to go about it.

Hon. Mr. Flynn: I see now that my friend Senator Langlois is butting in. I am happy to see he is in a good mood, as I am, and that we have forgotten what we may have said to each other in the past.

Hon. Mr. Langlois: Of course.

Hon. Mr. Flynn: Good. Having said this, I would like to come back to a few remarks concerning the bill under consideration.

I simply want to point out that this legislation is not very significant. I admit from the start that it was suggested to the government by the party to which I belong. But, it was suggested during the debate on Bill C-147, which is an act amending the Old Age Security Act introduced for first reading on February 22 last and passed, I think, in the month of May; I don't exactly recall the date, but I am ready to stand corrected if I am wrong.

At that time, the government was reversing its attitude and saying that the old age security pension would be increased to $100, that it would be indexed on the increase in the cost of living, thus putting aside the principle it had adopted last year to take into account the rise in the cost of living, with a maximum of 2 per cent. Very well.

At that time, in the other place, my party suggested that, with inflation running wild, increases should be indexed quarterly rather than annually. The government protested vehemently! Impossible! Stupid! Too complicated! Nothing of the kind! Now, four months later, they again reverse their policy and say: Well, this is an excellent idea.

Of course we know the conditions which were prevailing when this legislation and others to come were submitted by the government. The New Democratic party which holds the balance of power and, in fact, rules the land in a more or less regular way, but rather irregularly since the opening of the session last January, flared up recently and told the government: "If you are not taking any action, we will withdraw our support and you will have to stand an election." Imagine this courageous government we have had since last October accepting to stand an election. It is inconceivable.

They immediately concocted—and I can see the Leader of the Government discussing with the Cabinet—a contingency plan, of course to cope with a purely electoral emergency, that is to say, a series of two or three measures merely intended to blind people to the facts. Indeed, this is all that Mr. Lewis wanted, a few measures to blind people to the facts. They said then that they were going to adjust the old age security quarterly rather than annually. Very good. But, is that important? Is that really important from the point of view of the struggle against inflation? Actually, it is not a measure designed to fight inflation. It is a measure that will make good the effects of inflation, and this is quite different. When we try to compensate for the effects of inflation by distributing more money, all we do generally is to help increase inflation. This is the situation in which we are now.

We cannot refuse to approve this bill. It is a palliative to the uncertain policy of this government. The NDP leader states on television that it is very important to avoid elections, that he must not say, in the circumstances, that government policy is inadequate. Meanwhile, the leader of the Canadian Labour Congress, on behalf of which the NDP acts as a political instrument, has said: "We cannot in any way approve the economic policy of the Trudeau government." You see how ambiguous and how odd our situation is.

Senator Everett condemned the other night the controls system. I will not be involved in this debate now, but you may be sure of one thing: the government has at present no policy of its own. Whatever action they take is inspired not by their own convictions but rather by the convictions of the Opposition. They say, what is the Opposition expecting from us in return for keeping us in power? And they hand out the minimum that is asked either by the New Democratic Party or, occasionally, by the combined opposition of Conservatives and New Democrats as was seen in the case of the now famous bill on corporate income tax cuts which, as I already explained in this house, was a shameless surrender of government responsibility.

As far as I am concerned, this bill may well pass. It is a bill designed to help a few people. It will mean to a considerable number of citizens who do not need it an increase in purchasing power that will do nothing short of increasing inflation and the possibilities of a further rise in the cost of living. This legislation is a good thing for those who need the assistance, but where the others are concerned, I fail to agree.

This government lacks courage. Its policy is being dictated by the Opposition and often by a minority party in the Opposition, the New Democratic Party. That is extremely unfortunate. One has only to read the comments being written in every newspaper to realize that the policy of this government is one of opportunism, pragmatism, improvisation, and of course with the sole purpose of staying in power.

The thirst for power is ever-increasing—I know all about that because as a Conservative I have been in the Opposition much longer than I have been in power. I have seen in front of me the government leader who has been in power much longer than he has been in the opposition. I have seen him in the opposition and witnessed the extent of his unhappiness. It was more than he could bear. Personally, I am not too unhappy to be in the opposition but I hate to see from my opposition seat a government so weak, so unable to accept its responsibilities and grapple courageously with the situation, even at the risk of losing power.

I am sorry to see this distressing spectacle of a weak government, unable to assume its responsibilities and take initiatives of its own.

Be that as it may, this bill has to pass, I agree. But nothing is solved, and we are back at square one. We are waiting for the NDP's accord so that, at last, people can take sides. I know very well that it may be slow to come, because the New Democrats realize that at this point, to sell their conscience, to crawl on their knees, to give up their principles cannot serve them in the long run. But the day will come when they will have no choice. It is the people who will have to choose, and we will see the results.

Hon. Mr. Côté: Your electoral campaign is launched.

Hon. Mr. Flynn: This is my answer to Senator Lapointe's speech.

● (2040)

[*English*]

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Martin: At the next sitting.

Hon. Mr. Flynn: No, no. Is the bill not being referred to a committee?

[*Translation*]

The other evening, Senator Molgat said that this bill could be referred to a committee. I understood that Senator Phillips had some questions to ask in committee.

Hon. Mr. Martin: I have no objection.

[Hon. Mr. Flynn.]

Hon. Miss Lapointe: I move that this bill be referred to the Standing Committee on Health, Welfare and Science.

Hon. Mr. Martin: Agreed.

Hon. Mr. Flynn: Agreed.

[*English*]

On motion of Senator Lapointe, bill referred to the Standing Senate Committee on Health, Welfare and Science.

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE ADJOURNED

On the Order:

> Consideration of the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community," tabled in the Senate on Thursday, 12th July 1973.—(*Honourable Senator Aird.*)

Hon. Frederick William Rowe: Honourable senators, in the absence of Senator Aird I should like to make a few remarks about the report which he presented here some weeks ago.

The Hon. the Speaker: Honourable senators, has the Honourable Senator Rowe leave to proceed in place of the Honourable Senator Aird?

Hon. Senators: Agreed.

Hon. Mr. Rowe: I am not a senior member of the Senate, but of the reports I have seen in the last two years this is one of the most interesting and most carefully prepared. It is succinct, but it is also comprehensive. It raises, in some cases directly and in other cases by implication, some serious and formidable questions for Canadians.

I am not a businessman and have no business experience in the narrow sense of that word. However, I do not regard the emergence of the European Economic Community, commonly called the Common Market, as a business development. I do not even regard it as an economic development in the narrow sense of those words. It is a fact of history we must face and deal with. The Common Market is not an economic development but a great social experiment. In order that it be understood and assessed properly we must think of it in terms of historical perspective.

Honourable senators, no one today would argue that the great industrial revolution, which changed the face of England, the face of Europe and ultimately the face of the world, was simply an economic or business development. Going back still further, no one would argue that the Reformation was a religious development. The emergence of the European Economic Community is one of the most important developments of this century. It ranks with some of those tremendous social upheavals and undertakings which have had the ultimate effect of changing the face of the earth—and that sometimes in a literal way.

For example, in the nineteenth century in Europe there were what were termed "geographical expressions." That is the term one historian used in respect of Germany and Italy. Germany was not an economic or a political entity

150 years ago, nor was Italy. Some 250 years ago or less, Russia was not an economic or a political entity. If we go further back we reach a time when France—what we know now as France—was not an economic or political entity. We could go back to a time when what is now Britain was a collection of independent or semi-independent states, principalities and fiefdoms, and what have you. Over the centuries these geographical expressions were consolidated; they were brought together to be entities—and not merely economic entities, but political entities as well.

● (2050)

I said earlier that I am not a businessman, but I do not regard this development of the common market as a business development in the narrow sense of the word. I do presume to speak on it because I have been in my lifetime a student of history. I have done much research into historical matters, and I am reminded that traditionally we were led to regard, for example, the consolidation of the German states in the 19th century under Bismarck as being the result of Bismarck's policy of "blood and iron," as I think it was called, with the help, of course, of Prussian militarism. There is some truth in that, but it is only a half truth.

I was interested, incidentally, in reading this week an article in a book edited by Dr. Henderson of the University of London, a book which he calls: "Since 1945: Aspects of Contemporary World History." That is the rather clumsy title of the book. One of the contributors is Russell Lewis whose article is entitled: "The Growth of European Unity." I was rather interested to notice there that he brings out the very point which has been apparent to me and to others for a long time, namely, that the consolidation of Germany in the 1800s—in the second half of the 19th century—brought about during the time that Bismarck was a predominant statesman in Prussia, was actually the result of the Zollverein, that great customs union which started in a very small way, as a customs union among some of the independent German states, and over the years became stronger and stronger; it was that which laid the ground later for the political union of the German states.

To some extent the same thing is true in Italy. Again, traditionally, we regard the unification of Italy as being the result of the vigour and the idealism of men like Garibaldi, Count Cavour and Victor Emmanuel, and so on. Of course, there is some truth in that, but if you go a little deeper into it you will find that that political union which resulted in the nation of Italy, as we know it today, would not have been possible if it had not been preceded by economic consolidation in one way or another.

I mention these things tonight deliberately, honourable senators, because I think we make a grave error if we think of the emergence of what we call the Common Market in Europe as being an economic development, as being something that has economic implications and nothing else. I remind you that the very men who provided the idealism and the inspiration for this did not speak in terms of economic unity. I am talking now about Adenaeur of Germany, Churchill of England, Spaak and others shortly after World War II. They talked about the possibility of the political unification of Western Europe. Now, in recent years, that idea has been soft-pedalled—deliberately, I think, and probably wisely because one has to approach a political unification very gingerly for reasons which I think must be obvious: people think emotionally about these things and they react very quickly to them.

If I might digress for a moment I would say that I was reading today in the *Illustrated London News* an article by Arthur Bryant, one of the famous historians who opposed the entry of Britain into the Common Market. Of course, as we know, others of all political persuasions agreed with him in that opposition. Basically, the reason for their opposition is nationalistic; it is emotional. "We have managed to survive," said Bryant, "for a thousand years or more. We did survive Louis XIV and we did survive Napoleon Bonaparte and we did survive Kaiser Wilhelm and we did survive Hitler; and now you are going to merge all of that, all of that great British tradition, into Europe, with the possibility that it is going to be submerged." I am paraphrasing, of course. He did not use those words, but that is what he meant.

I think we have to remember that this economic union has and could have very serious far-reaching implications far beyond the economic factors. This is a matter which is far too complex to go into at this time. I was interested in noticing that the committee referred to it peripherally here and there, but it did not get involved in this matter of a possibility of a political union, or the political implications. But do not let us fool ourselves for one moment; this economic union in Western Europe, from what I have seen, has all the earmarks of being successful.

The first time I went to Europe was in 1956 and I have been back there I suppose seven or eight times since. I have travelled in Italy, France, Spain and Germany, and so on. Last year in the fall I had the opportunity to travel through Germany and through Italy, and anyone who has done that, and being aware of conditions that existed in, for example, Italy in the 1950s, must have been absolutely amazed at the transformation which is taking place there. No one can go to Germany and not look in wonderment at the obvious vigour, energy and progress that are now characteristic of that country. I am speaking, of course, of West Germany right now. To some extent it is true of East Germany too, but for different reasons, but certainly it is true of West Germany and it is true of France. There is no doubt at all that the transformation which is taking place in Western Europe, and which has taken place, and which among other things has virtually eliminated unemployment, has largely been the result of the impetus given by the economic unification, or the partial economic unification, of these nations in what we call the Common Market.

● (2100)

The report of the committee raises some questions, again not always directly but perhaps by implication. For example, is the European Community, the whole idea generally, and, specifically, the decision of Britain to join that Common Market, a good thing or a bad thing for Canada? This is a question that is asked in the report, but it is not answered fully for obvious reasons. The committee could not answer it fully. If I were to give a hasty personal judgment, I would say that any such union has to benefit the component parts of that union. I do not think anyone would argue, for example, that the states and the political

entities that made up the geographical area of what is now Germany did not benefit as a result of the union into the German nation. The same remark applies to Italy. For that matter, coming to this side of the ocean, I am sure nobody would argue that the union which formed the United States nearly 200 years ago has not benefited every component part of that union.

Even here at home, honourable senators, while I know that we all argue at times that we have suffered in one way or another, particularly in provinces like my own, by virtue of entry into union, nevertheless I would say that nobody in his right senses could argue that Newfoundland, or Saskatchewan, or for that matter Ontario or British Columbia, has not benefited as a result of the economic and political union effected more than 100 years ago for part of Canada, and 25 years ago for my own province. Nobody could argue that each part has not benefited because every component part of that union has, in fact, benefited. I will go further and say that the unification of the British colonies in North America which eventually became the United States, and the unification of the colonies—or whatever you want to call them—here in what is now Canada has not only benefited those component parts, but has benefited the world at large. I do not think there is the slightest doubt whatever that the world is benefiting from the unification of those colonies and from the emergence of what we now know as the United States of America.

But there is another side to that coin, honourable senators. There are the political and military factors. We know that in at least one instance such a union—and here I refer to the unification of a number of these states into one superstate in the case of Germany—had dire effects for Europe and for the world. But these were not a necessary consequence of that union. I do not intend going into that in detail at this time, but I do want to say that it was unfortunate that so much of the energy and so much of the progressive development of the German nation was eventually applied in ways that were deleterious and destructive to the rest of the world.

One question that comes to my mind at least, honourable senators, from the reading of this report is this: Has Canada given enough attention to the implications of the European Community? That is indeed a question. I personally would answer it negatively. I would say no. I shall develop that further in a moment. I arrived at that conclusion independently, and for that reason I was very interested to see, as I re-read the report this week, that it implies exactly that—that Canada has not given enough attention to the implications of this economic development in Western Europe. In fact some of the conclusions in the report are disconcerting. I would go even further and say that they are alarming. For that reason I suggest to honourable senators that they might go back and read this report again because, believe me, it deals with matters which are going to affect us increasingly in the years to come; they are going to affect the destinies of our children and grandchildren here in Canada.

Here is something I have taken verbatim from the report:

> In general terms Canada's exports to the expanding Community markets have not kept pace with competitor nations' exports. Canada's share of this rapidly growing market has declined.

That is very disconcerting.

Honourable senators, let us take a less important matter raised here. The European Community has adopted or implemented a program for employing young people from non-member countries, and under that program—and here let me say that I do not recall all the details—each non-member country is entitled to have one paid intern per year, and two or three non-paid candidates, go over to work there, study, do research and participate in the work of the Common Market. Canada, during that ten-year period, has placed only one intern over there. I cannot help wishing that the committee had found it possible to develop that aspect a little more, or to look into it a little more, to try to ascertain the reasons for this failure in such a simple thing as that. The opportunity was there for young, intelligent, alert, ambitious young Canadians to go over there, and yet we sent only one in 10 years. I do not know the reason for that. The first thing I knew about it was when I read this report. It is a small matter, but it is something that might cause us some concern.

Let us consider a more serious matter than that. During the past several years Canadian exports to the United Kingdom, with which we had, of course, preferential arrangements, increased at an even slower rate than the exports to the Six—that is, the six members of the original Economic Community—despite the advantage of the preferential tariff.

Consider too this sentence taken directly from the report:

> Other world trading nations such as the United States and Japan have increased their share (of exports to the Community) often dramatically.

I have heard some fears expressed about the development of the Common Market. From time to time you hear people say, "This can be pretty bad for Canada." I say to you, honourable senators, and I say it as a Canadian, that it is not the European Economic Community we have to be afraid of; it is our own failure, our own delinquency.

● (2110)

Hon. Mr. Walker: Hear, hear.

Hon. Mr. Rowe: I am a Canadian and it does not give me any particular pleasure to wash Canadian linen in public but sometimes it must be done. I know that a number of my colleagues here have been identified with Canadian business over the years, in some cases in a very large way. I hope that no one will take my next remarks as irresponsible statements or criticisms. I repeat, I am not a businessman.

Hon. Mr. Walker: May I interrupt for a moment? You are a very able administrator and I remember well doing business with you for many years when you held office in the Government of Newfoundland. For the third time you have apologized for yourself, which you do not need to do at all.

Hon. Mr. Rowe: I thank Senator Walker for that. May I reciprocate by saying that I have the same feeling with respect to dealings I had with him some years ago.

I was identified with an attempt to improve an underdeveloped part of Canada from 1949 until I was summoned to the Senate. We literally travelled all over the world in an attempt to encourage capital and expertise to come to our province, which in 1949 was one of the underdeveloped parts of the world. It included that great area of 112,000 square miles known as Labrador and the island of Newfoundland, one of the seven or eight largest on the face of the earth. We were undeveloped and so did everything we could, often too much, to induce capital and capabilities into our province. One of the great disappointments experienced by my colleagues and by me personally, as we had been responsible for effecting the union of Newfoundland with Canada, was the failure of Canadian capital and business to take any real interest in the development of this, the newest and most underdeveloped part of Canada. This was one of our greatest and also continuing disappointments. As a result, we had to go to all parts of the world to induce investment and interest. We were successful in this. I might say that in some cases we did not even have to go. Representatives came to Newfoundland, not from Ontario, Quebec or Canada generally, but from Japan, Germany, Italy and, of course, the United States, to search out opportunities.

I wish to pay tribute to individual Canadians who did realize the opportunities which were available in the province and devoted their lives to bringing about development there. Again, as I shall point out in a moment, this was done without the encouragement or assistance that should have been provided by other Canadians. I think, for example, of two men in particular. One was M. J. Boylan, who is now deceased. Mr. Boylan, a mining developer and promoter, came to Newfoundland at our invitation. He brought in geologists and mining engineers who saw great potentials in the province. He was successful, as a result of concessions and other help given him by the provincial government, in opening up seven separate mines in Newfoundland. One was the great asbestos mine at Baie Verte, in which he was able to persuade Johns-Manville of the United States to take an interest. It is now one of the great asbestos developments and has a future of at least 100 years. No one even knew that there was one ounce of asbestos in the Baie Verte Peninsula when I became the member for that area in the 1950s. Mr. Boylan, however, did not receive financial assistance from Canadians. He was stymied over and over again and had to go to the United States, as I know very well. He induced most improbable characters in the United States to invest in the project. Of course, they were not gangsters. I do not wish to leave that impression. It was respectable business but included were, for example, such as Gene Tunney, the famous boxer who knocked out Jack Dempsey.

I recall the contribution made to Labrador by Jules Timmins. He is also deceased, but I wish to pay tribute to the imagination, drive and energy of this man, who realized that there were great possibilities in Labrador. He, too, had to go to the United States and enlist the support of men such as George Humphrey, who later became Secretary of the Treasury, and others. The M.A. Hanna Company, of which Mr. Humphrey was then the head, and others contributed. As a result of that the greatest single mining development in the history of Canada took place. There is, however, no credit due, apart from Jules Timmins and a few others, to Canadian business generally in connection with that development, nor, for that matter, to any government of Canada.

Although it was realized that one of the greatest hydro potentials on the face of the earth was rolling out into the Atlantic Ocean, as it had been since the ice age, no one in Canada was willing to listen. I say this deliberately: there was no one in Canada at any level, either political, business or economic who was really interested in it. We had to go to England and put the proposition forward as a gamble to the then Prime Minister of England, Winston Churchill. It was through his interest that Rothschild and other great entrepreneurs entered the picture, and as a result the greatest single hydro development on the face of the earth was developed in our province. Most Canadians do not even realize that in that one spot more than $1 billion was spent to develop the greatest single hydro capacity in the world. There is one in Russia, as Kosygin reminded us, but that is a triple development. If the lower Churchill is developed as a dual development it will be bigger than the triple development in Russia.

It is ironic, honourable senators, and I do not take any great pleasure in saying this, but we should keep in mind that the two greatest industrial projects in the history of Canada, not the CPR, not the Niagara development and not the St. Lawrence Seaway, took place in Labrador, almost entirely as a result of the efforts of the province itself with the help of non-Canadian capital and largely non-Canadian business expertise.

• (2120)

I would be the last one in the world to ignore the roles played by Donald Gordon, Robert Winters and Donald McParland in the later development, but what I say still stands. Those two greatest economic developments in the history of Canada owe practically nothing to Canada. The nearly $3 billion that has gone into Western Labrador to develop the iron owes practically nothing to Canadian capital, and certainly nothing to Canada generally. I suggest that there is something basically wrong when that is the case.

If we in Newfoundland had waited for Canadian business, Canadian enterprise, to bring about those developments we would still be waiting. These developments, may I remind you, have already poured countless millions of dollars into the federal treasury, and countless millions of dollars are being poured into the economy of Canada as a result.

I did not mean to speak at such length and in such strong terms on this matter, honourable senators, but this is something that needs to be said and I am glad to say it. Once more I should like to express my congratulations to the committee for the work it has done. It has done a good job. I trust that this is not the end of it. If it is, it will be fatal for us, because I think it is absolutely imperative that the people of Canada appreciate and understand that the development of the economic community in Western Europe is fraught with all kinds of possibilities, both good and bad, for Canada as well as for the rest of the world.

Finally, on a more positive note, I want to say that I believe the formation of this Common Market, or whatever you wish to call it, will present, and does present, an

increasing challenge as well as an increasing opportunity to Canada. If we fail to measure up, we have no one to blame. We cannot blame England for deserting us. Incidentally, I was very happy—and I say this again—that Canada did not show any vindictiveness in this matter when one of our mother countries, Britain, decided to enter the Common Market, with all the implications that that step had with respect to the preferential arrangements that had been part of the scheme of things for so many years. As I have said, if we do not measure up to this challenge, we have no one to blame but ourselves.

In conclusion, I quote Cassius in Shakespeare's *Julius Caesar,* who, while speaking to Brutus when Brutus was complaining about their failure to do anything about keeping Caesar in check, said:

> The fault, dear Brutus, is not in our stars,
> But in ourselves, that we are underlings.

I do not believe that we in Canada are underlings.

On motion of Senator Martin, debate adjourned.

HEALTH, WELFARE AND SCIENCE

NOTICE OF COMMITTEE MEETING

Hon. Mr. Carter: Honourable senators, before the Senate adjourns I should like to announce, on behalf of the chairman, that the Standing Senate Committee on Health, Welfare and Science will meet in room 356-S tomorrow morning at 11 o'clock.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, September 12, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of expenditures and administration in connection with the Family Allowances Act for the fiscal year ended March 31, 1973, pursuant to section 14 of the said act, chapter F-1, R.S.C., 1970.

Report of expenditures and administration in connection with the Old Age Security Act for the fiscal year ended March 31, 1973, pursuant to section 26 of the said act, chapter 0-6, R.S.C., 1970.

Report of expenditures and administration in connection with the Youth Allowances Act for the fiscal year ended March 31, 1973, pursuant to section 13 of the said act, chapter Y-1, R.S.C., 1970.

OLD AGE SECURITY ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Chesley W. Carter, Deputy Chairman of the Standing Senate Committee on Health, Welfare and Science, reported that the committee had considered Bill C-219, to amend the Old Age Security Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Martin: Next sitting.

Hon. Mr. Flynn: Or now?

Hon. Mr. Martin: No; no rubber-stamping around this place.

Hon. Mr. Flynn: If the Leader of the Government wants royal assent to this bill this afternoon, we will consent to third reading now.

Hon. Mr. Martin: I think a responsible Senate would want third reading of this bill to take place tomorrow.

Some Hon. Senators: Oh, oh!

Motion agreed to.

ENERGY RESOURCES

CRUDE OIL AND NATURAL GAS—PROPOSED NATIONAL POLICY—QUESTIONS

Hon. Ernest C. Manning: Honourable senators, I should like to address several questions to the Leader of the Government in the Senate with respect to the government's proposed national oil policy. The questions are as follows:

(1) Is it the Government's intention to fix the well head price of crude oil?

(2) Is it the Government's intention to establish an Oil Marketing Board and if so, will all oil producers in Canada be required to market their production through the Government Board?

(3) If it is the intention to require oil produced in Canada to be marketed through a Government Marketing Board, will importers of crude oil be required to market such oil through the Board and will the Board determine the price at which such oil will be sold to refineries in Canada?

(4) If the Government intends to become the sole marketer of crude oil under a two price system, will the profit from export sales at higher than well head price accrue to the federal treasury, be paid to the province owning the oil, or to be used as a subsidy to reduce fuel prices in the domestic market?

(5) Is it the Government's intention to treat natural gas in the same manner as crude oil in the application of its proposed oil policy?

(6) Is it the Government's intention to insist that the Montreal market area be supplied with Western Canadian crude oil by the construction of a pipeline to Montreal?

(7) If Alberta crude oil producers are required to supply the Montreal market, is the Government prepared to give a commitment that the well head price of Western crude oil will not be purposely depressed in order to enable the Montreal market area to enjoy lower gasoline prices?

I appreciate, honourable senators, that the government leader will require some time to secure the answers to these questions, and I would simply ask him to provide the answers at his convenience.

Hon. Mr. Flynn: I am quite sure he has ready answers.

Hon. Mr. Martin: Senator Manning expressed his intention last night to ask questions along these lines, but, as I told him just before we entered the chamber this afternoon, I only received his letter about half an hour ago. I assure him that just as quickly as I can get responses to all of these questions I will give them here.

● (1410)

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the consideration of the Report of the Standing

Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community."

Hon. Mr. Martin: Honourable senators, I give way to the Honourable Senator Buckwold.

Hon. Sidney L. Buckwold: Honourable senators, I ask leave to resume this debate at this stage.

The Hon. the Speaker: Is it agreed, honourable senators, that Senator Buckwold shall have leave to proceed now?

Hon. Senators: Agreed.

Hon. Mr. Buckwold: Honourable senators, as has been indicated by previous speakers during this debate, the subject of the Common Market, or the European Community as we should perhaps now refer to it, is one of very real importance to the entire nation, but perhaps especially to Western Canada. Some time ago we had the pleasure of listening to my colleague, Senator Sparrow, talking of the impact of the Common Market on agriculture. I should like to resume where he left off and refer to some of the changes that have taken place even since this report has been written. I say this because there has been a very significant difference in the whole outlook on food production and food supply since the early days of discussion on the Common Market and the European Community.

At the outset, I want to congratulate the committee for undertaking this study. It was well done and has been, I think, very provocative in the suggestions made as to what Canada should do to meet the challenge of doing business, maintaining trade relations and carrying on the export volume which we have had with the European area. It is an immense market, a very important market, a market of growing affluence, and one which should be cultivated to the best ability that Canadian know-how can develop.

In the last year or two, about 12½ per cent of our total exports have been to the countries of the European Community. So far as our agricultural exports are concerned, 23 per cent have gone to countries that are now members of the European Community. This worried western farmers and Prairie people generally, especially with the loss of the British preference in selling our products to that traditional market for western agriculture. I can remember some years ago the very, very serious concern expressed by farm organizations and responsible farm leaders generally as to the impact on Western agriculture of the loss of the British preference and the imposition of higher tariff duties under the European Community arrangements. There were many criers of doom; there were many who said this would add to the woes, already numerous at that time, of western agriculture. I think, however, that time has shown that although there certainly will be problems in the future, the situation is not quite as bad as we had feared it would be.

A good part of this, of course, is because of the change in the food supply situation. Suddenly, almost overnight it seems, we ran into short supply. We were unable to meet the food requirements of a hungry world, and suddenly that much maligned entrepreneur, the Canadian farmer—who has been the subject of undue economic oppression as a result of a variety of policies—came into his own and is able now to achieve reasonable prices for his products. Because of this growing demand for food, which I believe will exist for a very long time, although there will be undoubtedly shifts in demands, it seems to me that Europe and other parts of the world will more and more need our agricultural products. Now, this does not indicate that we should sit back quietly and just allow them to come and buy from us. There is an increasing production of barley and wheat in the European Community. The Senate Committee on Foreign Affairs reports, as a matter of fact, that the European Community is a net exporter of barley, which is a very important feed grain. Wheat has been grown in larger and larger quantities in these European countries, and the committee points out that by 1980 it is possible that even Europe will be a net exporter of that staple commodity.

In my opinion these figures, in the light of new circumstances, probably could be revised. I believe that in spite of higher tariffs there will be a strong market for Canadian wheat, that very superior-quality grain, in these European countries. Feed grain will be a problem also, but with the growing affluence of Europe, with the growing demand for red meat and other meat products and proteins, I suggest that there will be a growing demand for Canadian agricultural products. I remarked a little earlier that we could not sit back and wait for these countries to come to us. I suggest to members of the Senate that it will require a great deal of Canadian salesmanship, good marketing policies and studies in depth to cultivate the European market for our agricultural and, indeed, other products.

I agree with this conclusion of the committee, which reads:

> The committee is convinced that Western European markets offer Canada the most important prospect for diversification of its exports, particularly of semi-processed and manufactured goods.

I concur with that, but I again hasten to add that I believe agricultural products could be added to that recommendation in the light of the changes to which I have referred. There is an old Chinese saying, the correctness of which I am not quite sure, that the Chinese characters for crisis and opportunity are exactly the same. I have not checked with any of my Chinese friends as to whether this is true, but it is certainly a good allegory in that crisis does lead to opportunity. In my opinion there is a tremendous opportunity for Canadian know-how to assist exporters get into the European markets.

I had a refreshing talk at noon today with a friend. That may startle the learned members of the Opposition, but this friend, a great idea man, is a former Minister of Agriculture, the Honourable Alvin Hamilton. I hasten to add that I may not always agree with his ideas, but certainly he is very knowledgeable in this field and a source of inspiration for many things that Canadians can and should be doing. I asked for his opinion with respect to the European Community and he agreed with me that the crisis is now our opportunity.

● (1420)

There are many things that we could do. Already we are shipping fresh meat by air. Europeans are willing to pay the price for it. Some are now affluent enough to afford this luxury which some Canadians cannot afford. There is a growing demand for the movement of fresh meat by air,

and certainly for the transport of large quantities of livestock, feed grains, and protein-rich products. All this will take market development; it does not happen overnight.

I think Canadian cheddar cheese could find its way into the European market. Ontario producers have been successful in promoting cheddar cheese as something of a luxury item in Great Britain, where people have developed a liking for it. With marketing studies and salesmanship we might be able to sell this product in other parts of Europe. This is the type of challenge that the European Economic Community provides.

Our Maritime provinces are having problems marketing their apples. I think that their market could be expanded to meet a possible European demand. It seems to me that the great potential market of hundreds of millions of Western Europeans provides a great opportunity for us. That market is here for us to develop if we prepare the groundwork intelligently and aggressively and play our cards right. I look forward to the business that we will do with the European Economic Community. It will make previous figures fade into insignificance.

We can talk to the European Community about the products we have to offer and their need for them. I am not just referring to agricultural products. I suggest to you that a wise European Community would look at its supply requirements covering a variety of important resource materials. We cannot manufacture and process all our resource materials, but some we can. The European Community is going to need supplies of lumber, iron ore, and a variety of other resources which we have to offer. It seems to me that aggressive action on the part of our government could persuade our European counterparts to provide markets for our products. We must assure them that to the best of our ability we can supply the materials which are so essential to the growing development of Western Europe.

This is the type of thing that I see happening in Canadian agriculture and industry generally as a result of the Common Market. Granted, there will be disruptions. Agreed, there will be changes in pattern. But looking forward to the growing affluence of Europe, in my opinion the opportunities for Canadian business in Europe, for Canadian exports, for the kind of thing that Canada does best, are greater than ever before. I hope that Canadian trade offices, and Canadian businessmen, will rise to the challenge and meet the new opportunities.

Hon. Ernest C. Manning: Honourable senators, I should like to make a few comments on this resolution which is before us. First of all, I join sincerely in commending the committee for its excellent work and on the report it has produced. I hope all members of this house agree with the major conclusions that have been stated, and have perhaps a deeper appreciation of the importance and the opportunity that attaches to Canada's closer ties with the European Common Market.

I was much impressed with the remarks last evening of Senator Rowe, who presented to this house some significant observations on the whole area of international relations, and on our domestic attitudes which affect our dependence on other countries. I am sure we all appreciated the constructive remarks just made by Senator Buckwold.

I share the conclusion that Canada is well advised to establish the closest possible ties with the European Common Market. While the formation of that bloc and Britain's entry into that bloc certainly does create problems for Canada in the trade areas, it does at the same time afford some significant opportunities.

We are all aware that this is a period of significant realignment in trade patterns and international relationships on a world-wide scale. As you study what is going on in this regard you notice that such relationships are influenced by both abstract and concrete factors. By abstract factors I mean matters such as the traditional ties that have existed for a long time between various nations and groups of people. Probably the greatest example is the Commonwealth. For many years the nations of the Commonwealth have enjoyed particular ties with other member nations, and those traditional ties are strong influences in the decisions and the judgments that are made.

International relationships are influenced by racial and cultural ties through which one nation finds a natural affinity with the aspirations and ideals of another. But perhaps more than in previous times these realignments of international trade arrangements and international relationships are being influenced today by factors that are very concrete. These primarily are the demands of economic necessity.

It is undoubtedly true to say that Britain's entry into the Common Market was dictated by economic necessity. In fact, from the reports we hear, the general attitude of the people of Great Britain, the man in the street, is unfavourable to Britain's entry into the Common Market. This may well be, because the man in the street is influenced more by abstract considerations, by sentimental and emotional factors than by the cold, hard economic facts that moved the Government of Great Britain to take the step that brought Britain into the Common Market bloc.

We have seen this same factor at work in the last year or so in the United States in the realignment of its trade position. These changes certainly have been dictated to a large degree by the serious economic factor of the adverse U.S. balance of payments. They arrived at a position where it was an economic necessity to get more exports and to curtail their imports of goods from other countries. This led them to devalue their currency in order to stimulate export trade and curb the volume of goods imported. The results certainly demonstrated once more how closely our economy is tied to the economy of the United States.

● (1430)

Our dollar moved almost parallel with theirs in the steps to devaluation which they have taken in the past eighteen months. When their dollar drops, our dollar drops. The actual devaluation, in relation to the stronger currencies of Europe, particularly the German mark, is now in the neighbourhood of 18 per cent. Very few Canadians realize that our dollar has been devalued to that extent, because the bulk of our trade is with the United States. As long as our dollar and theirs remain in relative parity, our people do not see the significance that they would recognize if we were heavily dependent on imports from countries other than the United States.

Honourable senators, these developments emphasize the importance of our giving attention to the pertinent factors which influence our international relationships, be they trade relationships or otherwise.

Senator Rowe commented last evening on an experience in his area of Canada, which demonstrated its dependence on foreign capital to bring about some of the major industrial and resource developments in Newfoundland. I have a great appreciation of what he said because over thirty years ago we went through almost the same experience in Western Canada. In the late 1930s, when interest developed in the possibility of significant oil development in Alberta, both the government and industry made representations, particularly to the investment houses of Montreal and Toronto, to try to get Canadian investment capital for the potential oil development in the West. I am sorry to say that, as Senator Rowe said about Newfoundland, we met with practically no success. At that particular period, mining development in Northern Ontario, and pulpwood development in Quebec, were the areas to which Canadian investment capital was being directed. The attitude was cold towards risking capital in what was regarded as a highly speculative possibility of significant oil development in Western Canada.

Following our disappointment at not being able to interest Canadian capital, in 1938 we sent a delegation to London, England, made up of representatives of the province and the petroleum industry, to see if we could interest British capital. There was a considerable interest and the response was favourable. But in 1938, war clouds were gathering over the continent of Europe and the resulting uncertainty prevented any significant action being taken.

It was at that stage that, having been frustrated in trying to get Canadian capital and unsuccessful in getting British capital, we turned our attention to trying to interest American capital in oil development in Alberta. In this effort we met with outstanding success.

All this emphasizes that there are regions in this country that are forced to depend on outside capital to obtain the development of their resources.

It is important to recognize that for the foreseeable future it will continue to be important for Canada to have access to large amounts of foreign capital. Attitudes or actions which prejudice that access are detrimental to Canada's best interests.

There is in this country today, and I suppose in other countries, a strange inconsistency in the attitude of the public, and of governments, to this whole question of international relationships. In the matter of social concern there is very strong advocacy that we forget about national boundaries and that the people of each part of the world should be deeply concerned about the social and economic needs of people in all countries. I agree completely with that conclusion. However, it is paradoxical that along with this urging of people to ignore nationalism and national boundaries and let their social concerns be worldwide in scope, at the very same time in the political and economic areas of concern there are developing strong pressures for greater nationalism.

In the United States a strong sentiment is running towards a more isolationist position. Part of this is due to the economic necessity to which I have referred. Part of it is due to public backlash against the constant complaints and criticisms levelled against the United States by other nations.

To be fair, we must recognize that no other country in this world has been more generous in spending its money on assistance to other nations than the United States, and regrettably probably no nation has made more enemies in the process.

We can understand the people of the United States coming to the place where, having taxed themselves hundreds of billions of dollars for foreign aid—and getting in return complaints and criticisms and condemnation on how they handle their domestic affairs and their role in international affairs, particularly during the Vietnam War—it is understandable that Americans should say, "Perhaps the best thing for us to do is to look after ourselves and let the rest of the world do the same."

In our own country we are hearing from a number of vocal groups who are advocating what I have frequently referred to as a dangerous negative nationalism. In my judgment the Kierans and the Gordons and the Hurtigs, and the groups they represent, are doing irreparable damage to the best interests of this country, even though their intentions may be the best. They are giving the impression abroad that Canada is anti-foreign capital, is anti-American and that Canada desires to be more nationalistic. Those impressions in the long run can be extremely damaging to the best interests of this country, and I suggest it is of the utmost importance that the federal government make Canada's official position crystal clear in the capitals of the world with which we deal, and particularly in Washington. In my view, the Canadian government has not done so.

Like a lot of other people, I spend a considerable amount of time in the United States. I talk to many businessmen and men in public life in the United States. I am increasingly disturbed by the growing belief among Americans that the Canadian government is anti-American; and, of course, this is regarded as a reflection of what they feel must be the attitude of the Canadian people. This is something the government of this country should take effective steps to correct.

• (1440)

If I may digress for a moment, a classic illustration of what I mean is what we are hearing today in connection with the growing oil shortage on this continent. There are strong voices in Canada today saying that we should look after our own requirements and let the United States look after themselves. Why should we be concerned with the fact that they are facing a very serious domestic oil shortage? I have a long enough memory to remember what happened at the time of the last World War. I wish more Canadians would remember. At the time that war broke out, the importation of petroleum products from the United States was the largest single trade item for which Canada had to find scarce American dollars. At that time Canadian production did not begin to meet Canadian requirements and we were dependent on imported oil to a very large degree. The bulk of it came from the United States.

When Pearl Harbour occurred and the United States was propelled into the Second World War, I remember the governments' very deep concern, both provincial and federal, about what position we would be in in Canada if the United States said, "We are sorry, Canada, but we are having to ration gasoline for our own people so we cannot go on exporting oil to meet your requirements." If the United States had taken that position, frankly, I do not know what would have happened to Canada. You could not get offshore oil in those days. The Atlantic was swarming with submarines. Tankers were their favourite prey, and in any event the tankers were needed to carry oil to the war theatre in Europe. We were wholly dependent on the willingness of the American government to permit oil exports to Canada to continue.

I say it is to the credit of the American government and their people that, when they were forced to ration gasoline in the United States, without any argument they readily agreed to treat Canadians exactly the same as Americans, and as long as our gasoline rationing system paralleled theirs, they continued to export to Canada on the same basis as they provided for their own people.

Honourable senators, I become disturbed today when I hear Canadians suggest cutting off oil to the United States. Here we are at a point in time when the situation, in a sense, is reversed. We now have more oil than we need in Canada; in our tar sands in Alberta alone we have a potential recovery of at least 300 billion barrels of crude, the largest known oil supply in any one place in the world; yet you have people running around this country today saying, "Let us cut off selling oil to the United States. What if they can't get all the oil they need? That is no concern of ours, we are going to look after ourselves!" I say to you that such attitudes do not redound to Canada's credit and they will not in the long run redound to Canada's interests.

Hon. Senators: Hear, hear.

Hon. Mr. Manning: Canada's best interests are not incompatible with a constructive relationship with other nations, and particularly with our neighbour nation on whom we are dependent for so many things, whether we like it or not.

As I have already said, our economy is tied to theirs. Whatever happens to their economy, we will experience the same trends very quickly. In the matter of hemispheric security we are almost 100 per cent dependent on the United States. We draw a great deal of our technical research and knowhow from the United States. These are matters which require the intelligent consideration of the Canadian people and some very firm leadership on the part of the Canadian government when dealing with this whole question of international relationships and the realignments taking place at the present time.

I would offer one other observation in closing. It relates to a concept we do not often hear discussed but which I suggest has considerable merit. When we are dealing with international relationships and the flow of capital between nations, the extent of foreign ownership in Canada and of Canadian ownership in other countries, we should give more attention to what might be called "net national sovereignty." We hear today that "we shouldn't let foreign capital come into Canada" and "we can't let a foreign firm own something in Canada" or "we are going to lose our national sovereignty". I suggest that we should be more concerned with net national sovereignty than with individual transactions.

If the citizens of one country acquire a position, economic or financial, in any other country, to that extent they acquire a degree of control in the country where they operate. We really have no knowledge in Canada today of the extent to which this offsets the effect of the ownership and control of foreign companies in our own nation. You often hear it referred to, though little attention seems to be paid to it, that on a per capita basis the people of Canada have a bigger stake in the United States than the people of the United States have in Canada. Admittedly, that does not tell the whole story, because even a large per capita stake on the part of a small population country is not a very significant influence on the economy of a nation the size of the United States; whereas, a rather small investment from the standpoint of their population in a country like Canada can have a significant influence. But, to date, little or no attention has been paid to this concept of net national sovereignty, which has great potential for a small population country like Canada.

We hear a lot of criticism about multinational companies, and some of the criticisms are certainly valid. But, honourable senators, I think you will agree that multinational companies can be one instrument through which a nation with a relatively small population can acquire a significant economic stake in the economy of another country in which those companies operate.

So far as Canada is concerned, rather than discouraging multinational companies, I should like to see some leadership given in using multinational companies as an instrument to improve Canada's net national sovereignty in a way that could be very much in the interests of this country.

I will not detain you longer, but the committee's report raises fundamental issues on almost a worldwide scale and it should certainly be given very serious attention by the Canadian people and by the Government of Canada. The great need, as I have said, is for strong leadership. When you have matters in which people's judgments are influenced by sentimental factors rather than by the realities of economics and the long-range effects of what we do, that is not a time when you can let a broad general consensus be the deciding factor.

As I said earlier, if Great Britain had followed that course, it would not be in the Common Market today. The government gave leadership in a direction contrary to public opinion, recognizing that that public opinion was based on sentimental considerations rather than on considerations which in the long run will advance the interests of all British people. I wish we could get away from government by popularity polls in Canada. This business of having to see what the latest Gallup poll says before the government can make up its mind on what policy it is going to adopt, in my judgment, is one of the most disastrous things that can happen to a country. A leader ought to be out in front leading, and not waiting to find out first what the public opinion polls are saying and then deciding, "We can capitalize on a certain public whim to our political advantage and so that will be our policy until the

next poll comes out." These are areas where Canada needs to make major changes, if we are going to play the role we should play domestically and in the broad field of international relationships.

● (1450)

Hon. Mr. Buckwold: Would the honourable senator allow a question? It is in no way critical of anything that you said, Senator Manning, but I would be interested in an answer to this question which is bothering many Canadians.

You came to the defence of some of the multinational concerns, and you made specific reference to the oil companies. In your opinion has the pricing of energy products by our multinational oil companies during these last several months been in the best interests of the country, keeping in mind your observation that we did not have a shortage of energy supplies in Canada?

Hon. Mr. Manning: There have been charges made, particularly in the United States, that multinational oil companies created an artificial shortage of petroleum products in order to jack up prices and enhance their profits. All I can say on that point is that to the best of my knowledge no concrete evidence has been produced to establish that charge. On the question of price increases in Canada as a result of shortages in the United States, this, I suppose, is one of the inevitable consequences of multinational company operations. On the other hand, it is not all bad. If you are going to interfere artificially with the price of a commodity in a certain area because it happens not to be in a short supply in that area, then you are going to play complete havoc with the economy of the country.

I think, Senator Buckwold, you will agree with me that in Saskatchewan, Manitoba, and Alberta, if the surplus of wheat in the Prairie provinces was accepted as an argument for saying, "Look, we have wheat coming out of our ears so the price should be 30 cents a bushel because we have so much of it," it would be absolutely disastrous to our agricultural industry. We expect our wheat prices to be governed by world prices, and I do not think you can expect to treat oil too much differently. Somebody always gets hurt, but in balance more people get hurt when you impose artificial price controls in certain areas and dislocate the whole natural play of economic factors.

Hon. Mr. Langlois: Honourable senators, if no other honourable senator wishes to speak at this time I will move the adjournment of the debate.

On motion of Senator Langlois, debate adjourned.

MEXICO

STATE OF THE UNION ADDRESS BY PRESIDENT— INVITATION TO SENATE SPEAKER

Hon. Donald Cameron rose pursuant to notice:

> That he will call the attention of the Senate to the invitation of the President of Mexico to the Speaker of the Senate to be present when he delivers his third State of the Union Address.

He said: Honourable senators, some weeks ago our distinguished Speaker of the Senate received a personal invitation from the President of Mexico to be his guest at his third State of the Union Address in the Congress Hall in Mexico City on Saturday, September 1.

Due to the calling of the emergency session of Parliament, Madam Speaker was unable to go, and she inquired of the Mexican authorities if a substitute would be acceptable. The Mexican authorities with their usual gracious courtesy replied in the affirmative, and accordingly Her Honour telephoned me to see if I would be free to go. I was highly honoured and privileged by the invitation, and while I am sure that Madam Speaker would have made a much more gracious presence than mine, I was nevertheless delighted to go in Her Honour's place. It brought to my mind the old adage that it is an ill wind that blows nobody good. In this case I was the beneficiary of that wind.

While Madam Speaker had to remain here and participate in an all-night session resulting from the peccadilloes of a recalcitrant group of railroad workers, I had the extremely interesting pleasure and privilege of participating in an international exchange.

The Canadian guests invited by the President of Mexico were Mr. Hugh Aitken, President of the Canadian Export Development Corporation, and his wife; the Honourable Claude Bennett, Minister of Industry and Tourism of the province of Ontario; and the Honourable Guy Saint-Pierre, Minister of Industry and Commerce of the province of Quebec, and his wife.

As a representative of the federal Parliament, it was my privilege to act as leader of the Canadian delegation which was the largest and most senior of those present. The Honourable Jeanne Sauvé, Minister of Science and Technology, had been invited along with Madam Speaker but, for the same reasons as Madam Speaker, had to forego the pleasure. She had to report for a higher duty in Ottawa.

Altogether there were 21 foreign guests, and they included such people as Francois Ortoli, Director of the European Economic Community, a man with whom Senator Lamontagne and I had the pleasure of spending some time during the visit of the Senate Special Committee on Science Policy to Belgium in 1969. Mr. Ortoli gave his usual good account of himself and spoke for the European Economic Community.

The foreign guests also included Mr. Lecat, the French Minister of State for Finance; William Jorden of the National Security Council in Washington; Rodman Rockefeller, President of the International Basic Economy Corporation of New York; and Huang Hua, the permanent representative of China at the United Nations and, as you will remember, the first Chinese Ambassador to Ottawa. I had the pleasure of two or three chats with Mr. Huang Hua, and I was impressed with his frankness in discussing what they consider to be the very serious situation which exists on the border between Russia and China at the present time. Russia was represented by Mr. Georgy S. Dzotsenidze, Vice-President of the Presidium of the USSR.

In addition there were a number of distinguished journalists representing the leading newspapers and press agencies of the world.

It was my duty and privilege to present to President Echeverria a letter of sympathy and condolence to the people of Mexico from Prime Minister Trudeau and the

people of Canada, on the great hardship and suffering caused by recent floods and earthquakes.

May I interject here that it is hard for us to understand the effect of the flooding on that particular part of the country. The floods took place in a very flat area, where the highway grades are elevated about six feet above the surrounding countryside. When these rains and floods came down the valleys, the highways had the effect of acting as dams, building up a head of sometimes eight or 10 feet of water. When these dams inevitably broke, as they did in many cases, the waters flooded through the villages and towns. As many of the homes of the ordinary peasants and workers in Mexico are built of adobe—and we know what happens when they become soaked with water—the result was that in some of the towns and cities 40 per cent of the homes were destroyed. So they have a tremendous job of rebuilding.

● (1500)

Although I had no authority to speak for the Government of Canada, I made inquiries as to the attitude of the Mexican government toward assistance from other countries, but again President Echeverria took the line that they have always taken—"Thank you very much, but we are quite competent, and confident that we can go it alone." They are independent and self-reliant people, and this quality was impressed on me very much in more than one meeting in that country.

In addition to the presentation of the letter to the President on behalf of the Prime Minister, I had the privilege of presenting on behalf of Her Honour the Speaker of the Senate a similar letter. I also had the pleasure of presenting the official gift on behalf of the Speaker to President and Senora Echeverria.

The hospitality of our Mexican hosts was most gracious and generous, leaving nothing to be desired. Tremendous opportunities were provided to meet cabinet ministers and senior government officials for the purpose of discussing mutually important Mexican-Canadian problems. No matter with whom we talked there was a warm relationship and a desire to cultivate closer relationships with Canada at every level—social, economic and cultural.

In my own case I had a meeting with Senator Aguilar, the head of the Mexican Committee on Health and Welfare, and with the Senate Foreign Affairs Chairman, Senator Carrillo, a very charming man. I also had the pleasure of spending an evening discussing science policy with the minister, Senor Bueno, and his director general, Senor Carrillo who, incidentally, is a son of Senator Carrillo. This was an invaluable opportunity to exchange ideas and to see how the Mexican authorites were organizing their National Council of Science and Technology, CONACYT. We discussed the possible loan of a senior officer of the Department of Industry, Trade and Commerce to the Mexican authorities at a mutually convenient time for the purpose of giving them any assistance that could be given by Canada in their attempt to build a national science policy for that country.

I had the opportunity of meeting Senor Figuero, the organizer of the World Silvercrafts Exhibition which is being held in Taxco next November. Senor Figuero expressed a desire to make arrangements to invite either the Royal Winnipeg Ballet or the National Ballet Company to perform at this festival and, being a Westerner, of course, I had to give the nod to Winnipeg. I assured him, however, that in either case they would be very desirable representatives of Canada in that field, and that if it would fit into their timetable I was sure they would be happy to go. I undertook to see what I could do to ensure that this comes about.

I found considerable interest in management education, and discussed having Mexican executives from both the private and the public sector attend Canadian business management schools, and especially the Banff School of Advanced Management.

Finally, I had discussions with Senor Campillo-Saenz, Deputy Minister of Industry and Commerce, with a view to furthering trade relations between Canada and Mexico, and also with a view to having Mexican executives come to Canada for management education. I explored with him and Foreign Minister Rabasa the idea of a parliamentary exchange. They are most favourable to this and they hope, and I am sure that Madam Speaker will be hearing of this very shortly, to arrange the same kind of exchange we have had with the Americans for some time. In my opinion, this is a very desirable type of exchange.

I must say that I was tremendously impressed with the courtesy and the willingness to assist in every way possible of Senor Zapata, the Under-Secretary to the President and of the President's Special Assistant, Mr. Alonso. These two men went to great lengths to make sure that every guest had the opportunity to meet everyone they wished to see, and to gather any information that they desired.

I would like to take a minute or two to give some account of what the ministers representing the provinces were doing. Mr. Bennett and Mr. Saint-Pierre met separately with the Minister of Industry and Commerce, Torres Manzo. Mr. Saint-Pierre also met with Mr. Farrell, the head of the Federal Electricity Commission. Mr. Bennett met with Mr. Olachea, the head of the tourist department, because tourism comes under Mr. Bennett's direction. Mr. Aitken had a wide variety of business meetings, including those with the head of the National Finance Commission. In addition, all the members of our group had frequent opportunities for informal talks with Foreign Minister Rabasa, Under-Secretary Zapata, and a large cross-section of Mexican ministers, senior officials and business representatives.

Among the main points emerging from these meetings were the following: Minister Torres Manzo told Mr. Saint-Pierre of a series of problems he saw in connection with trade between Canada and Mexico. This included the questions of tariffs, quotas, fruit and vegetable standards and so on. They also expressed some concern with respect to the percentage of U.S. ownership of Canadian companies and the lack of Canadian industrial interest in developments in Mexico. Our ambassador, who is a very energetic and effective man, Mr. Schwarzmann, undertook to correct some of the false impressions that they had at that time.

Mr. Saint-Pierre expressed interest in expanding trade with Mexico and suggested a possible area of co-operation in the exchange of expertise and technology between PEMEX, which is the Mexican oil complex, and the hydroelectric sectors in Quebec. Mr. Torres Manzo seemed inter-

ested in this, and undertook to follow it up by means of talks with the Canadian ambassador. He also referred to areas of possible co-operation with Canada in GATT, UNCTAD, and various other international organizations. Mr. Saint-Pierre indicated to the embassy the possible interest on the part of the Quebec government in establishing a trade office in Mexico City. Mr. Bennett made strong representations to Mr. Torres Manzo regarding the bid of Litton Industries for an airport traffic control system to be established in Mexico. Mr. Bennett also explored the possibility of the export of auto parts from Ontario, in view of the Mexican automotive policy. With respect to this point the possibility of joint ventures between Mexico and Canada was emphasized, and it was suggested that Mexico might make an arrangement with Canada similar to that which has been made between Volkswagen Brazil and Volkswagen Mexico. He suggested that this arrangement might be extended by this company as far as Canada and Mexico are concerned.

Mr. Bennett referred to the invitation to the national financial experts to visit Canada for a meeting with some 10 Ontario firms regarding possible joint ventures in Mexico. This referred specifically to machinery and equipment studies made by advisers to the UN in Mexico, which were discussed by our commercial counsellor, Mr. Sirrs, with the Department of Industry, Trade and Commerce last spring. Mr. Torres Manzo suggested that the Deputy Minister of Industry and Commerce and his representatives would also wish to accompany the national finance representatives to Canada when these talks were held.

Mr. Saint-Pierre suggested to Mr. Farrell of the Federal Electricity Commission the possibility of co-operation with Mexico in the petroleum and hydraulic sectors. Mr. Farrell invited Hydro-Quebec to send technicians to Mexico to examine their projects. Mr. Saint-Pierre also undertook on his return to invite the Mexican Federal Electricity Commission technicians to the Hydro-Quebec Research Institute for training.

Honourable senators, this will give you some idea of the kinds of things that went on between the Canadian representatives and the Mexican authorities.

I come now to the raison d'être of our visit to Mexico, the Third Annual State of the Union Address by President Echeverria. Before going to the meeting at 11 o'clock on Saturday morning, September 1, we were advised that the speech would be three hours in length. When you know something like that in advance it is quite a deterrent. I have that speech and it is a masterly presentation of the entire kaleidoscope—

● (1510)

Hon. Mr. Asselin: Do you intend to read it?

Hon. Mr. Cameron: No.

Hon. Mr. Flynn: Dispense.

Hon. Mr. Cameron: It is a masterly presentation of the entire kaleidoscope of the Mexican social, economic and cultural scene today. The President dealt with this under six headings, as follows: Domestic Policy, Foreign Policy, Development Policy, Educational Policy, Social Policy and Economic Policy.

I must say at this time that I was very impressed with this man, and those who saw him when he was here in the latter part of March and early April of this year must have been impressed with him too. He is a tremendously vital and dynamic character. He is, I like to think, a man who is innovative in his thinking as far as the economic situation today is concerned, and God knows we need some innovation in our whole economic outlook. One of the things that appall and frighten me today, particularly in light of the report issued by the members of the International Monetary Fund in the last couple of days wherein they are projecting that the inflationary spiral is going to get worse in the next few months, with no end in sight, is that our economic experts—not only Canadian experts but experts from throughout the world—after the Smithsonian meeting, and other meetings in London and various other places, have absolutely no solutions to offer. The inflationary spiral worsens. Those of us who remember the dirty thirties cannot help but be frightened that we are on the slippery slope that could lead to a depression worse than we have ever seen. We hope this does not happen, but it seems to me that there is a tremendous need for some new thinking, some new innovation, and some new attempt to arrive at a different form of exchange between nations which will avoid the kind of situation in which we find ourselves at the present time.

I should like to take a few moments to describe Mexican domestic policy. Mexico has a growth index of 3.5 per cent per year. It also has a population growth of 3.5 per cent year, one of the highest in the world. It is a frightening population growth. At the present time the population of Mexico is 56 million. They expect it to double in the next 20 years, and that they will begin the 21st century with 135 million people. The challenge to feed, house, educate and employ these millions is a task of Herculean proportions. I will not go into that any further at the present time.

In respect of foreign policy, Mexico follows the principle of universality. They are committed to good relations with all countries, including those as diverse in their political systems as Cuba, Brazil and Chile.

At this point I should like to refer to the tragedy which occurred in Chile yesterday, and in that connection I will quote what President Echeverria had to say with respect to the state visit of President Allende:

> In reciprocity to the State visit I paid to the Republic of Chile, its President, Dr. Salvador Allende, came to Mexico as our guest. During his stay, the agreements approved in Santiago to intensify trade between the two countries were drawn up. A line of credit to facilitate these operations was opened and we signed an Agreement for Scientific and Technical Cooperation.

There is more, but I will not go into it now. I do want to observe that what happened in Chile yesterday is a great tragedy. One does not need to be an admirer of marxism or socialism, or even a sympathizer, to realize that President Allende was a man who was dedicated to improving the lot of millions of poor peons in Chile. As recently as last March he increased substantially the vote he received in the previous election. I am afraid the shots that were fired in Chile yesterday mark the beginning of a confrontation that will sweep most of South America in the years to come.

It is rather interesting that I should have been in Mexico just prior to this. Those of you who will remember the Mexico of 1910-1920 will recall that that country went through a series of revolutions. Today it is evident that Mexico has a stable government, a government that has the support of the people and a government that is independent and self-reliant to an amazing extent.

It is inevitable that there will be conflict in the South American countries until they go through the same trauma that Mexico went through during the period between 1910 and 1920. Franklin D. Roosevelt, when he was President of the United States in 1932, said that the economic royalists and the Bourbons never learn from history. I think that is true and understandable, because the wealthy, the church, the privileged in these poor countries are determined to hold on to everything they have. That is a perfectly understandable human reaction. However, the number of poor is getting so large, and the conditions under which so many of the people live so deplorable, that a tremendous upheaval in those countries, is inevitable.

The Mexicans are proud of the fact that Latin America is the first denuclearized region in the world, and they intend to keep it that way. They are particularly proud of their arrangements for economic co-operation with Canada, and they look forward to extending those arrangements in the future.

In respect of development policy, the basic economic health of the country depends on the vitality of the farmers. The government has introduced programs to upgrade the productivity, the health and the social amenities of the farming population, particularly the small holders. They are greatly extending irrigation to make the land more productive. It is interesting to note that there are 10 million of these small holders who make their living from growing corn and beans. The government has recently introduced a program of guaranteed floor prices for these crops, which will return to the farmers an increase of from 25 to 35 per cent. There is much more.

I was very interested in what the President had to say about educational policy, and I thought that he was saying many of the same things that Canadian educators are saying in this country. In this connection I will quote just one or two excerpts. I might say that he received standing ovations time and time again in relation to this, as was the case in relation to many other portions of his speech. He said:

> One of the main aims of this educational reform is to create and encourage studies that will make it possible for the youth to participate in the productive life of the nation without the need for many years of training. It is also designed to eliminate the harmful and elitist mirage of considering that a higher education is the only one capable of giving prestige to the individual and of providing him with an adequate standard of living.

There are many distinguished Canadian educators who are saying the same thing today in relation to Canada. He went on to say:

> The Constitution did not eliminate titles of nobility from our country only to replace them with professional titles.
>
> Professional degrees must not serve to indicate a supposed superiority, but only to identify the citizens who owe more to society because they have received more from it.

And that is a message that applies equally well in this country. He continued:

> Serious frustration is felt by our students when their university degree fails to provide them with the advantages which collective pretence had promised them and when they find that they are unable to serve the community as much as they would have liked.
>
> This disenchantment is, among others, one of the underlying reasons for the problems which affect our main institutions of learning.

And again, honourable senators, we can apply that to Canada. Finally, in this connection, he said:

> Our policy in the field of public education must not be examined by itself but within the frame of reference of government action. The fruit it bears will depend on the progress achieved by the country as a whole.
>
> Society is the main teaching agent and the school only shares in a part of the process. We are carrying out an educational reform which is not limited exclusively to didactic modifications. Its principal objective, as we have already said, is to change our mental structures.

● (1520)

> The aims which guide us are oriented toward shaping a culture which, without divorcing itself from universal humanism and science, will emphasize the traits of our own identity, will be consistent with our needs and will assure our cultural and economic independence.

Under "Social Policy" the president announced an increase of 15 per cent in all wages and salaries for those in the lower echelons of the public service, the lower echelons of the workers and the armed forces. He announced an improvement of labour laws, including the right to strike and improved wage and education facilities.

Under "Economic Policy" he indicated that the GNP rose by 7.5 per cent in 1972. I should like to quote from his last comment in this area. In discussing the question of foreign debt, he said:

> Having decreased the prospects of foreign debt to which we resorted excessively in the past, our economic equilibrium depends, essentially, on the fair contribution of private enterprise to public expenditure. Wealth which is spent on superfluous consumption must be transferred to a much greater degree to the achievement of the basic aims of the community. This is the main mechanism necessary for the redistribution of income . . .
>
> But if out of fear of inflation we were to permit income to continue to concentrate in a few hands, we would endanger the stability of the country and its possibilities for authentic development.

> We need, therefore, to simultaneously restrain inflation, promote growth and redistribute income. To this end, we have set in motion an economic program which will equally meet excessive demand, insufficient supply and abuses in speculation.

The Mexican government is committed to maintaining a fixed foreign exchange rate of 12 pesos to the dollar. They are determined to reach this, and this is providing for a stable economy in that country.

In closing I want to say that I have been impressed over the years by the people who do things and achieve things. Usually they are people who have greater strength and more energy than the average. After President Echeverria had delivered this address, which took exactly three hours and four minutes, the President of the Congress found himself in the most difficult spot I have ever seen a man in, for he had to express his thanks off the cuff, not having seen the address and thus not knowing what was in it. However, for 20 minutes he spoke very well and intelligently. The president went from that room to a reception line, where he stood for two hours receiving the parliamentarians and other dignitaries who were there. From there he immediately went to his own plane and flew to Taxco, in the area devastated by earthquakes and floods, and he was meeting people until 12 midnight.

This was just one day's exercise. They tell me that this man is often in his office at 5 o'clock in the morning and does not leave until midnight. That is the kind of dedication, drive and determination that this great Mexican is displaying today as an example to all his people. I have the feeling that this man, who is relatively young, is one of the men to watch on the world scene. He is a man of tremendous energy, drive and imagination; a man who, I repeat, possesses some of those innovative qualities that are necessary if we are to find solutions to some of the increasingly complex and disturbing problems that face us all today.

I want to say again, Madam Speaker, that, thanks to your inability to go, it was a great privilege and pleasure for me to be your representative, to represent the Senate at this important and impressive gathering.

The Hon. the Speaker: Honourable senators, I trust you will permit me to express my gratitude to Senator Cameron for replacing me at this gathering, when President Echeverria delivered the Third State of the Union Address in Mexico City. From his report it seems to me that this was a valuable visit, and that Canadians may learn very much from it. Probably in the future it will lead to closer understanding and more co-operation between our two countries, which apparently is something that the Mexican people would like.

Hon. Eugene A. Forsey: Honourable senators, I should like, if I might, to rise for just a moment to express my strong concurrence with something Senator Cameron said about the tragedy yesterday in Chile. I suppose it is not strictly in order, but as he has now referred to it I might perhaps be allowed a moment to underline what he said.

In my judgment, this was a tragedy not only for Chile and for South America, but for the world. Here was a case where there seemed to be some hope that revolutionary developments, which I think were highly necessary in that country, whether or not they may be elsewhere, would be carried through by democratic and constitutional means. It now appears that that hope has been destroyed, and I cannot help feeling that this will provide sad ammunition for subversive elements throughout the world, who will be in a position to say as far as this South American country is concerned, and to say to the other countries there, "Learn the lesson. The thing is hopeless. It cannot be done except by violence."

To my mind this is a great tragedy far beyond the bounds of South America, and I was glad to be able to hear from the gallery in the other place certain sentiments that I think were highly appropriate on this subject, from both sides of the house.

Hon. Mr. Burchill: May I ask Senator Cameron if there were any language problems?

Hon. Mr. Cameron: No, thanks, as usual, to the capacity of other people to learn our language better than we learn theirs. All of the officials with whom we conferred spoke English very well indeed. However, as one who has a little of Alberta's fractured French, I think it is easier to follow the Spanish than the French.

Hon. Mr. Walker: Might I ask Senator Cameron a question? Is the fantastic increase in births contemplated in Mexico just a natural development, or is it the president's policy to foster such an increase? Having regard to the necessity to limit the world population, are they proud of what seems to be an amazing projected increase? I thought the church wielded some influence there. Does it still? What is the reason for this?

Hon. Mr. Cameron: I am asked if it is a natural phenomenon. I would say that the answer must be yes. On the other hand, in his speech the president announced, without spelling it out, that he would be introducing measures to deal with this population explosion, which he considered a very serious problem. However, he said that because of the complexity of the problem and its wide ramifications in so many areas of the community, he wanted a little more time to work out the details in consultation with the people who would be affected, with the people who would really be the gatekeepers of public opinion, and who would carry out the educational campaign necessary to control this population explosion, which is worrying them very much.

The Hon. the Speaker: If no other honourable senator wishes to participate in this debate, the inquiry is considered to have been debated.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, September 13, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DISTINGUISHED VISITORS IN GALLERY

ANN-MARIE HORNE AND DAVID McTAGGART

Hon. Daniel A. Lang: Honourable senators, before we commence the business of the day, I wonder if I might have leave to introduce two very distinguished young visitors in our gallery this afternoon. I personally have great admiration for these young people, an admiration which I believe is shared by hundreds of thousands of people around the world.

I think it was the Hudson Institute or the Club of Rome that recently declared nuclear explosions and nuclear fall-out, first, and, second, the population explosion to be the two primary threats to the world in this age. The danger from nuclear fall-out resulting from atmospheric tests was very recently recognized in the House of Commons when that house unanimously passed a resolution condemning the tests being conducted in the South Pacific by the French government. Those tests brought protests from around the world. But in my view no persons have so effectively protested and in such a completely selfless manner, and with such complete disregard for their personal safety, as the two young people in the gallery today. In so doing they have focused the attention of the world on the problem and its escalation, particularly by France.

Honourable senators will recall that in 1972 a small vessel, sailing in international waters off Mururoa atoll in the South Pacific, was rammed by a French warship and its crew taken into custody. Later the ship was towed out of the test limits arbitrarily established by the military authority of France. It will also be recalled that this year under a nuclear cloud the same vessel sailed into the area. This time, while in international waters, it was boarded by armed French seamen who brutally assaulted the members of the crew, seriously injuring the captain and the navigator.

That small vessel that has created such concern and has aroused public opinion throughout the world simply and solely by its actions and the bravery of its crew, as all honourable senators know, was *Greenpeace III.* In the gallery this afternoon we have David McTaggart from Vancouver, a Canadian-born citizen, and with him Miss Ann-Marie Horne from New Zealand. Mr. McTaggart is captain of the *Greenpeace* and Miss Horne accompanied him on that dangerous mission representing the conscience of her fellow citizens in New Zealand.

● (1410)

Honourable senators, I am sure we are proud to have these young people here today. Miss Horne is just 20 years of age. They represent a generation in which we must repose the highest trust and confidence and if they are representative of that generation I have no fears.

Hon. Senators: Hear, hear.

STATUTE LAW (SUPPLEMENTARY RETIREMENT BENEFITS) AMENDMENT ACT, 1973

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-220, to amend the statute law providing for the payment of supplementary retirement benefits to certain persons in receipt of pensions payable out of the Consolidated Revenue Fund.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Eugene A. Forsey: Honourable senators, with leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Hon. Mr. Flynn: Honourable senators, what I am going to ask the Leader of the Government will apply, I believe, to the other two bills which are to be sent to us this afternoon. With regard to the leave requested to proceed today, I would like to have the impressions of the Leader of the Government as to what will take place next week. Is Parliament to reassemble next week? Is it the intention of the leader to recall us if the other place sits? If we were to proceed today, would the leader say that we should complete the three readings of this bill today and have royal assent tonight? What are the plans? It all depends upon whether there is any urgency. Under the circumstances I think honourable members of the Senate would like to kno v where they stand. I know that I do.

Hon. Mr. Martin: Honourable senators, I have been discussing the matter with Senator Langlois and others and I do not think that at this moment it is possible to know what will happen. Perhaps the Leader of the Opposition could help me in that regard. He may know more about what events will take place next week. At the present time, however, in my opinion the best course for us to take would be to proceed in an orderly manner. Perhaps we could agree to hear Senator Forsey today, which would give the Opposition an opportunity to prepare its comments, and have second and third readings tomorrow. By that time I believe we would have a better idea of the situation for next week. I would hope that then, if we had passed the measures and had the necessary discussion, we could arrange for royal assent tomorrow. In my opinion that would be the best procedure.

Hon. Mr. Choquette: Would we sit tomorrow morning, or in the afternoon?

Hon. Mr. Martin: It would be better to meet at 2 o'clock, as the other place sits at 11 o'clock; but I am open to suggestions in that regard.

Hon. Mr. Flynn: The problem with the suggestion of the Leader of the Government is that if we are to return next week it would not be necessary to sit tomorrow.

Hon. Mr. Martin: I do not know if we will be sitting next week or not.

Hon. Mr. Flynn: My understanding is that the House of Commons will sit next week. In that event would it be the intention of the Leader of the Government to call the Senate next week? As the leader understands, we were supposed to receive two bills, being the last two of the three so-called emergency bills. I am repeating the statement of the government rather than saying what I personally believe. We now have another bill, an Act to amend the Crop Insurance Act. I understand that in the other place today the bill concerning amendments to the Canada Pension Plan and that concerning amendments to the Parole Act will be studied. These may very well come to us tomorrow. Therefore, if we foresee having business next week we may as well revert to our usual practice and adjourn today until Tuesday evening. My inquiry is only to enable honourable senators to make arrangements. There is no use in rushing the bills through tomorrow when we could adjourn until next week and deal with them properly.

Hon. Mr. Martin: Well, I do not think, in any event, we want to rush these bills. We want to give these bills the care and attention which they should receive. I would hope that it would not be necessary to be here next week, but I cannot give any assurance of that. I do not think anybody can be sure of that until later. We hope to have a better assessment of that situation tomorrow.

Hon. Mr. Flynn: But the point I am trying to make—

Hon. Mr. Martin: I got the point.

Hon. Mr. Flynn: —is whether or not the Leader of the Government intends to recall the Senate in the event that the other place continues to sit.

Hon. Mr. Martin: Not necessarily. Only if there is some business with which to deal. I cannot make a decision on that until I see what happens today and tomorrow.

Hon. Mr. Flynn: If the other place is sitting, then we will have some business.

Hon. Mr. Martin: Not necessarily. It may be; I do not know.

Hon. Mr. Flynn: We do not know where we stand.

Hon. Mr. Martin: Nobody knows.

Hon. Mr. Flynn: At this time we will agree to have the sponsor introduce and explain the bill, following which we will adjourn the debate on this bill and on any others that are introduced today. What we do after will depend on what we hear later in the day.

Hon. Mr. Manning: Honourable senators, I should like to urge on the Leader of the Government the importance of trying to adhere to the regularly scheduled sittings, if at all possible. At the present time, with one of our national airlines tied up with a strike, it is impossible for those of us at a distance to arrange reservations when we only know 48 hours ahead of time when the sittings are going to be.

For example, last week I personally missed the sitting on Thursday night because I did not have sufficient notice in order to make reservations. We were advised at the first of the week that the house would not sit until September 18. Then on Tuesday we were advised that it would sit on Thursday night. By that time it was impossible to get a seat on a flight to Ottawa. My absence from the chamber on Thursday evening last was due entirely to the fact that it was impossible for me to get air transportation on such short notice. I have to leave this evening because I had assumed that we were following our regular schedule this week. I cannot at this time get air transportation tomorrow.

In my own case, and worse yet for honourable senators from British Columbia, every trip down here involves a 4,000-mile round trip. We have to make our airline reservations, under present conditions, at least a week in advance. I would point out that the intention of the Parliament of Canada, when it adjourned for the summer recess, was that none of the matters which are now being debated and on which legislation is being considered would be dealt with until the latter part of October. The only reason they are being dealt with at this time is that the house had to reconvene to legislate an end to the railway strike. I do suggest, in light of what the initial intention was, that there is no urgency in respect of any of this legislation. All of this legislation could have been dealt with by the House of Commons following which we could have reconvened for a week and cleaned it all up. As it is, we are running back and forth thousands of miles across the country, not knowing from one day to the next whether we will be here or not.

I do not want to belabour the point, but I point out to the Leader of the Government that for those of us at a distance this creates a completely impossible situation. I do hope in the future we can stay with our regular schedule, thereby allowing us to make our reservations a month ahead, if need be. The present situation now is utterly impossible.

Hon. Mr. Croll: Honourable senators, the Leader of the Opposition has made a very reasonable proposition to this house. The other place, for its own reasons, has decided to sit on another day or so. What the Leader of the Opposition is saying, in effect, is that we have four bills with which we can deal now. He said that if we are not going to sit next week, he will see to it that these bills go through today and tomorrow with royal assent being given Friday night. That seems to be a very reasonable position. In the circumstances I cannot see why the Leader of the Government cannot give him that assurance. As the Leader of the Opposition points out, the two bills now before the other place, one dealing with pensions and the other with amendments to the Parole Act, can both wait a little while. There is no great urgency in respect to either one of them. They are not likely to pass very soon. I am sure that in the other place today and tomorrow will be taken up with matters concerning the cost of living, which is of importance. They will not actually be dealing with bills. For the orderliness of carrying out the business of this house, I

think the proposition made by the Leader of the Opposition is a very reasonable one, and ought to be accepted.

● (1420)

Hon. Mr. Prowse: Honourable senators, to impress on everyone the importance of this matter I might say that for the first time in nearly 30 years I find myself in complete agreement with Senator Manning from Alberta. That should give you all cause for thought. Like him, I got the phone call because, as you know, the railways do not bother to have telegraph offices outside the main centres any more and they just drop telegrams in a post box. If the mail happens to be running you get it, and if not you don't. Fortunately, I got the phone call and immediately had my secretary here do everything she could, while I tried in Edmonton. I tried every airline, the armed forces and the Ministry of Transport, but, like Senator Manning, I found there was no possible way for me to get here last week.

Perhaps those honourable senators who live a little closer to Ottawa ought to visit us in the outlying places once in a while, to find out how difficult it is. What I am saying applies also to those from the Maritimes. We do not mind the distance; we do not mind coming; we do not mind being here. This house has always had the greatest respect and consideration for the members of the other place, to the point where we have been content to take a back seat time and time again because the members there needed votes and we did not. For that we have received no thanks but a great deal of criticism.

I think the members of the other place have a responsibility not only to themselves but to the people of Canada and the members of this chamber, who are equally responsible to the people of Canada for the legislation which is passed. If they have legislation, let them sit today and pass it, and we will sit here and pass it, as we have done before, if it is decent legislation. If they do not have legislation that has to be passed, then for heaven's sake let them go home and listen to their constituents, which is what they ought to be doing at least part of the time; and let us do the same, which is what we should be doing when we go home. Don't let us just be sitting here because someone hopes that by some kind of freak they may get a break that will enable them to get a headline in the papers in the late afternoon. That, I submit, is the only reason this house is being kept here at this time.

Hon. Mr. Langlois: Honourable senators, I readily understand the plight of honourable senators from Western Canada, as explained to us by Senator Manning, owing to the fact that one of the main air carriers of Canada is presently out of action. However, as the Leader of the Government explained, we are faced with a situation that is pretty hard to forecast. We do not know what the other place is going to do next week. We do not even know if they will sit, or whether, if they sit, they will pass any legislation. We are faced with this situation, and we have to wait until we know more about what is going to happen in the other place before we make up our minds whether we should come back next week. I can give assurance on behalf of this side of the house that if we pass the bills that we have before us by the end of this week we will not come back bext week, unless the Senate is sent some legislation to be considered. That is as far as we can go.

Hon. Mr. Martin: That is what I said.

Hon. Mr. Langlois: That is as far as we can go. We might know better tomorrow and if we do we will act accordingly.

Hon. Mr. Choquette: Can Mr. Lewis not help us?

Hon. Mr. Flynn: In this case, in order to know where we stand, why do we not adjourn until next week, this evening? Then we will know. If the House of Commons decides to adjourn tomorrow, we will force them to come back and be here for royal assent next week. It is very easy. We have only to refuse leave to proceed and we have no choice but to come back next Tuesday.

Some Hon. Senators: No, no.

Hon. Mr. Beaubien: Honourable senators, I think the point which Senator Manning has made is a very good one. He cannot be here tomorrow, because he cannot change his flight. If we have some bills that come to us and we cannot finish them today, why cannot we finish them on Tuesday evening, which is the evening we usually sit, and on Wednesday if need be?

Many honourable senators have other things to do. It is all very well for senators who live in Ottawa, or who do not do anything else. Many others have other things to do. If they have, they need to do a little planning. If it is necessary for us to be here all night on Friday, we can do so. No one is going to object to that. These bills do not take effect until October 1. If we cannot deal with them today, why can't we finish dealing with them on Tuesday evening instead of tomorrow? People who live here find it easy to be here. I am not arguing for myself. I live in Montreal and when the bridges are not down I can get here in two hours. Now, of course, they pull the bridges down and it takes two and a half hours. However, it is comparatively easy. But for people like Senator Manning, who has to remain a day more because he cannot get another flight, I do not think it makes sense. Why do we not sit on Tuesday evening as we always do, unless there is something that makes that difficult? We are always ready; everyone is ready to come if called at the last minute and we have to be here. But we do not have to be here tomorrow, we do not have to be here on Monday, we can deal with whatever comes on Tuesday, and on Wednesday if need be. I suggest that is what we should do.

Hon. Mr. Martin: I am always interested when Senator Beaubien speaks because I know he always tries to get to the heart of a matter; but in this case perhaps he has misunderstood the situation. As Senator Langlois said, we all appreciate the difficulties that face some senators, particularly those who do not live close to Ottawa and who have to come, as Senator Manning has, from afar. But what we are trying to do is to discharge our business with regard to those measures that we definitely have now and I would hope that, having discharged our duty with regard to those measures, then we would not have to be here at all next week.

I think it would be wiser to assess the situation tomorrow, to see whether or not we have to be. If it were clear that we had to be here next week, there would certainly be no objection to accepting the suggestion of Senator Beaubien; but supposing there was no other business next week except these three bills—

Hon. Mr. Flynn: Senator Manning can be here. He cannot be here tomorrow.

Hon. Mr. Martin: —I know what the criticism would be. Each and every one does his best to make an assessment of the agenda to meet the conveniences of all of us. I can tell you it is not an easy thing to do. We assess the situation and we discuss it among ourselves, as with Senator Langlois, Senator Molgat and others, to try and ascertain the position. Our best judgment is that we hope to have royal assent, if these bills are passed, tomorrow; we will deal with them today and I would hope that tomorrow we can adjourn and not come back next week. However, we cannot be firm on that point until we know exactly what happens today and tomorrow. That is the way we see it. My own judgment is that we can avoid coming back next week. I think we can adjourn for the period we originally had in mind, tomorrow, subject to recall. But that depends on circumstances that no man in this house, no man in Parliament at this time, can finalize, because we do not know what are the intentions of those who have to do with the affairs in another place.

● (1430)

I assure Senator Manning that we are aware that he cannot be here tomorrow. That happens to many of us. I am sorry he is not going to be here, because when he is here he always makes a valuable contribution.

My judgment is, however, that we should go on with these bills today, see how far we can get with them, pass them tomorrow and have royal assent tomorrow, in the hope that we can adjourn tomorrow and not return here next week at all.

Hon. Mr. Manning: If I may make one further brief observation, I quite appreciate that this house cannot govern its timetable to meet the convenience of a few of us who may have travelling difficulties. Really, I am more concerned about our procedures in similar cases in the future than with anything that can be done this near the end of the present session.

The Senate had to be here to deal with the bill to get the railways back into operation. There was absolutely no question about that, and no one would quarrel with that. But I do respectfully suggest that the sensible thing would have been for the Senate then to adjourn until such time as the reconvened Commons had passed all of the legislation that it intended to pass before adjourning for the balance of the summer months. Nothing was urgent. It would not have made a bit of difference whether legislation was delayed for one or two weeks. Had we remained in adjournment until the House of Commons had completed the legislation it is dealing with, we could have come back and, in one week's normal sitting, consisting of three days, we could have dealt with the whole thing and avoided all of this running back and forth across Canada resulting from spreading our sittings over two or three weeks, which in my judgment is not only unnecessary but unfair to the Canadian people who have to foot the bill.

Hon. Mr. Martin: I forgot to add a comment on a point Senator Manning has repeated. It is an important point which I think requires a response. I fully agree with him that it would be much better for Parliament to have a normal schedule. Up until this year, under the present Prime Minister, Parliament met with regularity. There was an Easter recess, a Christmas recess and a summer recess—and at definite times.

I was in the House of Commons for a long time. I know the importance of having a definite parliamentary schedule—a program which did not attend until 1968. We used to sit for months, and anyone who has had the drudgery of the parliamentary life under those circumstances knows how desirable it is to have a definite program.

I wish we could have avoided coming back here for the railway strike. I wish we could have avoided having to deal with the problems of rising prices which are now before the country and before Parliament. I wish we could have ended in June and come back in October, as we did for the last four years, and have adjourned for Christmas and for the summer. But that is not the situation we presently find ourselves in.

Senator Manning says that we should not deal with all of these measures now.

Hon. Mr. Flynn: No, that is not what he said.

Hon. Mr. Martin: I know that on reflection he does not really mean that.

Hon. Mr. Flynn: That is not what he said.

Hon. Mr. Martin: We were called for the railway strike, it is true, and for that purpose only, but at the same time in the other place there was, understandably, a demand that the attention of Parliament and the government should be addressed to the problem of rising prices. The government introduced a program to meet the inflationary situation. Included in the program are two of the bills now before us. They have to be passed before October 1. We had adjourned until October 30, and if we had waited until that time we could not possibly have dealt with those two matters.

The more I reflect on this matter, the more convinced I am that the course we are now taking is the wise one. I really believe that tomorrow we will be able to anticipate not having to come back next week.

Hon. Mr. Flynn: There is the carrot again.

Hon. Mr. Martin: I beg your pardon?

Hon. Mr. Flynn: You are dangling the carrot again.

Hon. Mr. Martin: What else can we do?

Hon. Mr. Manning: I apologize for speaking again, but apparently I did not make my position clear to the Leader of the Government. I fully agree that all of the legislation passed in the House of Commons at this reconvened session should be dealt with by this house well before October 1.

Hon. Mr. Flynn: That is right.

Hon. Mr. Manning: I agree with that fully. But my point was that once we had passed the railway bill, which was the urgent bill, this house could have adjourned until next week, for example, by which time the House of Commons would have completed its three or four pieces of legislation. We could then have come back for our regular three days—Tuesday, Wednesday and Thursday—and passed those bills, or we could have gone into the following week, if necessary. They would all have been through this house well before October 1, but we would have dealt with them all in the space of one week, or perhaps another

day of the second week, without spreading our sittings over three weeks to do the same amount of work. That is all I am arguing for—not that the bills should be delayed.

Hon. Mr. Beaubien: I should like to make one small point, honourable senators. We cannot do everything today. Therefore, we must sit either tomorrow or Tuesday night. Now, everybody is prepared to sit on Tuesday nights—

Some Hon. Senators: Oh, oh.

Hon. Mr. Beaubien: —but nobody is prepared to sit on Fridays.

Some Hon. Senators: Oh, oh.

Hon. Mr. Beaubien: What do you do outside, Senator Smith, apart from living here? People have to make some kind of plans. Unless you are going to retire from everything, you make certain plans. If we have to forego those plans, that is one thing; but if you were to give me the choice of sitting tomorrow or sitting Tuesday night, that would be an easy choice because I expect to sit on Tuesday nights. I have no appointments on Tuesday afternoon. I am perfectly willing to be here on Wednesday. That is our job. Why should we change at the last minute, all of a sudden, and say that we will sit on Friday instead of Tuesday night? How can anybody run any kind of interest outside unless he can make a few plans? I think that is the unreasonable part.

If we cannot complete the business today, let us do what we usually do and adjourn until Tuesday night, unless there is some terribly urgent reason for passing this measure sooner. If there are other bills they might well be before us on Tuesday when we come back, and we could deal with them at that time. If not, we could adjourn until Wednesday afternoon. That seems to me to make sense.

Hon. Mr. Laird: Honourable senators, this debate is becoming prolonged. May I make a suggestion, addressed particularly to the leaders? I understand that all the bills dealing with the inflation problem are coming to us today. My suggestion is that we deal with all of those bills today—and tomorrow, if necessary—and, if we do sit tomorrow, that we all agree definitely to adjourn until October 30, subject to recall. Then, if there are other bills which come to us, such as that respecting crop insurance and so on, which we were never told were urgent, let them wait.

Hon. Mr Flynn: Since the Leader of the Government obviously is not prepared to accept the suggestion of Senator Laird, with which I am in full accord, and since the government leader's assessment of the situation of last week was wrong, while my attitude has been proven to have been right in view of the stand taken by Senators Manning and Prowse, under those circumstances I will take the responsibility of refusing leave to proceed today with second reading of all of the bills coming to us, and I will, therefore, force the government leader to adjourn until Tuesday. That appears to be the only solution.

Hon. Mr. Laird: What do you say to my suggestion?

Hon. Mr. Flynn: I say it is my suggestion, and I made it to the Leader of the Government a few minutes ago.

Hon. Mr. Laird: If the honourable leader would accept my suggestion—apparently it is acceptable to the Leader of the Opposition—that we adjourn regardless; if he would agree to deal with these bills today and tomorrow and—

Hon. Mr. Martin: That is what we are doing.

Hon. Mr. Laird: No, you are not. You are saying that we might have to come back. I say let us make it definite and positive. Senator Prowse has pointed out that we are sort of "chore boys" for the other place. I must admit that I get that impression myself.

If the Leader of the Opposition will agree to the proposition of getting these bills disposed of today and tomorrow on the understanding that there will be a definite adjournment regardless of what happens over there, then I think that is the solution to the problem.

● (1440)

Hon. Mr. Flynn: It is up to the Leader of the Government to assure us that we are going to adjourn tomorrow night until the end of October.

Hon. Mr. Martin: Subject to recall.

Hon. Mr. Flynn: Subject to recall.

Hon. Mr. Martin: The Leader of the Opposition has his responsibilities and I have mine. I have to anticipate these things as responsibly as I can. I have already indicated that we have the two bills mentioned—the one amending the Family Allowances Act and the Youth Allowances Act, and the one dealing with the indexing for civil servants' pensions on an annual basis. We now know that the bill respecting crop insurance has been passed, and that we will have a message in connection with that very shortly. It has left the other place.

I have indicated that it is my assessment, as it is of those who examined the situation with me this morning, that if these measures are disposed of tomorrow, and if arrangements can be made for royal assent, we can dispose of this legislative timetable. And I would hope—and no man can say more than that—I would hope that we could adjourn until October, subject, naturally, to recall.

With regard to the suggestion that we meet on Tuesday, I can understand the desirability of a regular program, but what does that mean? It means that we would come back next Tuesday just to deal with these three measures.

Hon. Mr. Flynn: That is sufficient. I cannot remember the last time we had three bills to deal with in the same week.

Hon. Mr. Martin: As I said, only to deal with the three measures which we can now dispose of, and thereby avoid coming back next week or for some weeks thereafter. That is the extent to which one can envisage what lies ahead. I do not think that anybody could put the situation more fairly or more squarely than that. As far as the question of rubber stamping is concerned, if we feel that we want to take more time on those bills—if we want to take tomorrow night, Saturday and Sunday—then there is nothing to prevent us from doing so.

Hon. Mr. Choquette: Don't go overboard.

Hon. Mr. Martin: I do not think we help the Senate one bit by giving the impression that there is no time allowed for the consideration of these measures.

Hon. Mr. Flynn: I didn't mention that at all.

Hon. Mr. Martin: I am not referring to Senator Flynn on this occasion. There are times when he is not in my mind.

Hon. Mr. Flynn: When the leader loses his cool and speaks of sitting Saturday and Sunday when he knows full well the house will not be sitting on Saturday or Sunday, and would not be here for the royal assent, then it is obvious he has completely lost track of the procedure of Parliament. Therefore, honourable senators, not being able to obtain his assurance that we are going to adjourn tomorrow night, come hell or high water, I refuse leave to proceed.

Hon. Mr. Phillips: Honourable senators, throughout the remarks made here today I think there is probably one point that has been overlooked. That is the fact that both Houses of Parliament have to come together for royal assent. I think it is time that perhaps this pattern was changed. If it were changed, then the Senate would be freer to deal with the legislation as it comes to us, and we could quit being "chore boys" to the other place, as I believe Senator Laird and Senator Prowse so aptly expressed it. In those circumstances we could meet, and deal with the legislation in our own time, and it would not be necessary for the members of the other house to come here for royal assent.

I recall, when I was a member of the other place, that we were not too excited about coming here, and frankly I do not think that they would miss that part of the procedure.

Hon. Mr. Langlois: Honourable senators, it seems to me that there is a misunderstanding here. When I spoke earlier on this matter I mentioned that we were ready, provided these three pieces of legislation before us today were passed and they received royal assent before tomorrow night, to adjourn for a long period of time, subject to being recalled. The only difference between the suggestion made by Senator Laird and that made by Senator Martin is that Senator Martin is not prepared to give an assurance that we will not be recalled before that time.

Hon. Mr. Martin: That is right.

Hon. Mr. Langlois: And I do not think that anybody could give that assurance.

Hon. Mr. Flynn: You are playing on words.

Hon. Mr. Langlois: I am not playing on words. This is plain English, and very easy to understand.

Hon. Mr. Flynn: Well, I won't take it as a promise.

Hon. Mr. Langlois: I shall repeat it, and my leader is here to correct me if I am wrong. If these three pieces of legislation are passed and assented to by tomorrow night, then the Senate will adjourn for more than one week, possibly three or four weeks, probably to a date towards the end of October, subject to being recalled if any legislation comes to us in the meantime.

Hon. Mr. Martin: That is right.

Hon. Mr. Langlois: And we are ready to proceed on that basis.

The Honourable Leader of the Opposition is free to refuse leave if he wants to, and I will not fight him on that ground, because it is his privilege and his right. But I think that since we have legislation before us that calls for immediate attention, we should deal with it today and tomorrow, and then adjourn to the end of October, subject to being recalled.

This is the suggestion made by Senator Laird. I see him nodding, so I interpret that as signifying that I have interpreted his statement correctly.

Hon. Mr. Flynn: If the Leader of the Government is prepared to say that everything Senator Langlois has said is correct, then I am prepared to accept it. I shall accept Senator Langlois' words, but not the leader's. I will not accept what he said earlier today to the effect that we could be recalled, let us say, in ten days. I will not agree to that. I want this to be very clear. What the Leader of the Government has said—and it is quite clear because I know him; I have been sitting opposite him for many years and I know exactly what he thinks even if he does not say everything he thinks—is that if some legislation goes through the other place, he will want us to deal with it before the other place adjourns, and to this proposition I say no.

Hon. Mr. Martin: It is amazing how the best of friends, even though they sit opposite one another, can get involved as we do. I do not blame the Leader of the Opposition for this entirely—I accept some responsibility—but I think what Senator Langlois has said is what I endeavoured to say. I think the Leader of the Opposition—

Hon. Mr. Flynn: You are not the only one smiling. Look behind you.

Hon. Mr. Martin: If I were to make that kind of remark to my honourable friend, he would not like it. I do not believe it is desirable for the Leader of the Opposition and the Leader of the Government in the Senate to engage in the kind of controversy in which we might engage in the other place. In my view it does not help us or the Senate to do so. That is why, notwithstanding the provocation, as I have told my friend Senator Flynn on many occasions, I do not react to the extent that one could normally react in the circumstances. What Senator Langlois has said in answer to Senator Laird represents the situation. We could adjourn tomorrow night if we pass these bills, and then come back, subject to recall.

Some Hon. Senators: We will.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Forsey: With leave now.

Hon. Mr. Flynn: Not now. I will not give leave. Later this day. I will certainly not give leave for the Crop Insurance bill.

The Hon. the Speaker: It is moved by Honourable Senator Forsey, seconded by Honourable Senator Martin, with leave of the Senate and notwithstanding Rule 44(1)(f) that this bill be read a second time later this day. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

● (1450)

FAMILY ALLOWANCES ACT
YOUTH ALLOWANCES ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-223, to amend the Family Allowances Act and the Youth Allowances Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Langlois: With leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Hon. Mr. Flynn: The same comments apply. We will adjourn the debate, and then decide what to do.

Motion agreed to.

CROP INSURANCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-129, to amend the Crop Insurance Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Flynn: Tuesday next.

Hon. Mr. Langlois: With leave of the Senate and notwithstanding rule 44(1)(f), I move that this bill be read the second time later this day.

Hon. Mr. Flynn: No; leave is refused.

Hon. Mr. Martin: May I ask Senator Flynn, in the event we adjourn tomorrow and do not return until October 30, are we to deny the farmers of this country the advantages of this legislation, which passed in the House of Commons with practically no discussion?

Hon. Mr. Flynn: If you took the trouble to read it, you would see it has nothing to do with the farmers themselves. We will deal with it on Tuesday next. That is all.

Hon. Mr. Martin: No, I do not believe we are returning on Tuesday next. I think we will be adjourning tomorrow night.

Hon. Mr. Flynn: Again those words, "I think."

Hon. Mr. Martin: How could anyone say any more than that? We should let the matter stand with this bill.

Hon. Mr. Laird: Honourable senators, may I advise Senator Flynn that, frankly, I did not know that the Crop Insurance bill had arrived here. I was thinking in terms of a condition in which he would agree to these three bills passing in two days, after which the government leader would say we will adjourn no matter what the House of Commons does. I thought this would pour oil on troubled waters. Now, however, as I know the Crop Insurance bill has reached us and we can deal with it, I would appeal to Senator Flynn to take the same stand as with the other two bills.

Hon. Mr. Flynn: May I point out to the honourable senator that the understanding was that we were to deal with three measures, introduced supposedly to fight inflation. The government was very clear. That was all it wished to have Parliament approve, following which it was to adjourn. The intentions of the government were very clear. It was never suggested that this bill had a priority of any kind. I will maintain the refusal as a safeguard, because your leader will never use the word "definitely" with regard to adjournment. He has never been definite in his life, and is not going to start at his age.

Hon. Mr. Martin: Honourable senators, I am sorry to have to speak once more, and that my friend the Leader of the Opposition is so personal in his argument. He can make the strongest argument, but I ask him to consider the consequences were I to indulge in that type of argument, which I do not intend to do.

When we returned here I had no idea that the Crop Insurance bill would be passed. I had no more idea when we were sitting here yesterday that it would be passed. I was surprised this morning to hear that it had been passed in the other place, practically without discussion. If it is desired to proceed with a full discussion of this bill and extend it, that would be the choice of the Senate. In order that Senator Laird may understand fully, I wish to make it clear that if we deal with these bills tomorrow or at any time before we adjourn prior to Sunday—

Hon. Mr. Flynn: No, not Sunday. Say tomorrow night, at least.

Hon. Mr. Martin: If we were to pass them tomorrow night, that would be fine, but if I said that, someone would say I was insisting upon limiting the debate, and I will not again put myself in that position. That is why I put it in the way I do. However, once these bills are passed, as I indicated, my proposal would be that we adjourn subject to recall, which could be at any time.

Neither I nor any other senator can say at this minute when we might be recalled. My hope, however, is that we would adjourn tomorrow night until October 30, subject to recall, which, as I have said, could be at any time. I do not know what will be done in the other place or what amount of legislation will be passed there. No one can take any other attitude in this type of situation. However, we will adjourn tomorrow night, subject to recall. Now, surely that is clear.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: That means—

Hon. Mr. Flynn: You can leave it on the Order Paper.

Hon. Mr. Martin: Of course you could.

Hon. Mr. Prowse: On a point of order, Madam Speaker; is it ordered now that the bill be placed on the Orders of the Day for second reading next Tuesday, or the next sitting?

Hon. Mr. Flynn: Next Tuesday. It requires two days' notice.

Hon. Mr. Langlois: Or if we come back on Monday.

Hon. Mr. Flynn: Well, you can do that.

The Hon. the Speaker: Honourable senators, as leave has not been granted, it is ordered that the bill be placed upon the Orders of the Day for second reading on Monday next.

DISTINGUISHED VISITOR IN GALLERY

THE RIGHT HONOURABLE LORD SHACKLETON

The Hon. the Speaker: Honourable senators, I should like to draw to your attention that we have in the gallery a distinguished visitor, Lord Shackleton, the Leader of the Opposition in the British House of Lords, who is paying a short visit to Canada. We are very glad to welcome him to the Senate.

Hon. Paul Martin: Honourable senators, I should like to take advantage of this opportunity to join with Madam Speaker in extending a welcome to the Leader of the Opposition in the House of Lords, the Right Honourable Edward Shackleton. We look forward to the opportunity of discussing with him matters of common concern.

He has had a very distinguished public career, having been a member of the Cabinet in Britain and a former Leader of the Government in the House of Lords, and now Leader of the Opposition. I do not know whether he listened to the amiable exchange between the Leader of the Opposition and myself today. If he did, perhaps he could tell both Senator Flynn and me privately, having been both a Leader of the Government and a Leader of the Opposition, what his impressions are as to a satisfactory method of bringing Senator Flynn's point of view and mine to meet.

In any event, we wish Lord Shackleton to know that we are honoured by his presence, and on behalf of all who sit on this side I extend to him a very warm welcome.

• (1500)

Hon. Jacques Flynn: Honourable senators, I join with the Leader of the Government—I am for one moment today in complete agreement with him—in welcoming Lord Shackleton with whom we had the pleasure of having an excellent lunch in Madam Speaker's chambers.

Lord Shackleton and I had the occasion to exchange views as to the way in which the Leaders of the Government and of the Opposition in the House of Lords and in this chamber discharge their duties. It seems to me that in the case of the House of Lords the Leader of the Government pays more attention to the views expressed by the Leader of the Opposition than is the case in this chamber. I know that many honourable senators pay attention to what I suggest, but that does not always seem to be the case with the Leader of the Government himself. In any event, we had a very interesting conversation.

Lord Shackleton informed us that some years ago there was a paper or report prepared on the reform of the House of Lords, and he has promised to send us a copy for our instruction and edification. It will likely be of great interest to Senator Croll. We know that the House of Lords performs a very worthwhile function. However, it is not always appreciated by the public, and in that respect we are all in the same boat.

Lord Shackleton is the present Leader of the Opposition in the House of Lords, the former Leader of the Government, a former minister in the Wilson government, and, I believe, at one time was a junior member, with the Right Honourable Herbert Morrison, of the Attlee government. I join with all honourable senators in wishing him a very pleasant stay in Ottawa. I hope that the time he spends in our gallery here will not be the worst part of his trip to Canada.

THE SENATE

NEWSPAPER ARTICLE—ALLEGED STATEMENT BY SENATOR LAMONTAGNE—QUESTION

Hon. Mr. Choquette: Honourable senators, before the Orders of the Day are called I wish to ask my good friend, Senator Lamontagne, whether he has been misquoted by *Le Journal de Montreal* which carried a Canadian Press item in this morning's edition with the headline: "*'Moi Aussi, Je Ris du Sénat'—Le Sénateur Lamontagne,*" the translation of which is, "I, too, laugh at the Senate."

Now, either Senator Lamontagne said those words or he did not. If he said them jokingly, we should know. If I may translate, part of the article reads: "Questioned to find out if the government would take seriously the third report on sciences considering the little attention given to the Senate by parliamentarians, Mr. Lamontagne declared: "I, too, laugh at the Senate."

I do not know how seriously he laughs, or how long he is going to laugh. Somebody said "a horse laugh." We are entitled to know if this statement was made jokingly or seriously.

Hon. Mr. Langlois: Or made at all.

[*Translation*]

Hon. Mr. Lamontagne: Honourable senators, I can say immediately to Senator Choquette that it was a joke intended to demonstrate, afterwards, that a very serious job was done in this house—not only in this house but also in its committees. I was answering a newsman who attempted to make the Senate appear ridiculous.

I would have many more comments about the remarks I allegedly made, although in a completely different context, during a two-hour conference. Unfortunately, after what just happened in this house, I am in no mood for laughing.

[*English*]

SIMULTANEOUS INTERPRETATION—QUESTION

Hon. Mr. Blois: I should like to ask the Leader of the Government whether there is any reason why we cannot get the interpretation. Unfortunately, many of us do not understand French, and every time French is spoken of late, today being another example, we do not get an interpretation. It seems to me there should be some way of providing a better service than that which is presently provided.

Hon. Mr. Smith: The interpretation is excellent at my desk.

Hon. Mr. Langlois: It is on now.

Hon. Mr. Blois: Mine is not working.

Hon. Mr. Martin: Senator Blois has raised an important point. Some honourable senators say that the simultaneous interpretation system is working, but obviously in Senator Blois' case it is not working. Yesterday I had two honourable senators speak to me regarding this. In addition, there was no simultaneous interpretation at the committee hearing yesterday at which the Honourable Mr. Lalonde, Minister of National Health and Welfare, was in attendance. He began to speak in French, as he has a right to do, and there was no simultaneous interpretation of his speech.

I am sure that those who look after these things—the Committees Branch in that case—and those who are responsible for the simultaneous interpretation in the chamber, will see that it is operating properly, and if there is any ineffectiveness in the operation that it will be corrected.

OLD AGE SECURITY ACT

BILL TO AMEND—THIRD READING

Hon. Renaude Lapointe moved the third reading of Bill C-219, to amend the Old Age Security Act.

Hon. Mr. Flynn: Honourable senators, for the record I should like to say that when the minister appeared before the committee yesterday he said that he did not need royal assent to this legislation before October 7 next. I simply mention that in the light of the comment made by the Leader of the Government last week. What the minister said was that two or three weeks' advance notice would provide sufficient time to prepare the cheques and to forward them in due course.

Hon. W. M. Benidickson: Honourable senators, although I am not a member of the Health, Welfare and Science Committee, I did attend the committee meeting yesterday because of my great interest in the subject matter that was before it. Unfortunately, we do not have a *Hansard* of yesterday's committee meeting. It is for that reason that I propose to say a few words on third reading about what transpired in committee.

First of all, I should like to say that my understanding of what the minister, the Honourable Mr. Lalonde, had to say to us yesterday was quite different from that reported by the Leader of the Opposition.

Hon. Mr. Flynn: In that event, the record will prove me wrong.

Hon. Mr. Benidickson: In the past we have had presented to us, as matters of great urgency, certain bills which we have been obliged to pass without the necessary time either for speaking or for study and which some of us would have liked to have had on those occasions. I have objected on such occasions, as have other honourable senators from all quarters of the house.

I recall that on a couple of those occasions we were very concerned about the time required by the Department of Supply and Services to get the cheques out after royal assent and the legislation becoming law because there were specific close operative dates in the bills sent over to us. We were told on every occasion that there was a minimum of two weeks required for cheque change preparation and delivery. In connection with the bill before us today, however, there is an unusual difficulty for those whose task it is to put out the cheques, despite computer aid, because this particular bill does not simply call for a mere increase in amount—for example, from $10 to $25, or whatever it might be—but rather it requires practically individual attention and calculation for every file as the amount received under the guaranteed income supplement varies from person to person, depending on the incomes of those persons receiving the supplemental payments. A very high percentage—I think more than 60 per cent—actually do receive more than the basic pension, which would be easy to calculate, and they have to have individual attention by the computer, and in consequence special cheques, because they have varying incomes. I think we were told it would take a minimum of two weeks for that.

● (1510)

In addition, you have to allow for the delivery by post of those cheques before October 1, and we all know the uncertainties of deliveries these days in certain sections of the country. The minister indicated that, while the cheques for the last revision may have been late in April—

Hon. Mr. Flynn: No, they were not.

Hon. Mr. Benidickson: There was a discussion about that.

Hon. Mr. Flynn: Yes, but the honourable senator will remember that at the end he got an answer from the department admitting that the cheques had been sent. They are sent in the third week of the month for that month.

Hon. Mr. Benidickson: That is right.

Hon. Mr. Flynn: That means the end of the month of October. We still have six weeks before they need to be delivered. I am quite sure the honourable senator does not correctly remember what was said.

Hon. Mr. Martin: I was there, and I did not understand that.

Hon. Mr. Benidickson: I did not get that understanding, and the Leader of the Government says he was there and did not have that understanding. It was my understanding that we had to have this legislation completed in adequate time before October 1—at least 10 days, almost two weeks—if we were also to calculate and put cheques in the mail for October delivery.

Hon. Mr. Flynn: We have six weeks now.

Hon. Mr. Benidickson: No. But that was not the main purpose of my speaking on third reading. I wish to report some comments that I thought would be of interest to members of the Senate, that resulted from the committee meeting held yesterday for which we have not yet received the *Hansard* report.

I asked the minister whether it was not a fact that the thrust of any criticism in the other place respecting this bill dealt primarily with three matters. First, there were those who said that the amount of increase was not enough, that the basic pension should be increased. Some said it should be increased to $150 a month, and I believe

that was the maximum suggested by any party even in the election campaign last October. Since then, in an auction last week, some suggested the basic pension should be $200. Secondly, there were those who said their criticism rested upon the fact that there should be a pension payable to a spouse of a pensioner who might be under 65 years of age. Thirdly, there was the proposal that the increase should be retroactive to July 1 rather than be effective on October 1.

In the discussion in committee yesterday the minister indicated that, meritorious as some of the suggestions might be in themselves, it was his obligation to look at the whole spectrum of social welfare policy and expenditure from taxes, and to decide in his own mind that what was given in one place did not disaffect the opportunity to provide funds in another sector, such as family allowances and welfare under the Canada Assistance Act, or in other social benefit and health fields. He pointed out that substantial progress had been made for the sector of the population represented by senior citizens, and that to reduce the age of entitlement at the moment from 65 to 60 would involve an expenditure right there of $1 billion. He further pointed out that for the senior citizens group, whether or not they are receiving what many would wish, having regard for all the other considerations that must be taken into account, the portion of tax revenues devoted to them had increased threefold in the six years between 1967 and 1973. That is not true of larger contributions or added assistance to some other sectors of the population in need.

These are points that were brought out at our committee meeting yesterday, which I think were sympathetically heard by the minister. He said that on a personal basis, if he continued to be minister, it would perhaps not be the area of the three suggestions I have indicated, and which were discussed in the other place last week, but the field relating to single senior citizens that as a first step should be looked at next. At the moment what needed most consideration was some increase for the single old age pensioner.

I just thought, honourable senators, as we nave no *Hansard* report of our committee meeting, that some of this information that was given the committee should be on record.

Hon. Mr. Flynn: You are entirely right, except on the point I raised.

Motion agreed to and bill read third time and passed.

STATUTE LAW (SUPPLEMENTARY RETIREMENT BENEFITS) AMENDMENT ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eugene A. Forsey moved the second reading of Bill C-220, to amend the statute law providing for the payment of supplementary retirement benefits to certain persons in receipt of pensions payable out of the Consolidated Revenue Fund.

The Hon. the Speaker: It is moved by the Honourable Senator Forsey, seconded by the Honourable Senator Lapointe, that this bill be now read a second time. Is it your pleasure, honourable senators, to adopt the motion? Adoptée, carried.

[Hon. Mr. Benidickson.]

Hon. Mr. Forsey: Honourable senators, I was going to say that I thought Her Honour had perhaps anticipated events slightly. I was under the impression that I was to have the pleasure—and it is a pleasure—of making some statements about what this bill contains.

The Hon. the Speaker: I apologize, Senator Forsey. My mind was not on what I was doing.

Hon. Mr. Forsey: I assure Your Honour that I was merely being facetious, without any intention of reflecting on Your Honour's conduct. I was merely being facetious, as someone was the other day when it was said that a bill was law when it had come from the House of Commons and not yet been dealt with here.

● (1520)

Though it looks like a fairly complex bill, thanks to the necessity of having things in due and proper legal language, although the layman sometimes wonders whether it need be quite as elaborate as it is, this bill is really a very simple bill and I think in general it is non-controversial. I have always suspected that when critics of the bill rise to debate it their criticisms will in effect amount to this, that "it is good legislation as far as it goes but it does not go far enough." I doubt very much whether anybody will oppose the legislation in itself.

Hon. Mr. Phillips: You are already admitting the shortcomings of the bill.

Hon. Mr. Forsey: No, no, I am not admitting anything. I am merely saying that the criticism by honourable members of the Opposition or by honourable members of our own party, for that matter, will not be that this is a bad bill but the criticism will be that it does not go far enough. I am not saying that; I may have something to say on that later but I am not saying it now, for the moment.

Hon. Mr. Flynn: It is to prevent you from doing that, that they asked you to sponsor the bill, I hope.

Hon. Mr. Forsey: I do not know about that. The honourable Leader of the Opposition said a while ago that he enjoyed a little extrasensory perception in regard to what is in the mind of the Leader of the Government and perhaps he is once again indulging in this flight of imagination. Perhaps that is a little unkind to the Leader of the Opposition, because I understand that extrasensory perception and all that sort of thing has now become, scientifically, perfectly respectable and well established. Perhaps the honourable Leader of the Opposition is one of those who possess very special psychic powers denied to most of the rest of us. I should be more confident of that if he were of Scottish rather than of Irish extraction, because I think it is the Scots Highlanders who have the second sight, not the Irish, as far as I know. Perhaps if Senator O'Leary were present he could set me right on that, or confirm my impression.

I am extraordinarily pleased to have the task of moving the second reading of this bill, for a rather personal reason. Ever since 1855 until last year, there has been some member of what I think I might call my immediate family in the public service of the Province of Canada before Confederation, of the Dominion of Canada since Confed-

eration or for that matter in what is now the Province of Newfoundland, for some considerable period of time, though I cannot give the exact dates. I have long felt that retired public servants are among the most defenceless groups in our society against rises in the cost of living, especially of course rises in the cost of living on the scale that we have known recently. So I undertook the moving of the second reading of this bill *con amore,* with gusto, with immense pleasure, with enthusiasm. I think it redresses a grievance which is of long standing.

This is true also of certain other groups. Indeed it may be said that it is true especially of certain former members of Parliament who have been retired for some considerable time. I cannot say offhand how many of those there may be, but I suspect that some of them may be in a position where the alleviation of their fate which is provided by this legislation may be very welcome indeed. It may help to redress the injustice.

I shall go so far in the way of criticism at this point as to say that I am sorry that, to the best of my belief, this bill does not cover the matter of the pensions of widows of retired judges. There are some very hard cases there of people whose husbands died when they were on the judicial bench, some considerable time ago, when the salaries of judges were much lower than they are now, and where the pensions enjoyed by some of those widows are extremely inadequate. I understand, however, that this bill does not cover such cases, and if so, that is in my judgment unfortunate and regrettable.

I have jotted down here half a dozen or so headings under which the provisions of this bill may be described. First and foremost, there are the provisions which remove the ceiling on the escalation of pensions of retired public servants and others covered by the bill, a ceiling which formerly, like the ceiling on Canada Pension Plan pensions, was set at 2 per cent per year.

Under the existing legislation the escalation is tied to the escalation in the Canada Pension Plan. The minister has explained that normally the government would have waited for the revision of the Canada Pension Plan—which it is hoped will take place very shortly—and would have removed the ceiling from both at once. But, as honourable senators know, changes in the Canada Pension Plan require consultation with the provinces. It was felt undesirable to have this particular change wait for the length of time necessary for that consultation. It was felt that this measure should be put through now. That is the first provision and the most important provision, one may say it is the most comprehensive provision in this measure.

The precise terms of this part of the bill will be found in clause 2(1) and (4). Subclause (1) simply removes the ceiling and subclause (4) provides that this legislation shall come into effect on January 1, 1974.

The second point I should make is that in clause 3 there is provision that there shall be no reduction in the amount of the pension if the cost of living goes down. I suppose some people will say that in view of the now fairly prolonged rise in prices over a long period—I am not thinking simply of the recent large rises—it is what the Anglican Prayer Book calls "a work of supererogation." It may seem scarcely necessary to talk about what may happen if the cost of living should go down. But to make assurance doubly sure, it is provided by the bill that there shall be no reduction in the pension, even if the cost of living does go down.

I should mention at this point what the amount of the increase is likely to be and then I shall go on to discuss the total cost. The amount of the increase for various retired public servants will vary according to the time when they retired. Those who retired in 1970 and earlier will get an increase of approximately 11.45 per cent. (These figures have been provided by the officials and are subject to minor adjustments.) Those who retired in 1971 will get an increase of 9.34 per cent. Those who retired in 1972 will get an increase of 8.99 per cent. Those who retire this year will get an increase of 6.35 per cent.

The third feature of the bill to which I should call attention is the matter of the financing of the provisions for removing the ceiling. Clause 4 provides that the extra amount involved shall be payable by the Government of Canada out of the Consolidated Revenue Fund. It is not going to be imposed on the contributors to the various funds involved.

The total cost of the proposals in the bill will be something like $25 million. Of this, my recollection is that about $22 million will come out of the Consolidated Revenue Fund. The further $3 million will come from other sources which I may be referring to shortly because they deal, in effect, with other parts of the bill.

● (1530)

I have left aside for the moment section 2, subsections (3) and (5).

Sections 5 and 6 are, really, simply amendments to the legislation consequential upon the removing of the 2 per cent ceiling on the escalation.

A fourth and very important part of the bill is the removal of certain anomalies with respect to certain categories of people covered by the legislation. It is a matter of the age at which the escalation of pensions of former members of the Public Service, the Canadian Armed Forces, the Royal Canadian Mounted Police and former Members of Parliament can begin unless they are disabled. At the present time the act provides that this age should be 60. In 1970 the amendments to the Public Service Superannuation Act lowered the age at which Public Service employees could retire from 60 to 55, if they had 30 years of service; but the people in the other categories were left as they were. It is now proposed by subsections (3) and (5) of section 2 to remove this anomaly and put the members of the other categories on the same basis as the former members of the Public Service of Canada.

That is simply a matter of redressing this particular injustice which has existed since 1970. That provision of the bill "shall be deemed to have come into force on January 1, 1973." So that that particular part of the bill is retroactive until the beginning of this year.

The fifth feature of this bill has to do with the financing, a little distance in the future, of the changes which have been made, which I have just been referring to, in the removal of the anomalies between the former members of the Public Service under the Public Service Superannuation Act, 1970, and the other categories. The government

consulted the advisory committee on this subject and arrived at the conclusion that the best way to handle this thing was to provide for the extra cost by a phased program, and part of that is that from the beginning—and honourable senators will find these provisions in sections 8 to 12—from the beginning of January 1977, the contribution should be raised from the present one-half of 1 per cent to 1 per cent. The part of this dealing with the diplomatic service is found in section 8; the part dealing with the Public Service is found in section 9; the part dealing with the Canadian Forces Superannuation Act is found in section 10; the part dealing with the Royal Canadian Mounted Police is found in section 11, and the part dealing with the former Members of Parliament is to be found in section 12.

By the way, I have noticed that one comment which has been made elsewhere, which I think is important, is that this whole piece of legislation is not going to add to what one might call the "real" pensions of retired members or former Members of Parliament; so that if anybody is proposing to make political capital out of the idea that Parliament is now giving something special to retired Members of Parliament, the answer is that that is a complete misunderstanding.

Hon. Mr. Phillips: They are not getting any more benefit than retired members of the armed forces.

Hon. Mr. Forsey: No. They are on all fours, if I may use that expression, with the others.

The last feature of the bill to which I want to draw attention is of extremely small importance; it is the mere correction of a typographical error which appears in the present legislation, where it says "Appropriate Act" rather than "Appropriation Act". That is to be found in section 7, where it says that the English version of the act is to be "amended by striking out the words 'Appropriate Act' where they appear therein and substituting therefor the words 'Appropriation Act'.

That pretty well covers the provisions of the bill, I think.

Although I speak with caution and with diffidence on this subject, I should be inclined to think that there is likely to be so much agreement with the actual provisions of this bill, subject to the criticisms that I suggested before might be made, that it would be unnecessary to refer the matter to the appropriate committee. But, of course, I am entirely in the hands of the Senate in that regard. It seems to me that the purposes of the bill are simple; there is no particular question so far as I know about the drafting of the clauses. I should therefore hope that we might, in due course and at the proper time, proceed from second reading to third reading without the necessity of referring the bill to committee.

I shall, of course, be glad to answer any questions which honourable senators may have, provided they are within my knowledge and competence. In some instances I may be obliged to say that perhaps I shall take note of the question, and inquire of the officials, and come back with the answer on third reading.

I may be permitted, perhaps, to end with what Senator O'Leary tells me was the invariable ending of Sir Robert Borden's speeches on any bill in the House of Commons when he was Prime Minister:

> And I am persuaded that this legislation will commend itself not only to the judgment of the House but to the judgment of the country.

[Hon. Mr. Forsey.]

Hon. Mr. Phillips: Honourable senators, I should like to thank Senator Forsey for his introduction of the bill, even if he did have certain difficulty getting permission to introduce it before the scroll called for second reading. He seemed to have a certain amount of hesitation during his introduction, in that he anticipated criticisms and was well aware of the fact that the bill is deficient in a good many ways. I should like to have the benefit of reading his remarks in order to ensure that I will not disappoint him by missing those deficient points. Therefore, honourable senators, I move the adjournment of the debate.

On motion of Senator Phillips, debate adjourned.

FAMILY ALLOWANCES ACT
YOUTH ALLOWANCES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-223, to amend the Family Allowances Act and the Youth Allowances Act.

He said: Honourable senators, the present bill is an interim measure, and, to put it in its proper perspective, I should add that this measure is within the scope of the program which the government has already announced to protect the purchasing power of Canadian consumers. By this bill it is hoped to contain, or at least control to some degree, the effects of the inflation which Canada, like most other countries of the world, is presently experiencing, particularly in the area of food costs.

● (1540)

As we all know, honourable senators, the government has drawn up a program to protect Canadian consumers against the eroding effects of inflation on the purchasing power of the recipients of pensions and allowances paid under federal plans. As part of this program Parliament has already considered the advisability of indexing old age security pensions and the guaranteed income supplement with a view to gearing such payments to the increase in the consumer price index on a quarterly basis. In these circumstances I venture to suggest that it is now appropriate to turn our attention to the plight of another group of our society, to wit, the breadwinners of the three and a half million families responsible for seven and a half million children and adolescents.

Surely I need not remind honourable senators that last July 1 a bill to reform the present legislation on family allowances and youth allowances was introduced in the other place. It will be recalled that the main feature of that proposed legislation is to increase family allowances and youth allowances to an average monthly rate of $20 per child. It is anticipated that that proposed legislation will receive the approval of Parliament in time to come into effect next January.

Although that prior legislation is not as yet before this chamber, I deem it necessary at this time to further elaborate on the same in order to place the present measure in its proper perspective. As a result of the printing and distribution of Bill C-211, and of the statement of policy made in July last by the government, we know that that legislative measure would represent an important innovation in the field of universal benefits in granting to the provinces the power to amend allowances on the basis of the age and family size, or both at the same time, each province determining the variation best applicable. That variation, however, would be subject to the conditions that the rate variation be set so that the average payment in any province would be equivalent to the national standard; that is to say, $20 per child per month, and, secondly, that the minimum for any child be $12 a month.

Furthermore, under Bill C-211, the allowances would escalate on the basis of the cost of living, and the provinces would be allowed to determine their own variations. If it is the intention of the provinces to avail themselves of this latitude, the middle of October was set as the deadline for them to make known to Ottawa the nature of their respective decisions. This would permit the Canadian government to adjust the rates of each variant to its administrative system, and to be in a position to begin making payments early in 1974, if Parliament has then given its approval to the proposed new system.

It is considered, honourable senators, that the time necessary to develop the administrative mechanisms and to consult with the provinces cannot be further reduced. Consequently, it would not be realistic in order to cope with the present situation to endeavour to enforce immediately the reform of family allowances as proposed under the legislative measure introduced in July in the other chamber. We have need now for rather special measures capable of immediate application, and I submit that it is precisely a special measure of this kind that we are presently called upon to consider. The exceptional increase in food prices confirms, to my mind, the urgency of passing such provisions.

When one stops to consider that a family of four with an income of over $10,000 per annum spends approximately 16 per cent of its budget on food, while the same size family with an income of less than $4,000 per annum spends approximately 28 per cent of its budget on food, it becomes obvious that the increase of 20 per cent in the price of food over the past 18 months would have a much greater impact on the low income family as compared with the higher income family.

These figures are very important indeed, and should also be put into perspective. For example, in 1971, the latest year for which international figures are available, one finds that Canadians spent, on an average, 19.3 per cent of their budget on food. The only country with a lower percentage at that time was the United States at 18.3 per cent, and in other industrial countries one finds that the following figures applied:

United Kingdom	23.0 per cent
West Germany	24.2 per cent
Sweden	25.0 per cent
Japan	26.6 per cent
France	27.5 per cent

When one compares the Canadian figure of 19.3 per cent in 1971 with the figure of 38 per cent some fifteen years ago, one can see that the Canadian consumer has seen his lot substantially improve over the years, and that even in spite of the recent increases in the cost of food the Canadian consumer is still in a more favourable position than the consumer of probably any other country in the world in so far as the allocation of budget for food is concerned.

I should like to draw the attention of honourable senators to the fact that the average real income of Canadians has continued to increase substantially in 1973 as compared with 1972, and I would refer to the statement made in the House of Commons on September 4 by the Prime Minister, as reported at page 6182 of *Hansard*:

> Workers income and corporation benefits have by far exceeded the global rate of inflation in Canada. During the first quarter this year, the real income of individuals, after income tax, went up by an average 6.2 per cent compared with the same period in 1972. If Canadians have a net increase in income, it is due to a large extent to the fact that the financial budgetary reductions of last February have borne fruit.

In spite of the substantial increases that we have witnessed in the cost of food in the last few months, we also have to look at the situation in its broader aspects to appraise the total situation of the economic conditions prevailing in Canada at the present time. The fact is that the present worldwide situation has caught all of us in its grip and, given the present rate of inflation, it therefore appears that even a few months' delay would prove a hardship to many Canadians. The bill before this chamber constitutes one aspect of the strategy adopted by the government to fight inflation.

● (1550)

This bill, honourable senators, is one of the projects proposed within the program designed essentially to protect the purchasing power of the Canadian consumer. Through this legislation, 3.5 million Canadian families will benefit next month from a monthly allowance of $12 per child.

Although the government itself in normal circumstances cannot relate salaries to the variations in the cost of living, that being exclusively done by both employers and employees under collective agreements, the government with the approval of Parliament can increase family allowances in order to supplement the salaries of Canadians with dependent children, and for whom the cost of living means still greater financial commitments. As I have already mentioned, a legislative measure has been introduced in the other chamber to increase the current family allowances to $20 per month per child starting January next. The present bill proposes to immediately increase family allowances to $12 per child, and for adolescents under the age of 18. Consequently, this legislation will prevent families living on a small employment income from finding it more advantageous to quit working and live entirely on public assistance by becoming recipients of social assistance. Indeed, unlike social welfare benefits, wages do not take into account the size of the family and the resulting financial charges. In most provinces, couples

with two or more children receive higher social allowances than the provincial minimum wages.

The working paper on social security which was submitted last summer by the Department of National Health and Welfare suggested that an income supplement system be implemented for these people. However, the development of such a system requires a detailed study of the political and administrative issues involved, and close co-operation with the provinces. It is hoped that the work undertaken will be successful. On the other hand, the family allowances program is useful in preventing the small wage earner being swept over by family charges that he no longer can bear because of the rising cost of living and forced to live on the fringe of society. This bill brings a temporary solution to the problems of such people.

The measure now before us proposes that family allowances be brought up to the minimum level set by the federal government for the general review of the Family Allowances Act and the Youth Allowances Act, namely, $12 per child per month. This provision will result in a direct increase in the benefits paid to the three and a half million families in Canada. That increase alone means an average increase of 60 per cent in the family allowances that are now paid to Canadians.

Another remarkable feature of the present bill lies in the fact that the increased payments will not be taxed. It follows that there is a clear-cut increase for every recipient of the family allowances payments at this time and fully accruing to them immediately, with a further net increase in January under the proposed reformed family allowances program. These measures will ensure that the amount of purchasing power is maintained for low wage earners.

I shall now explain some of the details of the bill, which while an important one is also very simple because it contains only five clauses. Clause 1 merely repeals section 3 of the Family Allowances Act and replaces the existing rates of $6 and $8 respectively by a single monthly average rate of $12.

Clause 2 repeals subsection (4) of section 4 of the Family Allowances Act, and is merely consequential upon the amendment contained in clause 1. Subsection 4(4) of the present act provides that the payment of $10 should become payable for the month immediately following the tenth birthday of any child.

Clause 3 provides for the application of the new monthly average rate for any month commencing after September 30 next.

Clause 4 repeals section 3 of the Youth Allowances Act, and increases the monthly allowance from $10 to $12.

Clause 5 provides that the increase in the Youth Allowances Act shall be applicable for any month commencing after September 30 next, as in the case of the increase in the family allowances rate.

In conclusion, honourable senators, this legislation, coupled with the measures for the immediate increase in the OAS and GIS payments, with allowances for quarterly escalation, demonstrates the manner in which the government is using its power and its responsibilities under the two universal direct payment programs as one facet of its whole thrust to combat the effect of inflation which we are now feeling. There is a hope that this package will contribute to ensure the maximum value in purchasing power for the Canadian consumer, child or pensioner, and the low income, middle income or higher income Canadian. However, these measures will only constitute an interim step. It is hoped that the government will continue working to provide the best form of income security possible—that is, the reduction of the rate of inflation itself.

In these circumstances, I would urge you, honourable senators, to give this bill your immediate consideration, without sacrificing your undeniable right to give the measure the fullest consideration possible under the rules of this honourable chamber.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Friday, September 14, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Superintendent of Insurance on the administration of the Investment Companies Act, for the period January 1, 1972 to March 31, 1973, pursuant to section 27(1) of the said act, chapter 33, Statutes of Canada, 1970-71-72.

Revised Capital Budget of Central Mortgage and Housing Corporation for the year ending December 31, 1973, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, as approved by Order in Council P.C. 1973-2568, dated August 31, 1973.

INTEREST RATES

INCREASE TO BENEFIT PUBLIC TREASURY—QUESTION

Hon. J. Harper Prowse: Honourable senators, I should like to direct a question to the Leader of the Government. I am sorry that I did not have a chance to give him notice, but perhaps he will be able to deal with it despite the lack of notice.

In view of the fact that the government is taking action to ensure that the oil companies do not just accumulate windfall profits as a result of the international oil situation, and in view of the fact that the various financial institutions in this country, for purposes of national policy and in the hope of slowing down the economy, are finding it necessary once again to increase their interest rates, will the government give consideration to the possibility of considering every increase in the interest rate as a tax to be collected for the people of the country and to be payable to the public treasury rather than allowing this increase to provide windfall benefits to those financial institutions?

Hon. Mr. Martin: I will certainly be glad to take that question into consideration with the government.

Hon. Mr. Phillips: Would the Leader of the Government also give consideration to redefining the question to make reference to Liberal policy rather than national policy?

Hon. Mr. Langlois: Would you mind repeating that?

Hon. Mr. Phillips: The Honourable Senator Prowse in directing his question referred to national policy. I asked that that be changed from national to Liberal policy.

Hon. Mr. Langlois: It is synonymous. It is the same thing.

STATUTE LAW (SUPPLEMENTARY RETIREMENT BENEFITS) AMENDMENT ACT, 1973

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Forsey for the second reading of Bill C-220, to amend the statute law providing for the payment of supplementary retirement benefits to certain persons in receipt of pensions payable out of the Consolidated Revenue Fund.

Hon. Orville H. Phillips: Honourable senators, in adjourning the debate yesterday I thanked the Honourable Senator Forsey for his introduction of the bill. I stated at that time that he anticipated certain criticisms. I shall attempt to live up to his anticipation in that regard. Before doing so, however, I should like to thank Senator Forsey for omitting one aspect of the introductions and explanations we have had recently. I have in mind the references to inflation as a sort of "Manna from Heaven." Senator Forsey neglected to include that in his speech and to those of us in the Conservative Party who are opposed to inflation the fact that we were not expected to accept inflationary fallout as a benefit was greatly appreciated.

This is another of those pieces of emergency legislation which were very much in the mind of the Leader of the Government on September 6. One must ask if anyone on the government side had read the legislation when they considered it to be an emergency, because the legislation does not come into effect until January 1, 1974, roughly four months from the time it was introduced. Since it was not the effective date of the legislation that was the emergency, one must ask what the emergency was. Perhaps it is unfair to make this suggestion at this time, but I feel the real emergency was that both of the Prime Ministers, the Honourable Mr. Lewis and the Right Honourable Mr. Trudeau, wanted to be out of Ottawa and have Parliament in recess before Statistics Canada released the latest figures on the cost of living. I think that had a great deal to do with the emergency on September 6.

● (1410)

While I am on the subject of inflation, honourable senators, may I, in a lighter manner, point out that today we have a rather important sign in this chamber of the effect of inflation. We are quite accustomed to honourable senators wearing roses, or boutonnières of some description. However, today I notice an awful lot of honourable senators opposite are wearing some form of plastic button. As a result of inflation, they can no longer afford the boutonnières. If they are still unable to afford a rose when we return at a later date perhaps a daisy or something of that nature would fill in just as well.

Hon. Mr. Prowse: A rose would be cheaper than this.

Hon. Mr. Laird: This cost $50.

Hon. Mr. Phillips: I have not been sending roses lately, Senator Prowse, so I am not up to date on the cost.

The legislation before us emphasizes just how stubborn this government can be. For years the government insisted that all was well because there was a 2 per cent escalation clause in our social security program. Taking the advice of some of its supporters, it was hanging tight. Unfortunately, "hanging tight" overlooked a great many of the more important facts of life. One only has to look back over the past few months to find that in January of this year the cost of food increased by 10 per cent; in February by 10.2 per cent; in March by 11 per cent; in April by 12.9 per cent; in May by 14.6 per cent, and in June by 16.7 per cent. Meanwhile, the government was hanging tight to a 2 per cent escalation clause.

The government speakers, particularly those of the other place, have pointed to the generosity of the government, saying that those who retired prior to 1970 will receive supplementary benefits at a rate of approximately 11.5 per cent. That, of course, was before the figures were released yesterday; it will probably be much higher as a result of those figures. But let us look at the other side of the coin. If we are that far behind in our escalation of social security benefits, surely someone in the Liberal Party must have recognized it and, equally certain, the prime ministers and the members of the cabinets refused to consider the matter until they were forced, during an emergency session of Parliament, to deal with it. That credit goes to only one party, and that is the Opposition party, the Conservative Party.

Part I of the bill deals with those public servants who retire before reaching the age of 60. I would like to remind honourable senators that two or three years ago the government was urging public servants to retire early, to take these wonderful retirement benefits and make way for employment for younger persons. We heard a great deal about it. In fact, most government speakers developed a sore tonsil from it. We now have two problems before us: those who retired and those who are still unemployed, and government speakers now have two sore tonsils as a result of enshrining inflation and unemployment as part of Liberal policy.

The President of the Treasury Board, in his explanation of the supplementary benefits, pointed out, quite rightly I think, that there is a time limit in which the consolidated revenue fund will bear the cost of the supplementary benefits. After that those public servants still working will be required to increase their contributions. Are you laughing, Senator Lamontagne? Are you laughing at the Senate?

Hon. Mr. Lamontagne: No. I was just asking Senator Benedickson if he would make a speech on this.

Hon. Mr. Phillips: That is fine. After yesterday's question I thought maybe you were laughing.

The public servant now beginning his public service will in the future be required to increase his contribution to the pension fund. This is to be phased in, as the minister explained, and the increased contributions will come into full effect on January 1, 1977. The public servants have been warned. I can only tell them to look out, because the President of the Treasury Board has already stated that the contributions planned for January 1, 1977, will not look after the superannuation fund, and increases will be required after that date.

About this time last year we were attempting to obtain information on the unemployment insurance fund. We received information from three different sources, none of it accurate. Perhaps it is not too much to ask the government to make an effort to ensure that the information issued on the state of the superannuation fund will be more accurate than that issued on the unemployment insurance fund a year ago.

The government has a rather strange arrangement in dealing with the Public Service superannuation fund. As honourable senators know, there are various organizations representing public servants. These organizations are authorized to deal with the Treasury Board in respect of pay rates and working conditions. Yet when it comes to pension rates the Treasury Board selects an advisory board, not the public servants; they do not elect them, they are not allowed to make any recommendations. The Treasury Board selects an advisory board, which recommends to the Treasury Board certain actions; and of course the Treasury Board is not obligated to follow those recommendations.

● (1420)

For some reason or other, I seem to think that Senator Forsey for a number of years was connected with a labour organization of some type. I wonder if this was the recommendation that he made to his labour organization, that the employer select an advisory board that would deal with the union superannuation fund. I do not think he did that.

Hon. Mr. Forsey: No.

Hon. Mr. Phillips: The superannuation fund is invested at 6 per cent. The reason the government gives for investing at 6 per cent is the fact that they must associate it with and keep it at a level with the interest paid on the Canada Pension Plan. Today, interest rates and mortgages are 10 per cent, and after yesterday's increase in the bank rate they will likely be 11 per cent.

Honourable senators, are we being fair to tie our public servants to a 6 per cent interest rate on a superannuation fund. I do not think so. Perhaps we will hear more of this from Senator Forsey, as I notice that he is making a note. I am sure he is much more qualified to make suggestions to the government than I am; and he might even get more attention than I do—as I have not been too successful in my recommendations to the government.

Hon. Mr. Buckwold: Keep trying.

Hon. Mr. Phillips: Keep trying? It was King David and the spider, I believe, that finally succeeded—

Hon. Mr. Forsey: Bruce.

Hon. Mr. Phillips: Who knows but that we may get up the cobweb, too.

It is interesting to note that through our social security legislation pensions have been tied to the 2 per cent escalation clause. The reason given by the government has been the Canada Pension Plan. Honourable senators will recall that when the Honourable Miss LaMarsh introduced this pension plan, it was going to put everyone in a

political Garden of Eden. Somewhere in this political Garden of Eden there must be a boa constrictor, because something certainly squeezed the 2 per cent out of existence.

In his introductory remarks, Senator Forsey referred to the fact that certain changes are being made in the Armed Forces Superannuation Act and in the retirement legislation of the RCMP. Previously, the retired members of the armed forces and of the RCMP could not benefit from the 2 per cent escalation until they reached age 60. This bill purports to put these people on the same level as the retired public servants, by reducing to 55 the age in which they can benefit from the escalation clause. However, there is still an extreme gap between the public servant and the retired member of the armed forces and the RCMP. In order to understand this difference we must look at the terms of employment of a member of the armed forces or the RCMP. A member of the armed forces is required to retire at a certain age, depending on his rank. This makes it virtually impossible for the average member of the armed forces or the RCMP to acquire the necessary 30 years' service as outlined in this bill.

Following World War II, a great many servicemen stayed in the armed forces. These people, because of the age limitation for retirement, were forced to retire at age 45 or 50, and they retired on very small pensions. Yet they have no opportunity of making up the 30 years' required service. A number of these veterans went to private industry to look for employment, but they were not welcomed by private industry, particularly by the union shops, because at age 45 or 50 they would have very little time to contribute to union pension funds. Consequently, a great many of these veterans have entered the Public Service. Unfortunately, it is precisely in the Public Service that a very severe form of discrimination has been exercised against these veterans. If a veteran enters the Public Service his pension from the armed forces is reduced while at the same time he must contribute to the Public Service superannuation fund. Despite the fact that he may have more than 30 years' combined service in the government, he cannot retire before he reaches age 60.

If the government is going to combine the contributory periods in the armed forces retirement fund and the superannuation fund of the Public Service, then the government should give consideration to putting the veterans on the same footing as public servants who were in the armed forces and grant them the same benefits such as early retirement at age 55, and not penalize these public servants for having served in the armed forces. But with respect to the veteran who was in World War II, his situation is that he is even further penalized by the fact that in 1966 both the pay and the pension plan of the armed forces were changed. Prior to 1966 the lodging and food provided to a member of the armed forces were not considered part of his pay; today he receives a specified salary, depending on his rank, and, if he lives on a military base, he is charged for his food and quarters. Consequently, those who retire after 1966 are, with respect to their pensions, in a far more advantageous position than those who retired before 1966.

This should not be a very expensive situation to correct, because it is a rather unfortunate statistic that retiring members of the armed forces who are veterans of World War II have a life expectancy of only five years in retirement.

When speaking to the previous bill, once again I raised the matter of veterans' disability pensions, asking when the same escalation clause would apply to them. I note that the minister stated in the other place that consideration was being given to putting that escalation into effect, and I would simply ask Senator Martin to use his good influence and offices in this regard.

• (1430)

Hon. Eugene A. Forsey: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Forsey speaks now his speech will have the effect of closing the debate on second reading of this bill.

Hon. Mr. Forsey: Honourable senators, I wish to speak only very briefly in reply to the speech of the Honourable Senator Phillips. As I listened I was reminded of that eighteenth century couple—

Let observation, with extensive view,

Survey mankind from China to Peru.

I say that, honourable senators, because while the Honourable Senator Phillips did not cast his net quite as wide as that, he gave us a very comprehensive critique of a large number of pieces of legislation now on the statute books. I was grateful to him that we did not have to listen to what I might call the customary commination service read over the government from the opposition benches here. Those of you who are familiar with the Anglican Prayer Book, as I know Her Honour is, will recognize at once the reference—that long list of maledictions, "Cursed be he that removeth his neighbour's land-mark. . . . Cursed be he . . ." that does this, that and the other thing.

We were spared that today, and I think we should be very grateful to the Honourable Senator Phillips for the moderation with which he spoke.

Hon. Senators: Hear, hear!

Hon. Mr. Forsey: I am a little surprised that he suggested, if I understood him correctly, that members of the government and their supporters have been suggesting that inflation was manna from heaven. I had thought that every speech I heard from the Liberal side either in the other place or here had been very far from suggesting anything of the kind. There may have been some suggestions from the opposition benches, in one place or the other, that some people in the government and among government supporters thought that the redress of certain injustices by this and accompanying legislation might be looked upon as manna from heaven. But I certainly do not think that any phrase like "manna from heaven" has ever been applied by anybody in any party to the existence of inflation or to any fallout which may result from it.

I am not going to attempt to answer the points that Senator Phillips has made about various pieces of legislation. There may well be a great deal in what he says that a number of these acts on the statute books could well do with amendment and could be improved. I am not sufficiently familiar with the various pieces of legislation to be able to say anything useful on that point at present. I

merely point out that at present, we are, as Senator Phillips acknowledges, in a series of emergency sittings. He was inclined to cavil with the word "emergency", but at least originally we were supposed to be coming back for a relatively short time, first to deal with the resumption of railway service and then, as events developed, to deal with certain aspects of the problem of inflation or the results of inflation. I think if we were to undertake the comprehensive revision of a series of statutes which Senator Phillips' criticism of this bill seems to suggest, we should be here for a very long time indeed. I am not in a position to say whether the government is or is not going to introduce legislation to deal with any of the matters that Senator Phillips mentioned.

I think that from nowhere more than from this chamber would there be a howl of protest if legislation of this magnitude were introduced now for the consideration of the two houses, and I am perfectly certain that if we were doing our duty in this house, and if any such legislation came before us, it would be under consideration for a very long time indeed, and it might be difficult even to get this particular legislation that we are considering now into effect by the beginning of January, 1974, which Senator Phillips was inclined to think was a little bit late in the day.

May I be permitted just one other comment in view of the reference to my long association with the trade union movement. I have no hesitation whatever in saying that I think collective bargaining in the Public Service ought to include the matter of pensions. Since that is customary in industrial relations generally, I think this is a serious defect in the existing legislation on the subject. But that that is, after all, not what we are discussing here this afternoon, and if we started to go into that question alone, let alone the numerous others Senator Phillips has raised, again I am afraid that we should be here for a very long time.

As it is, I think it is quite clear Senator Phillips is not suggesting that we should, in fact, attempt to embark in committee on a series of detailed amendments to this bill which would cover some of the points, if not all of the points, he has suggested.

I venture to hope, therefore, that we may be able to proceed, with leave, to the final stages of this bill today, and that it will not be necessary to refer it to the appropriate committee of the Senate. But, as I said when I moved second reading, I am entirely in the hands of the Senate, and if it is the desire of honourable senators to go into this matter in detail in committee, then no one could have less objection than I.

Hon. Senators: Hear, hear.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Forsey: With leave, now.

Hon. Mr. Phillips: I am prepared to give leave for third reading today on the understanding that the sponsor of the bill will consult Mr. Lewis and recommend to him the numerous changes I recommended in this bill.

Hon. Mr. Forsey: Honourable senators, I think we had a ruling the other day—oh, no, I am sorry, it was elsewhere—but I understand it is contrary to the rules to give leave on condition, that leave must be either given or withheld. I don't know if I am correct in that.

I am afraid I am not on such terms with the leader of the NDP in the other house that my representations to him on any subject would be received with very much more favour than those of Senator Phillips are received by the government, according to his own account.

Hon. Mr. Choquette: Even as an old member of his party?

Hon. Mr. Prowse: Not so old.

Hon. Mr. Choquette: Ancient.

The Hon. the Speaker: With leave of the Senate and notwithstanding Rule 45 (1) (b), it is moved by Honourable Senator Forsey, seconded by Honourable Senator Lapointe, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

● (1440)

FAMILY ALLOWANCES ACT YOUTH ALLOWANCES ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Langlois for the second reading of Bill C-223, to amend the Family Allowances Act and the Youth Allowances Act.

Hon. John M. Macdonald: Honourable senators, I do not propose to speak at any length upon this bill. It is actually very short and has been adequately explained. As you know, its purpose is to increase the payments under these acts to a flat $12 a month per child from the present payments of $6, $8 and $10. As 3-1/2 million families will receive at least some benefit from the legislation, it is certainly entitled to our support. As mentioned by the sponsor, this is actually an interim measure designed to offset, to some extent, the evil effects which inflation is having upon these families.

I do not suppose anyone would claim that the legislation would do very much to offset the ever-increasing cost of living, and certainly not as much as the proposed new legislation contained in Bill C-211. As I understand it, it is proposed by the provisions of that bill that there be an average payment of $20 per month per child, with a minimum of $12, which is from where the payment of $12 contained in the bill under consideration was derived. I appreciate, of course, why that bill has not been proceeded with, because the provinces have time remaining in which to inform the federal government of the method they wish to employ for averaging the new allowance. However, it is also obvious that the $12 payment now proposed cannot be considered satisfactory. It must be borne in mind that it was proposed in July to increase the average payment to $20 per month, with a minimum of $12, and in my opinion it certainly cannot be denied that since July there has been a substantial increase in the cost of living. In conse-

quence of this the $20 increase has been eroded before ever being paid. As I also understand it, under the proposed legislation the minimum $12 payment was to go to those needing it least, while under this legislation the $12 will also go to those who need it most.

Honourable senators, firstly, I do not understand why the government does not now make $20 the minimum payment. To do so would not necessitate interference with the consultations and negotiations proceeding with the provinces. I would urge that the same guidelines could be retained, yet the minimum of $20 per child established. A minimum of $20 would require an average of $28 or $30 per child in order to keep the same proportion. This, I believe, would be a much more realistic approach to the problem of offsetting the ever-increasing cost of living. I know it is too late now to have this bill amended, but I would urge the Leader of the Government in the Senate—who, I may say, has an unequalled record of accomplishment in the social service field—to impress upon his colleagues the need to increase the proposed minimum allowance from $12 to at least $20 per child.

Honourable senators, at this time I do not propose to discuss government policy in relation to inflation. I do wish, however, to make one short comment in connection with the policy urged upon the government by Senator Everett in his speech one week ago. I understood from his speech that while he agreed that measures should be taken to increase the income of those most seriously affected by inflation, he did not believe that any drastic action, as it were, should be taken to control it. He was all for a free economy and mentioned that there should be no controls and no tinkering with the economy. Honourable senators, in my opinion he was advocating an economic philosophy and policy which were discarded in Canada a great many years ago. We have been tinkering with the economy in one way or another ever since 1867, and have had direct or indirect controls almost that long. Every time an item is added to or deleted from the Customs Tariff, every time a subsidy is given or taken away, every time a foreign country is asked to limit its exports of certain items to this country, we are tinkering with the economy and exercising indirect control.

Personally, I do not believe that there is such a thing as a free economy and, in my opinion, it is a very good thing that there is not. We would really be in a bad way if we left the economy to the tender mercy of the ruthless play of economic forces. I do not wish to be too critical of Senator Everett's speech, but I simply add that I do not know what he meant when he said the government "should hang tough with the Opposition, it should hang tough with the media, and it should hang tough with the public." It sounded to me as though, rather than speaking to the bill before the house at that time, he was speaking of the retention of capital punishment in Canada.

Honourable senators, while I support the bill before us, may I say that although I consider it to be good legislation as far as it goes, I do not believe it goes far enough. Honourable senators, I do not consider it necessary to refer this bill to committee.

Hon. W. M. Benidickson: Honourable senators, I remarked yesterday that when we deal with one piece of legislation which contains substantial and relatively costly social benefits we must consider other measures which are being or should be implemented with respect to that portion of our constituency which requires some aid in these times of rising prices. It is true that by means of this bill we are at the moment increasing, for the benefit of more than three million families with children in this country, the family allowances from an average of approximately $7 to one of $12 per child.

Senator Macdonald said that we should immediately legislate in accordance with the notice of legislation to come, given last July under which the family allowance payment would be $20 per month. However, Senator Macdonald also said that such legislation has not been brought forward so far because of a commitment made by the Government, after a considerable amount of complaint from the provinces, that the provinces would be consulted with respect to major changes in social assistance legislation.

● (1450)

There is some suggestion that when that bill comes before us, increasing the family allowance to $20 a month, the provinces will have increased authority and increased jurisdiction as to just what the rates of payment will be within the provincial boundaries. That would be considerably different from our practice heretofore, whereby the entire bill for these increased payments has been borne by the federal taxpayer and administered federally. I am somewhat perplexed about the result of the proposal to come, which would give the provinces a veto power or the power to change a universal payment, the revenue for which is raised solely by federal taxation. I am all the more concerned with respect to such legislation as a result of reading this morning's edition of the Montreal *Gazette*.

We are here for the purpose of giving immediate help, because of the dire inflationary situation in which we find ourselves, and especially those on fixed incomes. However, under this proposed bill the treatment is universal. Both the affluent and the poor will receive this payment, only what is paid in the way of family allowances under it will be taxable. We will not have the redistribution of wealth contemplated by the former Minister of National Health and Welfare, because of the howls from the wealthier people in this country and those in the higher income brackets when it was suggested that they, through an income tax means test, might not be the recipients of this increased family allowance. I remember it was that same group, when I was a member of the House in 1945, when family allowances were being introduced, which protested loudly and from whom there was much criticism. Last year it was suggested, for better redistribution of the wealth in this country and in order to reduce the immense amount that a payment of $20 per month per child would involve, that those above a certain income level would not receive family allowance benefits. Again there was a terrific howl, the result being that the government, according to its present proposal, surrendered and proposed to continue with universal payments under the family allowances scheme.

We run a great risk when we propose a certain type of legislation that we hope will be of assistance to those in greatest need if we invite the provinces' intervention. Last week the government provided a milk subsidy of 5¢ a

quart, thinking that such a subsidy would be beneficial to those consumers in our society who are most in need. This is particularly relevant to the bill before us, as it deals with children, for whom we all agree an adequate supply of milk at a reasonable price, or at the lowest possible price, is most desirable. However, according to this morning's Montreal *Gazette*, in the case of the province of Quebec the full benefit of this subsidy will not be passed on to the consumer. I think Quebec is the first province which has given any indication of its intention with respect to the milk subsidy. It was stipulated in a statement issued by the federal Minister of Agriculture that this milk subsidy would cost about $108 million. He not only went so far as to say that it would maintain existing prices for 12 months, but he was even optimistic enough to think that there was perhaps room for a rollback in prices, to the benefit of the consumer. In any event, we would have price stability for 12 months, provided that the provincial government milk boards co-operated and did not take advantage of the subsidy to reduce their own current or intended contribution by way of subsidy to the milk producers.

This morning's *Gazette* reports as follows:

> Quebec consumers will only get a penny out of Ottawa's five-cent a quart subsidy on milk prices, it was announced in Quebec City yesterday.
>
> Beginning next Monday, the minimum price of milk will drop from 35 cents a quart to 34 cents, agriculture minister Normand Toupin announced in a press release.
>
> Most of the federal subsidy will go to cover an increase promised to Quebec's dairy farmers last summer.

So, we learn that most of the federal subsidy will not go to the consumer, but will offset the subsidy being paid, or promised to be paid, out of the treasury of the Province of Quebec. In other words, the consumer and, more particularly, the parents of children whom this legislation was intended to help, will not get that intended reduction of five cents a quart on milk. This is the type of thing we have to watch very carefully, when we are dependent on the provinces for co-operation in a good intention.

In our present discussion on ways to beat inflation, it has been proposed that the price of oil be stabilized. It is all very well to hope that the consumer be protected regarding the cost of gasoline and fuel oil, but insofar as the retail price at the pump is concerned, that is not within the jurisdiction of federal Parliament. We must have co-operation from the province if we are to have stability in the price of gasoline at the pump. There is no indication that the provinces are prepared to walk side by side with the federal government in protecting the consumer in a field as important as that.

Let us look at general welfare. We cannot decide whether we have an appropriate figure in this bill for assistance in raising children unless we recognize the substantial number of families in this country dependent on welfare. The rates of welfare payments are set by the provincial governments, although not so very long ago the federal government, under the Canada Assistance Act, agreed to pay, without a ceiling, 50 per cent of what each province decides to pay to families on welfare.

The bill before us provides for an increase from $7 per child to $12 per child, and it is proposed that on January 1, 1974 this be raised to $20 per month, on average, per child. We do not know what the provinces will do under the legislation. Some of them may decide to redistribute that amount. In fact, it is not $20 on average. We know that in all provinces, conspicuously in some of the wealthier provinces such as the province of Ontario, what is paid as welfare to the disabled—the handicapped, those unable to work, those entitled under provincial statutes to help, which we describe as welfare—is only a fraction of what is provided under the senior citizens pension act that we recently revised. The provinces pay less in welfare than we pay a couple on old age pension. In many provinces they must have more than two children to receive under welfare payments as much as we pay to an elderly couple under our old age legislation, which is dispensed solely by the treasury of the federal government. These all have to be considered in the light of a bill such as we have here, which will involve a great deal of expenditure, and legislators must assure themselves that they are not ignoring certain other very needy elements of our population, such as those who are on welfare.

● (1500)

I am not amused by but I do have regard for what I heard said yesterday in the other place on a special debate with respect to inflation. About all I heard from one of the three Official Opposition financial critics in the other place was that he deplored that the government was not doing enough to fight inflation. One of the very few specifics causing inflation was that the government was spending too much money. In the last two weeks, with practically unanimous consent, Parliament has been ready and willing to increase greatly the amount of federal expenditures. I have no quarrel with all these proposals. I simply quarrel with those who vote for these things and then decry the massive expenditures that, in the almost unanimous opinion of Parliament, as in this case, are necessary.

The Conservative Party has been suggesting since February that the core for change and the best concrete way of dealing with the current inflation would be a 90-day freeze on prices and incomes. The 90 days has long since expired, because this proposal was first presented to Parliament in a want of confidence motion in February. They have had a think-tank for more than 90 days, and I deplore the lack of concrete suggestions, beyond what the government proposes, and beyond what we have been dealing with in the last few weeks. After these 90 days of thought became available to them, what do they say should be done beyond what is being done? As I say, about the only thing that I heard yesterday was a suggestion that we put in a freeze and the government expenditures were too high. In this bill we are raising them right now.

Where would the farmer, who has been getting little more than a decent return for his products in the last few months, be if the freeze had been put on in February as proposed? Where would the railway worker be? The Official Opposition proposed a week ago in settlement of the railway strike that we permit a change in the bill giving four cents an hour more in the first year to the non-ops

and other railway workers. They would not have got any raise if this Tory freeze had been effective, as the Official Opposition proposed last February. These are things that I think we disregard.

There are many places where I think all of us see what we cannot avoid seeing as suspiciously like profiteering. Today Senator Prowse mentioned the banks. We have read that in the first six months of this year one of the largest banks reported an increase in profit of 50 per cent over last year. I am not going back to the low period of earnings, perhaps in 1970, but compared with 1972, which was a very good year for banks, some profits went up 50 per cent in only the first half of this year. The same is true of recent filings of financial statements by food companies in recent weeks.

The automobile people, who have been enjoying unprecedented profits, have recently gained in the United States promises of substantial increases in prices for their 1974 products. They present increased costs for certain safety items. But where is regard taken, over the period since the last increases, for some better productivity? Surely something has been done to improve efficiency in these plants that would provide earnings for some of the new apparatus that has to be supplied in the safety field. Increased prices all have to come from the consumer, yet there are increased profits seen of substance.

This year there were four increases in oil prices before the Minister of Energy, Mines and Resources urged the industry to put on restraints and voluntarily keep prices at the wellhead at the current rate. It is rather late to make that proposal after four increases have been made this year. The Quebec Minister of Financial Institutions has said that the prices were completely unjustified, yet I do not see that the legislature of the Province of Quebec, which has jurisdiction in setting gasoline prices to the consumer at retail, is meeting for the purpose of dealing with this problem. We have dealt with it to the extent that we are now urging the price to be stabilized at the wellhead.

This morning there was a very radical proposal that there be an export tax, which will help pay for some of these other counter-inflationary measures financed by the federal government. It was proposed that there be a tax of 40 cents per barrel on oil exported. I read in the papers this morning that that might increase federal revenues, while it is in force, to the extent of about $15 million a month. That will go quite a way towards paying the cost of this and other emergency bills, as well as food subsidies that we are giving and have given approval to.

Reference has been made to food prices so often in recent weeks. We all have applauded the subsidies that have been provided to stabilize the cost of milk and bread. Very little has been said about the fact that a greater amount of the family income is disbursed for housing than is disbursed for food. I am rather disappointed that in these emergency sittings that have interrupted our proposed recess very little has been said about solutions to the high cost of housing today, aggravated, of course, by the rising interest rates.

Yesterday's newspapers comment upon a very noteworthy report made to our largest province, the province of Ontario, pointing out that 300,000 to 400,000, one out of six of the population in Ontario, are in very dire housing straits, and all of them need some assistance from governments.

● (1510)

I say that regrettably we are not dealing with housing at the present time, although it is a family problem. This bill will assist in raising the income of families which have children. It will be particularly helpful to those in the lowest brackets, and will assist with respect to housing costs. This measure will help everyone universally, because even those in the highest brackets will not be paying taxes on this $12 per child, although it is proposed that they will pay income tax on the $20 payment when it is put into law. But even the wealthiest in the land will then retain the difference between 100 per cent and the percentage rate of their personal income tax, and that probably averages out to 40 per cent or less. The person paying the highest income tax—and I believe the highest personal rate would be about 63 per cent—would retain 37 per cent of the family allowance payments.

I saw a heading in one of the Ottawa newspapers the other day to the effect that redistribution of wealth is seen as a result of proposals for increases in family allowances. I do not think we need to shudder or be disturbed about these increases of family allowances. Last week in the other place there was an indication of the percentage of our governmental income that has been allocated to family allowances. Soon after they were first introduced in 1947 it was 8.99 per cent, and the percentage allocated at the end of the 1972-73 year fell to 2.48 per cent. I must say that even under the new proposals the redistribution of wealth for this purpose will not be too noteworthy. In so far as present rates are concerned, the portion of our national expenditures that goes to family allowances is about one quarter of the percentage that was allocated for the same purpose back when they were first introduced.

Hon. Mr. Langlois: They were first introduced on July 1, 1945.

Hon. Mr. Benidickson: That is right, and the studies and recommendations were made in 1944.

Now, somebody remarked that the prime minister of that day was not regarded as incautious when it came to expenditures of public funds, but what was considered desirable in the redistribution of wealth at that time—in giving those persons who were regarded as being most in need, those with families—what was subtantial from the point of view of gross national product or gross federal expenditure, would be only a fraction, about one quarter, of what it was last year in relation to both of those indices, gross national product and federal government expenditure.

I hope that when the $20 figure is reached there will be a little more noticeable progress in the redistribution of wealth, because certainly we have not over 25 years seen very much change. The amount of income, the high percentage, that is retained by those in the upper income brackets has remained pretty static, while at the same time the amount in the lowest income brackets has similarly remained at about the same percentage as it was 20 years ago. Hopefully, when new figures are presented to us they will show that the increase in family allowances in January 1974 is a little more helpful with respect to

redistribution, and that there is more equity in distributing the wealth of this country.

Certainly, this bill does not go very far in that regard, although it is a good bill. The Opposition everywhere has indicated its approval, notwithstanding the fact that the next day it might berate the government for increased expenditures, the curtailing of which it says would be one of the best means of reducing inflation. I quite admit that there are many places where expenditures are made that, in my opinion, are undesirable and unnecessary, and I say it is the role of the Standing Senate Committee on National Finance to pursue those. I think the Standing Senate Committee on National Finance, not engaged in vote-seeking, has a great role to play—and it does play the role well—in suggesting whether expenditures are necessary or desirable. But these possible savings, which are known to all of us, are infinitesimal compared to some of the expenditures we feel obliged to make or feel it is desirable to make, and which we approve almost unanimously, as we are likely to do again here today. Nevertheless, we will hear this constant berating of an administration for increased total overall cost every year.

Hon. Leopold Langlois: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Langlois speaks now his speech will have the effect of closing the debate on second reading.

Hon. Mr. Langlois: Honourable senators, we are all grateful to our esteemed colleague, Senator Macdonald, for his timely remarks on this bill. I am sure his remarks will receive every consideration possible. We are also grateful for his willingness to co-operate in the consideration of this important measure today.

Senator Macdonald referred to a point which I thought I had covered fully yesterday apropos the inclusion in the present legislation of an increase to $20 monthly as provided in Bill C-211, instead of the present proposed total monthly average of $12.

Hon. Mr. Macdonald: May I interject for a moment? If I said that, it was certainly not what I meant to say, because I realize that we cannot amend this bill to raise the amount to $20.

Hon. Mr. Langlois: I grant you that, Senator Macdonald, but as I explained yesterday the reason why we are not proceeding now with the amount suggested in the legislation originally placed before Parliament, and introduced on July 1 last, to wit, a monthly average of $20, is that in this proposed reform of the family allowance system the government is giving the provinces latitude to apply their own variations to best suit the needs of those for whom they are responsible. This, as I explained yesterday, necessitates some discussions and negotiations as between the provincial and federal governments. A time schedule has been set for those negotiations to take place, and the limit is some time in the middle of next month. It was considered that this time could not be further curtailed, if we wanted to give time to the federal Department of National Health and Welfare to adjust its own administrative mechanism to whatever variations the provinces decided to apply. That is the reason why we could not proceed with this reform at this time.

[Hon. Mr. Benidickson.]

As I also explained yesterday, what we need now are measures capable of immediate application, because we are faced with a situation which must be remedied immediately; that is, the necessity of remedying the ill effects of the inflation which is continuously eroding the purchasing power of the Canadian consumer, and more particularly of low-income Canadians.

● (1520)

This is the reason why we are not now proceeding with this originally anticipated reform of the family allowance program, and the government has decided to introduce a measure which will come into effect at the end of the present month to remedy the situation created by this galloping inflation.

At this point I think I should point out what the total expenditure will be simply as a result of implementation of the legislation now before us. The total expenditure under the family allowance program for the present calendar year is $640 million. With this new program, based on a period of three months—that is October, November and December—the total will increase from $640 million to $745 million, an increase of $105 million. This does not mean that the increase will be limited to this amount, because there is no time limit in the present bill. It is anticipated that the new reform bill, Bill C-211, will be in effect in January 1974, but this, of course, depends on the will of Parliament. If the reform bill should not be passed by January 1974, the present increase will carry on for whatever additional period is necessary to bring that legislation into law, and each month after January 1974 will mean an addition of approximately $35 million per month. This is quite a substantial injection into the economy of the country, and it goes, as I have already explained, directly and immediately to these lower income groups who are the most affected by inflation.

I think this consideration alone makes it urgent to pass this legislation in order to bring an immediate remedy, even if it is only an interim step—and I agree with my honourable friend when he says that this is only an interim measure. It will be remembered that when introducing the bill I added that it was hoped the government would direct its endeavours to establish income security by combatting directly the rate of inflation, in trying to keep it at the lowest possible level.

For these reasons, I am very grateful, as I know all honourable senators are, to my honourable friend for his co-operation, and again I thank him for his timely remarks.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois: With leave, now.

The Hon. the Speaker: With leave of the Senate and notwithstanding Rule 45(1)(b), it is moved by Honourable Senator Langlois, seconded by Honourable Senator Martin, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. W. M. Benidickson: Honourable senators, I apologize for rising to speak twice on this subject, but having regard to the mood of the chamber, as I interpreted it, and since there seemed to be unanimity of approval regarding the bill, I discarded my notes. My memory not being as good as it should be, I left out what I consider to be my most important point, and that is a proposal that might in some way alleviate the increased cost involved in the enacting of this legislation, other proposals for food subsidies and other measures to help those in greatest need in present circumstances. I was going to refer to the desirability of study and early action, if recommendations can be obtained for it. I think that perhaps there should be a Senate investigation of the matter.

In my view, the time has come to consider the situation of selected industries which we think have been getting windfall profits of great substance, where it might seem there has been actual gouging of the consumer, and where advantage has been taken of exceptional circumstances. I would propose that the Finance Department should study rapidly the implications and desirability of having in selected cases an excess profits tax. We had such a tax before to prevent profiteering, and to tax windfall profits. I think it is not out of the way at this time that such a suggestion should be made.

I read in the Canadian section of last week's issue of *Time* magazine about a report from Professor John Crispo, Dean of the Faculty of Management Studies at the University of Toronto, in which he urged, as I have done, the need for escalation of welfare programs. The article, quoting Professor Crispo, says:

> —the Government should mount a "vigilant pressure point program" against those who are "rocking the boat." His list of boat-rockers covers a broad social range: unions imposing inflationary work conditions, professional groups charging exorbitant fees, Government departments that are overstaffed and spend too much.

In his report, Professor Crispo said:

> After a cross section of offending groups have the skeletons in their closets exposed and dealt with, others would think twice about continuing measures that would invite similar treatments.

The article concluded:

> If nothing else, that would publicly separate those taking advantage of inflation from some of those victimized by it.

I think if such a tribunal were set up it could determine who is taking advantage of the situation and what industries are getting exorbitant windfall profits. I say this, honourable senators, because if unpalatable action is not taken—and this action would be unpalatable to many, including myself—then the whole country will suffer. The disappointment of the present legislation is that we are not ready to be tough enough.

Motion agreed to and bill read third time and passed.

• (1530)

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

14 September 1973

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, September 14, at 4.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau
Brigadier General
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

CROP INSURANCE ACT

BILL TO AMEND—SECOND READING

On the Order for Monday, September 17, 1973:

Second reading of Bill C-129, intituled: "An Act to amend the Crop Insurance Act".—(*Honourable Senator Martin, P.C.*).

Hon. Mr. Langlois: Honourable senators, with leave of the Senate I move that Bill C-129, an Act to amend the Crop Insurance Act, set down on the Orders of the Day for second reading on Monday next, September 17, 1973, be brought forward and placed on the Orders of the Day for this date.

The Hon. the Speaker: Is it agreed, honourable senators, that this order be brought forward?

Hon. Mr. Benidickson: Honourable senators, the proposal that this bill be placed on the Orders of the Day for Monday next was made by the Leader of the Opposition, who is not present. Can another honourable senator speak for him?

Hon. Mr. Choquette: Yes, I was about to do so. It was my understanding that at this stage of the proceedings the Leader of the Government would explain the situation as to why this request is made, when the Senate will adjourn

and when it will be recalled, if necessary. I would like to hear that explanation.

Hon. Mr. Martin: I had assumed we would deal with that on the motion for adjournment, but I have no objection to doing it now. I discussed the matter with the Leader of the Opposition and other persons concerned with such questions this morning. It was agreed that this bill be considered today. I indicated that as there is no other legislation now before us, it would later be moved that we adjourn until October 30 subject, of course, to recall. It was understood that we would return in an emergency, or to deal with legislation passed by the other place.

In the event of recall, as I have always endeavoured to do, I would consult with the Leader of the Opposition with a view to reaching agreement as to the course to follow. That has always been the situation as far as I understood it. However, so that there may be no ambiguity, I restate it now.

Hon. Mr. Choquette: I am sure we do not wish to engage in a debate similar to that which took place yesterday. However, in order that there be no misunderstanding, and because I was not the person who agreed on the telephone or elsewhere with the Leader of the Government as to the steps to be taken, I took no chances and obtained from my leader a statement to the effect that an agreement had been reached between him and the Leader of the Government. I wish to read that statement and have it included in the record. The statement of the Leader of the Opposition reads as follows:

> Honourable senators, the Government Leader has proposed we adjourn to October 30.

So far, that is correct. The statement continues:

> That is acceptable to us. He has also given us a commitment, which is that he will not recall the Senate before having consulted the Leader of the Opposition.

That, again, is correct.

> Now, let me be specific about what that means. The Government Leader has given us his assurance that he will not recall the Senate until the bill for which he might be recalling us has been passed in the House of Commons and has actually reached the Senate.

In other words, we do not wish to be recalled if the leader merely anticipates that the bill will have reached this chamber. This is his understanding. If it is incorrect, we will get into another hassle. The statement continues:

> Further, he has agreed that he will not recall us for anything but legislation of an urgent character—legislation that cannot wait until October 30.
>
> He has also agreed to discuss the question of urgency with the Leader of the Opposition and not to proceed unless there is a meeting of the minds as to whether or not the legislation really is of an urgent character.
>
> We are pleased with the very reasonable attitude the Government Leader is displaying—today.

Hon. Mr. Martin: I do not wish to become involved in an argument. However, legislation passed in the other place cannot be considered as having reached us until the Senate is in session. It cannot be said that we have a bill until we have first reading. First reading cannot take place unless the Senate is in session. The arrangement was as I believe I have stated it, that we would return in an emergency or when legislation in the House of Commons is passed.

If the Government considered that the Senate should meet, then I would consult with the Leader of the Opposition and we would endeavour to reach an agreement as to the course to be followed. I explained to him that I have certain responsibilities as a member of the Government which I must discharge but I also desire to discharge them, to the fullest extent possible, in the spirit of arrangements made with him. I do not believe there is any misunderstanding, and my statement of the problem is the situation which constitutionally governs and represents our discussion.

Hon. Mr. Choquette: I think that is as good as I am going to get.

The Hon. the Speaker: Is it agreed that this order be brought forward?

Hon. Senators: Agreed.

The Hon. the Speaker: It is so ordered.

Hon. Margaret Norrie moved the second reading of Bill C-129, to amend the Crop Insurance Act.

She said: Honourable senators, in the Speech from the Throne reference was made to the government's intention to amend the Crop Insurance Act so that the farmers' cost of this protection could be reduced. Bill C-129 provides that where a province agrees to increase its financial contribution to the program by paying all of the administrative costs, instead of being reimbursed 50 per cent of these costs by the federal government, the federal government will increase its contribution to premiums from 25 per cent to 50 per cent. In this way both levels of government will share the increased assistance to farmers designed to reduce farmers' contributions from 75 per cent to 50 per cent of the premiums necessary to cover indemnities.

● (1540)

This amendment has the endorsement of the respective governments and of the ministers of agriculture of all provinces that now have agreements with the federal government under the Crop Insurance Act. In fact, five provincial governments, those being British Columbia, Alberta, Saskatchewan, Manitoba and Prince Edward Island, had their crop insurance agencies sell crop insurance to farmers in 1973 using a rate structure based on the increased government contribution set out in this bill. It is understood that until this bill is passed these provincial governments will advance 50 per cent of the premium to the respective crop insurance funds and pay all administration costs.

The Crop Insurance Act was passed in 1959, and has been amended three times to make improvements designed to improve the program and to increase its usefulness to the farmers of Canada. Crop insurance was first sold to farmers in Manitoba in 1960, and the program was expanded to include Saskatchewan in 1961, Prince Edward

Island in 1962, Alberta in 1965, Ontario in 1966, British Columbia in 1967, Quebec in 1968, and Nova Scotia in 1969.

Farmer participation has increased slowly. In 1972, 49,742 farmers purchased insurance worth $161 million for a total premium of $11,726,000. Total indemnities which will be paid on last year's insured crops will exceed $13 million, the largest crop losses occurring in Alberta, Ontario and Quebec.

The number of farmers protected by crop insurance in 1972 was 49,742, but this represents less than 20 per cent of the number of farmers eligible to purchase this protection. There are several reasons why many farmers have not used this program. Bill C-129 is one major step toward meeting farmers' objections, particularly the objection that the level of the guarantee is too low and the premium too high.

There is a large increase in the number of farmers who have bought insurance for the 1973 crop year. At the moment, even though all the figures are not in, it appears that there will be a 50 per cent increase in the number of farmers—from 49,742 farmers in 1972 to approximately 74,600 this year. A large part of the increase has taken place in Western Canada, particularly in the province of Saskatchewan. Due to changes in the program, particularly the effort put forth by the staff of the Saskatchewan Crop Insurance Board, over 24,000 farmers will be insured in 1973 as compared with 12,000 in 1972.

Variation in crop yields is one of the major risks of farming. This variation can be caused by any one of a number of unavoidable actions of nature, and often a combination of some.

The cost of any insurance program that might be designed to compensate a farmer for any crop damage would be prohibitive. Therefore, crop insurance is designed to guarantee a level of production on a farmer's total crop up to 80 per cent of his previous average yield, so that when a crop is seriously reduced the farmer is assured of a return which will generally cover his investment in the crop.

While many farmers would prefer a higher guarantee, the premium cost is often prohibitive when added to all the costs that a farmer faces each spring of the year. The most common level of coverage is 60 to 70 per cent of average yield, and the average premium for this coverage has exceeded 7 per cent.

In the 12 years that crop insurance has been sold in Canada $73,480,000 has been collected in premiums, of which the farmers have paid $52,179,000, and $69,328,000 has been paid to farmers whose crops were less than the guarantee. Thus, for each premium dollar paid by farmers in total, they have received $1.33.

Each year improvements are made in the terms and conditions of the crop insurance program to meet farmers' needs, but this bill will be a big step in permitting improvements in the size of the guarantee in relation to the cost to the farmer.

It is expected that the number of farmers who buy crop insurance in the next few years will nearly double. The basic idea of crop insurance—that a farmer decides to purchase protection before he sows a crop—is new to many farmers. Many farmers continue to self-insure or take a chance, or diversify to reduce risk of crop loss, or rely on government emergency grants.

Honourable senators, as all provinces step up their efforts to explain the advantages and the operation of crop insurance, particularly with the ever-increasing need for higher cash investment in every crop, one can see the majority of farmers using this program in the near future and benefiting from the stability of income that it provides.

Hon. Paul Yuzyk: Honourable senators, as has been so ably explained by Senator Norrie, this bill is designed to aid those farmers who, because of bad weather conditions, worm and insect infestation, or other causes over which they have no control, suffer heavy losses.

Bill C-129 really provides for a cost-sharing arrangement between the federal and provincial governments on the one hand, and the farmers on the other. In general, by this legislation the federal government, under the federal-provincial agreement, will provide up to 50 per cent of the total premiums on the conditions that the provinces pay all of the administrative costs of the program. The farmer's share will be up to 50 per cent of the premium. This greater federal contribution reduces the cost of protection to the farmers and, therefore, should encourage them to take out crop insurance for their own protection.

Up to this time, I understand that only 46,000 farmers, who constitute about 20 per cent of the farming population, have taken advantage of crop insurance. That is a very poor response. We know that many suffered severe losses last year, and even this year, and have received little or no aid because they were not covered by crop insurance. This legislation will bring the cost of protection down considerably, thus aiding those farmers who, through no fault of their own, find themselves in distress.

The increased federal contribution in this cost-sharing arrangement will now make it possible for the administrators of the crop insurance program to improve their facilities in order to educate a larger proportion of farmers in understanding the program to the extent that it gains their confidence. Farmers should be made aware that it is to their advantage to make use of this program regularly.

There are many problems that could be discussed with regard to the weaknesses in this insurance program. For example, I understand that some farmers had great difficulty in collecting insurance benefits, and many received no benefits whatever because damage to their crops could not be evaluated by inspectors until two or three months following the damage, and sometimes not until winter had already set in. This probably helps to explain why many farmers lost confidence in crop insurance. I hope that the federal Department of Agriculture will intercede with the provincial authorities to improve the services of the crop insurance program in this and many other respects.

● (1550)

We are aware that the provinces are waiting for the passage of this bill, as they cannot prepare their programs for 1974 until the bill becomes law. Again the government has been slow in getting the bill through the other place, where it was introduced on March 29 last. We can now only consider this as legislation for an emergency situa-

tion. This week the present weak government suddenly realized it had a commitment to the provinces.

As far as it goes, we welcome this legislation and approve its speedy passage. It is a worthwhile measure in helping to stabilize the production and income of farmers. But there must be a broad agricultural policy, which will create the stability needed in agriculture. This government does not appear to have an overall agricultural policy that will satisfactorily meet the basic needs of farming and of agriculture at the present time.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mrs. Norrie: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Leopold Langlois: Honourable senators, I move, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today it do stand adjourned until Tuesday, October 30, 1973, at 8 o'clock in the evening.

This motion, of course, is made with the reserve of the earlier remarks by the Leader of the Government about the possibility of recalling the Senate between now and then.

Motion agreed to.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Crop Insurance Act.

An Act to amend the Family Allowances Act and the Youth Allowances Act.

An Act to amend the Old Age Security Act.

An Act to amend the statute law providing for the payment of supplementary retirement benefits to certain persons in receipt of pensions payable out of the Consolidated Revenue Fund.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

The Senate adjourned until Tuesday, October 30, 1973, at 8 p.m.

THE SENATE

Tuesday, October 30, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Raymond Joseph Perrault, Esquire

John Morrow Godfrey, Esquire

Maurice Riel, Esquire

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons, which were read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk and were seated:

Hon. Raymond Joseph Perrault, of Vancouver, British Columbia, introduced between Hon. Mr. Langlois and Hon. Mr. Laing, P.C.

Hon. John Morrow Godfrey, of Toronto, Ontario, introduced between Hon. Mr. Langlois and Hon. Mr. Stanbury.

Hon. Maurice Riel, of Ville Mont-Royal, Quebec, introduced between Hon. Mr. Langlois and Hon. Mr. Giguère.

The Hon. the Speaker informed the Senate that each of the honourable senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

[*Later:*]

Hon. Daniel A. Lang: Honourable senators, I know I am out of order but I would like, if I may, with your unanimous leave, to congratulate the Prime Minister of Canada. I am not doing this in a partisan way, but I wish to compliment the Prime Minister on the appointments he has made to this body, our new colleagues whom we have received tonight.

I know we pay tributes to those who leave us from time to time, and I think we might revive the welcoming of new appointees to this body, particularly when they are men like Senator Perrault, Senator Riel and Senator Godfrey, coming to strengthen our forces.

Hon. Mr. Choquette: Your weak forces.

Hon. Mr. Lang: There is a certain partisan tone that comes from the other side of this place on occasion.

I would like particularly to welcome these three men tonight, and I hope that they will very soon feel at home. Senators Perrault and Riel I know very well by reputation, and their reputation comes very high. Particularly, of course, I have for many years known our new Senator Godfrey. Although I recognize the significance of the flower he wears in his lapel, I must say that here we have a man whose political, professional and social wisdom far transcends political considerations.

I know that Senator Godfrey will bring to our deliberations a professional approach that will be a tremendous contribution to our function as legislative analysts.

Professionally Senator Godfrey brings a reputation for brilliance of mind, a learned and perceptive legal mind, from which we will benefit greatly. Above all, he has very deeply embedded in him a dedication to serve, whether it be in the social, political or professional field, far above and beyond his own self-interest. That is a quality that I know we all welcome, entice and are grateful for in this chamber.

Honourable senators, I know I have your leave to make these few remarks. Tonight we are being strengthened by our new appointees. We will look to them for hard work and dedication, and I hope they will feel very much at home with us.

Hon. Senators: Hear, hear.

Hon. Mr. Langlois: Honourable senators, I am pleased to join with my colleague Senator Lang in expressing a most hearty welcome to our new colleagues this evening. I was waiting until we disposed of the Orders of the Day before doing so, but I am pleased to join with him at this stage in saying to our new colleagues that we expect from them a worthy contribution to our debates. They are indeed welcome among us.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-2, to amend the Criminal Code.

Bill read first time.

Hon. Mr. McIlraith moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-222 (PEEL SOUTH)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with

Bill C-222, respecting the Electoral Boundaries Readjustment Act.

Bill read first time.

Hon. Mr. Grosart moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Report on operations under the Regional Development Incentives Act for the month of July 1973, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

Copies of Declaration issued following the Ministerial Meeting on the General Agreement on Tariffs and Trade (GATT), held at Tokyo, September 12-14, 1973.

Calendar of The Royal Society of Canada for the year 1973-74.

Report of operations under the Canada Water Act for the period ended March 31, 1973, pursuant to section 36 of the said act, chapter 5 (1st Supplement), R.S.C., 1970.

Copies of a statement by the Minister of Manpower and Immigration, dated September 17, 1973, respecting problems on immigration policy now under study.

Copies of a communiqué issued by the Minister of Energy, Mines and Resources following a meeting between representatives of the governments of Canada and the Province of Quebec respecting oil, held in Ottawa, September 14, 1973.

Revised Capital Budgets of the National Battlefields Commission for the fiscal years ending March 31, 1972 and 1973, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with copies of Orders in Council P.C. 1973-2179 and P.C. 1973-2180, dated July 19, 1973, approving same.

Capital Budget of the National Battlefields Commission for the fiscal year ending March 31, 1974, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1973-2181, dated July 19, 1973, approving same.

Capital Budgets of Eldorado Nuclear Limited and Eldorado Aviation Limited for the year ending December 31, 1973 (English text), pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with copies of Order in Council P.C. 1973-554, dated March 8, 1973, approving same.

Public Accounts of Canada, Volumes I, II and III, for the fiscal year ended March 31, 1973, pursuant to section 55(1) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume I, Abstract of Statements of Insurance Companies in Canada, for the year ended December 31, 1972, pursuant to section 8 of the Department of Insurance Act, chapter I-17, R.S.C., 1970.

[The Hon. the Speaker.]

Statement by the Secretary of State for External Affairs, dated October 15, 1973, on the government's policy on international bridges, with particular reference to the Ambassador Bridge between Windsor and Detroit.

Report on operations under the Regional Development Incentives Act for the month of August 1973, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

Report respecting operations under the Health Resources Fund Act for the fiscal year ended March 31, 1973, pursuant to section 13 of the said act, chapter H-4, R.S.C., 1970.

Report of the Law Reform Commission of Canada for the year ended May 31, 1973, pursuant to section 18 of the Law Reform Commission Act, chapter 23 (1st Supplement), R.S.C., 1970.

Copies of final Communiqué on the Commonwealth Finance Ministers' Meeting held at Dar es Salaam, Tanzania, September 19-20, 1973. (English text).

Copies of a Statement by the Minister of Finance respecting the Meeting of the Commonwealth Finance Ministers in Dar es Salaam, Tanzania, September 19-20, 1973, and the Annual Meetings of the International Bank for Reconstruction and Development and the International Monetary Fund in Nairobi, Kenya, September 24-28, 1973.

Copies of various Statements made at the Annual Meetings of the International Bank for Reconstruction and Development and the International Monetary Fund, held at Nairobi, Kenya, September 24-28, 1973, as follows:

(1) By the Minister of Finance, dated September 25, 1973.

(2) By the Chairman of the Executive Board and Managing Director of the International Monetary Fund, in presenting the Twenty-eighth Annual Report of the Executive Directors to the Board of Governors of the Fund, dated September 24, 1973.

(3) Report to the Board of Governors of the International Monetary Fund by the Chairman of the Committee on Reform of the International Monetary System and related Issues, dated September 24, 1973 (together with a First Outline of Reform).

(4) Concluding Remarks by the Managing Director of the International Monetary Fund at the Closing Session, dated September 28, 1973.

(5) Address to the Board of Governors by the President of the World Bank Group, dated September 24, 1973.

Statement concerning the immigration adjustment of status program made to the House of Commons on October 15, 1973, by the Minister of Manpower and Immigration.

Report on the effects of the Tariff, Sales and Excise Tax changes of February 19, 1973, on consumer prices, issued by the Department of Consumer and Corporate Affairs and dated September 26, 1973.

Auditor General's Report to the Minister of Manpower and Immigration on the examination of the

accounts and financial statements of the Unemployment Insurance Commission for the fiscal year ended March 31, 1973, pursuant to section 138 of the Unemployment Insurance Act, 1971, chapter 48, Statutes of Canada, 1970-71-72.

Report of operations under the Farm Improvement Loans Act for the year ended December 31, 1972, pursuant to section 13 of the said act, chapter F-3, R.S.C., 1970.

Report on the administration of the Small Businesses Loans Act for the year ended December 31, 1972, pursuant to section 11 of the said act, chapter S-10, R.S.C., 1970.

Report of the National Museums of Canada, including accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 22 of the National Museums Act, chapter N-12, R.S.C., 1970.

Copies of Trade Agreement between the Government of Canada and the Government of the People's Republic of China. Done at Peking, October 13, 1973. In force October 13, 1973.

Copies of background papers and statements relating to the Second National Tri-Level Conference on Urban Affairs, held in Edmonton, Alberta, October 22 and 23, 1973, as follows:

(1) Federal Position Papers prepared by the Department of Urban Affairs.

(2) Federal Data Book prepared by the Department of Urban Affairs.

(3) Statement on Public Finance prepared by the Department of Finance, together with Statement by the Minister of State for Urban Affairs.

(4) Opening remarks by the Minister of State for Urban Affairs respecting Housing and Land Use Strategy.

(5) Statements on the Management of Urban Growth.

(6) Statement on Transportation.

Copies of Order in Council P.C. 1973-3141, dated October 16, 1973, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.

Revised Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1974, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1973-3193, dated October 18, 1973, approving same.

Report on the administration of the Industrial Research and Development Incentives Act for the fiscal year ended March 31, 1973, pursuant to section 17 of the said act, chapter I-10, R.S.C., 1970.

Copies of Order in Council P.C. 1973-3143, dated October 16, 1973, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.

Copies of Protocol of the Third Session of the Canada/USSR Mixed Commission on Cooperation in the Industrial Application of Science and Technology, together with appendices. Done at Moscow, October 19, 1973.

● (2010)

NEWFOUNDLAND

DEDICATION OF BOOK OF REMEMBRANCE

Hon. Eric Cook: Honourable senators, with your permission I should like to make a request of the Senate.

On Sunday, October 21 last there was a ceremony of deep significance to all Newfoundlanders held in the Confederation Room. On that day the Newfoundland Book of Remembrance was dedicated and, in the words of the Honourable Daniel J. MacDonald, the Minister of Veterans Affairs, it will henceforth "rest proud and silent in the Memorial Chamber of the Peace Tower."

On the following day in the other place, on the motion of the Right Honourable Mr. Diefenbaker, who spoke in eloquent terms of the event, it was ordered that the speeches of the Minister of Veterans Affairs and the honourable member for Mercier be printed as an appendix to *Hansard* of the other place. In making the motion the Right Honourable gentleman expressed the view that the speeches of the Speaker of the Senate and of our colleague, Major, the Honourable Senator Carter, who played an outstanding part in bringing about the creation of the Newfoundland Book of Remembrance, would be made available to the proceedings of the Senate.

It seems to me, with your consent, that this should be done. However, in order that a reader of our *Hansard* should be aware of the full proceedings I would ask that the Senate order that all the addresses made on Sunday, October 21, including that of the Lieutenant-Governor of Newfoundland, be made available and be printed as an appendix to today's *Hansard*.

Hon. William J. Petten: Honourable senators, I should like to associate myself with the remarks made by my honourable colleague, Senator Cook. I was most impressed with the ceremony of dedication of the Newfoundland Book of Remembrance. It has, in my opinion, forged yet another link between Newfoundland and the rest of our great country of Canada. For the honourable Senator Carter and all those involved in compiling the book, it was an arduous task, but I know from speaking to him and others that for them it was a work of love. I extend my most sincere thanks to all concerned.

The Hon. the Speaker: Honourable senators, is it agreed that Senator Cook's request be complied with?

Hon. Senators: Agreed.

The Hon. the Speaker: It is so ordered.

(*For text of speeches see appendix A, pp. 1062-1066.*)

● (2020)

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community".—(*Honourable Senator Langlois*).

Hon. Paul Desruisseaux: Honourable senators—

The Hon. the Speaker: Has the Honourable Senator Desruisseaux leave to proceed in the place of the Honourable Senator Langlois?

Hon. Senators: Agreed.

Hon. Mr. Desruisseaux: Honourable senators, first, I should like to associate myself with the other senators who have congratulated the new senators who have come into our midst this evening.

[*Translation*]

Honourable senators, we have the opportunity once in a while to welcome prominent people in our midst. Such is the case for our three new senators. They come here not as to a place where they would have some interest but to see what is going on. However, the Senate, for me at least—and for many of us I believe—has become a real challenge. I congratulate them as well as the Prime Minister for his choice. Nevertheless, I sincerely regret to see the progressive weakening of the Opposition. I hope there will be opportunities some day for the Prime Minister to help the Opposition. Besides it is a popular tendency, and as I am from the province of Quebec, I am most proud tonight to take part in the Liberal party's victory in that province.

Some Hon. Senators: Hear, hear.

Hon. Mr. Desruisseaux: I will not deal with the situation, nor with the interpretations people want to put on it. All we can see at this moment is that we will have problems even if we do not want them. Having a big majority is already a very heavy responsibility as the government will also have to protect the weak. I am happy that the people's feelings on federalism and related matters were made clear once and for all in my province. I am also happy to see that 70 per cent of the Quebec population rallied to express themselves as to the future for the next few years. I also hope that the members of the new government will have the opportunity to deal, if need be, with the problems that may exist. However, I hope they will not have the same difficulties as in the past when dealing with them, considering how the people have shown their approval of federalism.

[*English*]

I have read with the utmost interest the report of the Standing Senate Committee on Foreign Affairs entitled "Canadian Relations with the European Community." Since its tabling here on July 12 by Senator Aird we have heard interesting *ad hoc* comments by Senator Grosart, Senator Rowe, Senator Buckwold and Senator Manning, who have given us the benefit of their experienced observations and constructive criticisms. They made a valuable contribution to the debate on this subject, and we are grateful to them.

As is pointed out in the report, Canada's exports to the European Common Market have not kept pace lately with the exports of competing nations. Despite the fact that the value of Canada's exports to this market has risen in the past 15 years from $422 million in 1958 to $1.1 billion in 1972, we are nevertheless registering a decline in our share of this lucrative export market, which is our second biggest. Moreover, we have also lost our surplus balance-of-trade position with the Community. In 1972, it amounted to $22 million.

However, no one can really claim that Canada has been idle in her attempts to improve her foreign trade relationships with the nations of the world in the last few decades. In fact, Canada has enjoyed a most important export growth, and now, after years of trade balance deficits, Canada is managing to reverse the trend and record comfortable export trade balances.

The external trade department, as of January 1, 1973, had 31 trade and tariff arrangements, or agreements, with the Commonwealth countries, and 90 with the non-Commonwealth countries. It also had important trade agreements and trade arrangements with the United States, our best trading partner, and with progressive Japan, the fastest growing export trading country in the world. Important new export trade agreements are presently in the making with the U.S.S.R. and with China, both excellent trade prospects which will be of significant consequence to all of us in the future.

When it comes to world trade, the European Community is by far the biggest force. It has a $150 billion market, including intra-community trade, and an approximately $80 billion market if intra-community trade is excluded. By way of comparison, the United States foreign trade market is a little less than $50 billion, and Canada's foreign trade market is about $15 billion.

We have to consider the deadline set for 1980 by the European Community for a great, dramatic, political and economic change for Europe and the rest of the world. As we know, what is involved here is nothing short of the creation of the structure and machinery for a new superstate, capable of taking its place as a fully confederated entity of states alongside the United States and the Union of Soviet Socialist Republics, where it will have a political will as the United States of Europe. European technocrats are working at it, so far with recognized success.

They are preparing new frameworks, new infrastructures, for (a) a common monetary policy, a single currency, and a new European Central Bank, with respect to which the central banks of the individual countries will take subsidiary positions and toss aside their own monetary policies; (b) an economic union, providing for the melding of all economic policies into one European whole—a far-reaching objective which, in the past, war could not achieve; (c) an elected European Community parliament to replace the present assembly of 198 appointed members—an idealistic dream which it is hard to realize because it will establish a new and growing European bureaucratic machine that will have power over the people of the nine member states, who would then lose their matching democratic power; (d) a European foreign policy to impress on others what Europeans are thinking and saying; and (e) a free, internal market to guarantee unobstructed and simple trade amongst its members.

His Excellency James C. Langley is the Canadian ambassador to the European Community. For the first two and a half years, our ambassador to Belgium performed this role. We have now five Canadian specialists working

there, and our ambassador states that our relations with the Community are excellent. As he pointed out, one of the functions of the mission is to represent our distinctive interests to the new European body, and the Community is aware of the many reasons for special intimacy between Canada and the United States. The Community is knowledgeable and understanding of our situation and our problems, and is realistic in its appreciation of our resulting relationships.

Our government's trade policies have long recognized that Canada's economy is vitally dependent on external trade. Our trade representatives and export trade experts have persistently underlined their importance in securing our prosperity, and along with it the development and extension of our social programs—so necessary for the well-being of Canadians, so necessary for the upgrading of our educational, medical and cultural standards, and so necessary if we are to lessen our regional disparities. The help, assistance and co-operation of those serving in the external trade field have not always met with easy success because there is intense competition from other industrialized nations. Nevertheless, some high objectives have been achieved for us.

● (2030)

[*Translation*]

When he appeared before the Senate committee, Mr. A. F. W. Plumptre, our Canadian high representative at the discussions on foreign trade with the Organization for Economic Cooperation and Development, said that a preferential agreement with the European Community would be discriminatory to the United States, Japan and other important foreign trade partners with whom Canada has done $15.2 billion worth of business in 1971, while Canadian exports with the Common Market only amounted to about $2.5 billion for the same year. Mr. Forest Rogers, financial advisor of the Bank of Nova Scotia, and Mr. Plumptre, both expert witnesses before the committee, remarked that the expected growth rate for the next decade was lower with the Common Market than with the United States and Japan. Moreover, they said that the United States bought 85 per cent of all Canadian exports of manufactured goods.

These experts took this opportunity to warn us of the danger of jeopardizing a high proportion of our exports if we granted to other nations preferential agreements that would be discriminatory.

Even though we will have to be very careful to avoid all kinds of discrimination against our current partners, whoever they be, I agree that we must make all useful and possible efforts to have closer trade relations with the European Community and other countries outside the GATT jurisdiction. Surely such closer ties would have the effect of developing our mutual business interests and complementing GATT without becoming some sort of substitute for it.

For his part Mr. Sharp informed us in committee that generally speaking the European Community had shown signs of willingness and readiness to listen to a typically Canadian proposal which would strengthen our bilateral relationships with western European Community countries and create an appropriate structure liable to bind together Canada and the European Community.

I note with satisfaction and reassurance that the arguments and recommendations contained in the report strongly support the concept of a non-discriminatory, economic, co-operative arrangement between Canada and European Community countries providing a broader base and favouring easier mutual co-operation on economic matters outside normal business arrangements.

● (2040)

[*English*]

The recent entry of the United Kingdom as a full-fledged member of the European Community will shortly affect their long-standing trade exchanges with us, and our existing mutual external trade agreements with them. This triggers new international trade problems for us which will now, more than ever before, attract us towards a possible broader trade rapprochement and a closer relationship with the Community to fill a coming economic gap in our export trade.

I should like to give my views on the Commonwealth, because I have always believed that the Commonwealth composed of 28 countries, representing 25 per cent of the world and a population of some 900 million, and offering a most lucrative trade potential, should be reactivated along more practical lines with goals that are as helpful to its members as the goals of the European Community are to its members. The relationships between the 28 members of the Commonwealth, even though very friendly and most acceptable politically, have been awkward and sluggish; somewhat more idealistic and symbolic, in my view, than practical. Its preferential tariff did not work as well as was expected. Somehow the Commonwealth relationship was not aimed, as it should have been in my view, at developing and expanding efficient economic trading projects for its members in order to make each highly progressive and fully secure. The evidence of this is there to see.

From 1963 to 1970 Canadian exports to Commonwealth and other countries to which we gave preferential tariffs increased from $1.4 billion to $2.2 billion, while our imports from the Commonwealth and those other countries went from $927 million in 1963 to $1.4 billion in 1973. In spite of the increased figures, it is perhaps Canada's worst accomplishment in the field of export trade with any group of countries during those years.

With the great and wonderful potential of the Commonwealth, the common purpose of action in many fields and the identical motivation for mutual advancement, benefits, and economic and social strength, how do we explain this? The Standing Senate Committee on Foreign Affairs could, I believe, render the members of the Commonwealth a real service by analyzing what has happened and suggesting what can now be done. I have come to believe that the Commonwealth should have a new, modern charter to make it more efficient economically for its members. In my opinion, there is no doubt that the Commonwealth could be built into a much greater economic force. I believe we should not just stand by and allow this great and important association of nations to gradually diminish its services to the members and operate at a fraction of its capacity and capability. Its members are all in need of better and broader mutual economic assistance to expand their export trade and to provide, whenever necessary, a

vigorous show of strength and unity of action in modern fields of endeavour for the achievement of far-reaching and progressive goals.

I believe that only a new revised charter for the Commonwealth would allow such initiatives, and the Community charter should in good part be the inspiration for a new Commonwealth economic relationship. Canada should take the lead in rebuilding, because it is one of the Commonwealth's most important members.

In the economic history of our industrialized world since Canadian Confederation there has existed a multilateral system of exchanges and payments. A stable monetary system with provision for continuous clearings of international transactions was the prime reason for the remarkable economic expansion that we have witnessed, and for the rapid increase in international exchanges. The Commonwealth did not give full consideration to such modern and essential economic tools, yet it was because of such instruments that economic interdependence rapidly increased everywhere in the world.

The remarkable results and benefits to Canada that will flow from the recent visit of the Prime Minister and his charming wife to our Oriental friends in China could be duplicated by similar visits to the countries of the European Community with great economic possibilities. This could bring about a positive follow-up to the Canadian policy paper of 1970 favouring closer ties between Canada and Europe.

It has been noted that financial and business groups have not moved in this area as much as they have in most other areas. Canadian business has no reason to be hesitant about undertaking new trade discussions and relationships with Europeans. As was pointed out, we have close cultural and linguistic ties with many European countries. Many of us have ancestral ties with member countries of the Community. We have competence and specialized know-how in a great many fields of manufacturing. Canadian products have become more competitive on European markets because of the revaluation of the European currencies, and because of our current productivity.

● (2050)

The devaluation of the American dollar, because the value of the Canadian dollar normally follows it closely, will be helping Canada just as much as the United States by making our products much more competitive internationally. Our business people are receiving the best assistance and the fullest co-operation from officers of the Department of Industry, Trade and Commerce. I believe that no other nation has done better, and no nation could plan better for the future of its export markets.

The Senate committee made a recommendation that may have startled quite a few. It suggested that to provide increased penetration of Western European markets consideration should be given to (a) the establishment of subsidiary firms within the Community borders; (b) the acquisition of participation in established European firms; (c) the concluding of joint-venture arrangements; and (d) the securing of licensing arrangements under which Canadian products would be manufactured in Europe in return for a licence fee and royalty.

[Hon. Mr. Desruisseaux.]

There is quite a challenge in this kind of bold approach, but it is based on a philosophy that presently remains questionable. If there is to be this approach I can foresee the necessity for reviewing some of our taxation laws to make it fully possible and sufficiently attractive to manufacturing and exporting firms. Foreign manufacturing under licence is done now, but its success has not been too marked. Its widespread use could make Canadians suspicious; they might, rightly or wrongly, fear the loss of Canadian jobs and taxes. The committee made the important observation that the conclusion of a preferential agreement or associate arrangement with the Community is obviously not in the best interests of Canada.

As the report says, in view of the fact that 20 per cent of Canada's gross national product stems from export trade with our present trading partners, compared with 9 per cent from export trade with the Community countries, and only 4 per cent from export trade with the United States, Canada's interest lies in world trade liberalization. It is assumed, therefore, that our present external trade policy is serving Canada well by advocating and pressing for further reductions in tariff barriers, in agricultural restrictions, and in non-tariff barriers.

I am sure that no honourable senator is under the impression that the negotiations within the Community among its members, fully pledged or otherwise, or in its dealings with non-members, have been easy. They are not, they never were, and I believe, quite honestly, they will never be. As in any association or community of people, squabbles and differences are common occurrences. These will prevail so long as the Community exists, regardless of its membership. Discussion in common forums is still the best way of settling problems and differences of opinion, and achieving solid and broad economic goals for mutual advancement.

The European Community is only partly a trading entity, and its goal in this area is to build economic, monetary and political unions on enlarged commercial exchanges, mostly by elimination of their mutual tariffs.

It is not a uniform association. There are basic differences between full members, newly admitted members, and associate members, which are the neutral countries of Europe—Sweden, Finland, Austria and Switzerland. The United Kingdom since January 1, 1973 has been a full member. As in the case of the other members, it did so to protect its markets within the enlarged European membership through elimination of tariffs and other trade barriers. It must be realized at the same time that this means the constructing of common barriers between the Community and the non-members—the other countries of the world.

It was noted in the statistics in the appendices to the report that within the European Community trade rose by 530 per cent between 1958 and 1970 as a result of the progressive diminution of external barriers. In the same period, trade with the outside world grew by 183 per cent.

It was to avoid a trade war that might develop from a chain reaction of protective measures on both sides of the Atlantic that the new round of trade liberalization resulted from the enlarged membership. It created the framework for more harmonious relations in Western Europe for the next few years. The negotiations that took place

recently between the United States and the European Community will provide a bilateral trade agreement without membership in the European Community, which should prove profitable to both the United States and the European Community. However, it will be largely at the expense of certain countries like Canada, and will result in loss of our export trade.

I was surprised to hear of this projected new trade pact so soon after the United States external trade policies were revised to establish tariff and other barriers against competing industrial nations. In the light of what is happening, it is in our urgent interest to follow suit, if possible; to negotiate with the European Community a similar trade agreement providing, first, a broader area of economic co-operation, and, secondly, offering, as the committee hopes, long-term prospects for trade in energy and resource materials that would include the processing of nuclear fuels and, in such potential non-tariff barriers as were mentioned, government procurement policies, countervailing duties, coastal shipping regulations, export subsidies and concessional financing.

● (2100)

In a foreign affairs report in *Business Week* of October 6, 1973, there was reference to the Community and the great number of multinational corporations that have made elaborate lobbying arrangements in Brussels, as well as making wide use of consultants and advisers in Brussels to keep tabs on the activities of the Common Market Commission and to make sure that the "Eurocrats" would hear well industry's side of pending issues. Many states have reinforced their foreign trade representation in the capital of the Community in order to make more accurate evaluations and assessments of Common Market activities, to keep in touch with developments of relevance to them, and to provide more efficient channels of communication.

I believe that such a policy would also be realistic for Canada. There is no better way to keep Canada as informed as it should be on the intelligent competitive approaches that can be made with the Community, and on how to sell efficiently Canadian trade goods to this important group of European countries. Consequently, I believe we should now provide greater expert assistance to our few valiant Canadian representatives in Brussels to ensure rapid and productive results.

[*Translation*]

The committee report did note the major role played by the emerging economic Community and Japan as major industrial powers.

Thus, the continuing difficulties met by developing countries and the increasing interdependence of economies to which Canada is not unrelated have placed the international trade problems under a totally new perspective. We should not forget that no industrialized nation will henceforth be able to avoid the growing need for periodic adjustments, whether it be at the monetary, industrial or foreign trade level.

Canada's current needs will certainly compel us to adjust our foreign trade policy and the committee report is rightly based on the conviction that Canada should immediately become more interested in the changes which have been taking place for the last few years in western Europe. We shall have to grow ever more aware of their eventual impact which will be quickly increasing.

This liberation effort between countries bound by trade agreements or treaties must be pursued in all tariff, quota and non-tariff fields. It must cover both the agricultural product trade and the industrial products or services area. Our isolation and nationalism in the field of international economy have become impossible for us. As an industrialized nation, we no longer have any choice. We belong to the industrialized community whose interdependence makes such rapprochements essential and vital—within our Confederation, between our provinces and, through our federation, with foreign nations.

I wish that in the case of the European Community countries we can achieve this objective without damaging our current partners, which we do not want to harm.

The work of the Standing Senate Committee on Foreign Affairs renders outstanding services to the Canadian people. The intelligent and complete study on the possible extension of our foreign trade with the European Community is an example, and we fully realize that closer ties with the European Community are even more possible following the study made of the objections, the problems as well as of benefits of closer relations. I think it was a fine piece of work, an intelligent study that will be useful and wide-ranging.

In conclusion, I commend our colleagues, the members of the Standing Senate Committee on Foreign Affairs. As a Canadian, I express to them all my gratitude and, I am sure, that also of my colleagues who are here tonight.

[*English*]

Hon. Allister Grosart: Honourable senators, it is my intention in a moment to adjourn the debate on this subject, on which Senator Desruisseaux has spoken so eloquently. I would like to say at once, however, that as one who was involved, as other senators were, in the preparation of this report, one of the things that makes that kind of an effort worth while is when it provides an opportunity for the kind of thoughtful and useful response to our efforts that we have just had from Senator Desruisseaux.

Tonight, however, it may be particularly appropriate, in the unavoidable absence of the chairman of the committee, Senator Aird, for me to put on record the fact that tomorrow and the next day we, Ottawa and the Parliament of Canada, will be honoured by the visit of a large and very distinguished delegation from the Parliament of the European Community. I think this is of particular significance to the Senate because, in the words of Senator Aird in his official announcement, this visit by these very distinguished members of the European Parliament is "a direct outcome of the contact established with the European Parliament during the Senate committee's visit to Brussels to study the European Community in March of this year."

On our return from Brussels, after our deliberations Senator Aird got in touch with Mr. Georges Lachance, the chairman of the House of Commons Committee on External Affairs and National Defence, and, in consultation

with Her Honour the Speaker of this house and the Speaker of the House of Commons, extended an invitation to the European Parliament, the result of which will be the very important meetings in Ottawa tomorrow and the next day between these members of the European Parliament and parliamentarians, ministers and officials of the Canadian government.

It is also, I think, of particular interest to the Senate that one of the major recommendations in our report was that we hoped the European Community would in due course establish an information and liaison office in Ottawa as one step towards closing the very vast gap that we found between Canada and the European Community at many levels of communication.

I am therefore glad to say that tomorrow morning at 10 o'clock three very important officials of the Community will be meeting with the Standing Senate Committee on Foreign Affairs in Room 356-S to discuss informally and unofficially the recommendations of the Senate committee. I think honourable senators will agree that this is a notable and visible contribution of the Senate to a major Canadian problem of the present and the future. Honourable senators are, of course, invited to attend the meeting tomorrow morning and the meetings that will take place between the two committees and the European delegation on Wednesday morning and Wednesday afternoon.

On motion of Senator Grosart, debate adjourned.

QUEBEC

RESULTS OF PROVINCIAL ELECTION

Hon. L. P. Beaubien: Honourable senators, I am probably out of order, and perhaps this is unfortunate in view of the fact that three new senators have just been sworn in. I may be leading them down the garden path.

First of all, I welcome the new senators to this chamber and I am pleased to see them here.

Hon. Senators: Hear, hear.

Hon. Mr. Beaubien: I want to bring to the attention of honourable senators something that happened yesterday which I think is of extreme importance to all of Canada. But first I want to go back to two important earlier events. In 1939 Mr. Maurice Duplessis enjoyed a very large majority in the Quebec Legislature and he called a snap election. His platform was one of non-participation in the war and he was roundly defeated by Adélard Godbout, who was not the most flamboyant politician we have ever seen. Mr. Godbout had become the leader of what was then the discredited remnants of the Taschereau regime. When I say that I need only remind you that Alexandre Taschereau's brother had been sent to jail for embezzling provincial government funds.

The next event was the re-election in 1970 of Jean Drapeau as Mayor of Montreal. I don't think the electorate had been too pleased with Mr. Drapeau, but because he stood up for one Canada he received 92 per cent of the vote, which I think is an all-time record anywhere that free elections are held.

The third event I want to refer to is Mr. Bourassa's victory of yesterday. Mr. Bourassa completely wiped out, once and for all, all those little people who were going around saying that they were going to split Canada in two. The leader of that party was defeated, and every one of his lieutenants who was known was defeated personally. Mr. Bourassa got 102 seats out of 110, and I think it was a wonderful victory for us all. It was a wonderful victory for Canada, for us, and probably for our children, that the idea that somebody might come along and tear us apart has gone forever.

● (2110)

Honourable senators, I should like to add something that we should all remember. From now on we are perfectly safe as one country. As we have got every advantage under the sun, I think that was the only cloud on the horizon.

From a purely old Conservative point of view, of course, we get a little advantage too in the next federal election. Mr. Bourassa seems to have Quebec securely and solidly in the confederate fold, and therefore no leader of the Liberal Party can stand up and say that to keep Canada together he is indispensable.

Hon. Sidney L. Buckwold: Honourable senators, I wonder if some further comments following Senator Beaubien's remarks would be in order at this time, or perhaps later.

The Hon. the Speaker: It is in order if honourable senators do not object. Is it agreed?

Hon. Senators: Agreed.

Hon. Mr. Buckwold: I should like to take this opportunity, on behalf of the English-speaking senators from the part of Canada that has been watching this election in Quebec with a great deal of interest, to express my personal appreciation of the fact that Senator Beaubien has raised this issue in the Senate. I think, as he does, that it was a very important election, and one that meant a great deal to the future of Canada as a nation, as one nation. I am sure I speak for the English-speaking Canadians to our French-speaking colleagues in this great country in saying that we are proud of what happened in your province.

We agree to a very large extent with what Senator Beaubien has said. I would not agree that we can take Canada for granted. I am not quite sure whether that is what Senator Beaubien meant. I suggest that we still have to work very hard at keeping this one nation under one flag. Certainly it is a good indication that the rank and file, the ordinary common people—I refer to them as common in the very nicest way—of Quebec opted for Canada. They have shown this time and time again. I do not think any of us who speak English can rest easy that the concern that we have had, and that indeed the nation has had, is over forever. The problems we have should be faced, and there is a great challenge to English-speaking Canadians to participate in the whole development of a bilingual program. This is the kind of challenge that all of us as Canadians have to face, and we have to appreciate the problems of our French-speaking fellow Canadians.

I should like to make one further comment, again as a non-Quebecer, about the election. Once again it is an indication of the irresponsibility of many journalists. I am not speaking for the French press, but those of us who read the English press, or watched or listened to the communications media, the radio and TV, were led to

believe by a group of journalists, who in many cases I would suggest have their own personal feelings about the matter and are inclined towards separatism, that this movement was much more powerful and more dangerous, from the point of view of literally taking over control of the government, than was really the case. This is an indication that these journalists did not represent to the reading, listening or viewing public the true feeling of the average Quebec citizen. This is the impression I get as an English-speaking Canadian, and I would hope that Quebecers are also aware of this situation, because it indicates the power of an irresponsible press. Even more, it shows that in the end the people know best, and they will vote in the best interests of the country as a whole.

I congratulate Senator Beaubien for raising this matter. I congratulate the people of Quebec for choosing Canada, and I look forward to the continued growth and development of our nation, French- and English-speaking.

• (2120)

TRADE

CANADA'S DEVELOPMENT AS A MANUFACTURING NATION—DEBATE CONCLUDED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator van Roggen calling the attention of the Senate to the question of Canada's development as a manufacturing nation in the light of world trading patterns today.—(*Honourable Senator Lang*).

Hon. Daniel A. Lang: Honourable senators, in regard to this Order which has stood in my name, Senator van Roggen gave a very lucid and penetrating speech on some of the problems connected with the development of our manufacturing sector. His remarks were closely related to the report of the Special Senate Committee on Science Policy.

When I asked that the Order stand, I did not do so with the intention of speaking later, as I felt there was very little I could add to what Senator van Roggen had said. I felt, however, that some other senators might wish to speak to it.

The position has changed very radically within the relatively short period which has elapsed, and therefore I would ask that the order be removed from the Order Paper.

The Hon. the Speaker: Honourable senators, is it agreed that Order No. 7 be removed from the Order Paper?

Hon. Senators: Agreed.

EDUCATION

NUMBER OF CANADIAN GRADUATES FROM UNIVERSITIES—INQUIRY ANSWERED

Hon. Orville H. Phillips inquired of the government pursuant to notice:

1. How many Canadian students have graduated from university to date this year in each of the following faculties:

Arts,

Science,

Business and Commerce, and

Engineering?

2. How many of these students have found employment to date in their chosen fields?

Hon. Leopold Langlois: Answered.

1. The estimated number of degrees[1] awarded as of July 1973 by Canadian degree-granting institutions in the fields designated in the question are as follows:

	Undergraduate level	Graduate level[2]
Arts	25,000	3,100
Science	7,000	1,100
Commerce & Business Admin.	3,100	800
Engineering	4,000	700

(1) The estimates are a combination of figures obtained via telephone by Statistics Canada and the Department of Manpower and Immigration, and figures estimated by Statistics Canada for several institutions which could not yet provide the required data.

(2) At the graduate level, data collected by Statistics Canada shows degrees by field and discipline rather than by faculty as asked in the question. Therefore the data was re-categorized by Statistics Canada to provide estimated figures according to the requested breakdown.

NOTE: The figures shown above are estimates of the total number of faculty and level. The institutions could not provide a breakdown by "Canadian" and "non-Canadian." As a possible indication of the split, information provided by the institutions regarding their 1971-72 enrolment shows approximately 7% undergraduate, and 30% graduate "non-Canadian" students enrolled full time in Canada. However, it should be remembered that the percentage of "non-Canadians" may vary considerably from faculty to faculty.

2. There is no data available concerning the number of students who have found employment in their chosen field.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1055.*)

SPEECHES DELIVERED ON THE OCCASION OF THE DEDICATION OF THE NEWFOUNDLAND BOOK OF REMEMBRANCE IN THE CONFEDERATION ROOM, WEST BLOCK, PARLIAMENT BUILDINGS, OTTAWA, OCTOBER 21, 1973

THE HONOURABLE CHESLEY W. CARTER: Mr. Chairman, the Honourable E. J. Harnum, Lieutenant-Governor of Newfoundland, Madam Speaker of the Senate, Mr. Boulanger, representing the Speaker of the House of Commons, reverend sirs, Premier Moores, Mr. Minister, fellow parliamentarians, ladies and gentlemen. On behalf of the Newfoundland Book of Remembrance Committee, it gives me much pleasure to welcome you on this very solemn and historic occasion. Solemn because we are about to participate in the dedication of a Book of Remembrance in which is recorded the names of the men and women of Newfoundland who gave their lives in defence of freedom before Newfoundland became a province of Canada. Historic because for Canada as a nation it makes complete the Roll of Honour enshrined in the four Books of Remembrance resting in the Memorial Chapel in the Centre Block Tower of the Parliament Buildings. Historic also because for Newfoundland it marks the forging of another tie that will bind our province to the nation as a whole.

For our committee this ceremony marks the completion of a project which in the truest sense of the word has been a labour of love for all of us and to which we have given seven long years of persistent and painstaking endeavour. For many of us this is a dream come true. I first visited the Memorial Chapel in 1949, shortly after the opening of Parliament to which I had been elected as one of the seven Newfoundland representatives in the House of Commons, and when I saw the Book of Remembrance I thought: "What a pity it is that the names of Newfoundlanders who had given their lives in two world wars had no place in the national shrine."

The Second World War had then been over for nearly five years, and thirty years had passed since the end of the First World War so that the problems of collecting the names and essential information at that late date seemed insuperable. However, I did have some exploratory talks with the minister of that day and with some of his officials, and although they offered to give it consideration, because of the problems involved due to the passage of time, prospects did not appear very bright.

Then the Korean War started in 1950 and lasted until 1952. By this time I had learned enough to know that this was not a propitious period to pursue requests of this nature. By this time also, like all Members of Parliament, my constituency matters kept me constantly fighting deadlines and there was just no time for the pursuit of personal or individual interests. The same was true of the Minister of Veterans Affairs.

The dedication of the Korean Book of Remembrance on November 11, 1962, and the presentation of replicas to Premier Smallwood in 1963 brought the matter to the fore again. I also discovered that Major Syd Frost had been working independently on the same idea. Not only had he been pursuing the matter privately by correspondence, but he had done considerable research and had collected many names and much pertinent information. Provincial Command of the Royal Canadian Legion was also pressing the matter more vigorously, and as a result of this concerted effort, by 1966 sufficient spadework had been done to justify approaching the Minister (the Honourable Roger Teillet) formally by letter.

As a result, Premier Smallwood made a formal request to Prime Minister Pearson suggesting that a supplementary Book of Remembrance should be prepared. Mr. Pearson formally requested Mr. Teillet to look into this suggestion and he, in turn, made Major Gordon Way, Chief of D.V.A. Public Relations, responsible for exploring what had to be done and what arrangements would have to be made for the preparation of the Book.

On the provincial side, early in 1967 Mr. Smallwood requested Colonel Sir Leonard Outerbridge, the Honourable Myles Murray, Q.C., Colonel Jos O'Driscoll and Major James Fagan to constitute a steering committee with the Provincial Archivist, Allan Fraser, as Chairman and J. G. Channing, Deputy Minister of Provincial Affairs, as member *ex officio*. The committee had powers to add to their numbers and in June, 1967, Major Frost, Major Way and I were invited to serve on the committee. A few months later, Victor Snow, District Director of D.V.A. for Newfoundland, also became a member.

The committee proceeded almost immediately to engage Mrs. Rosalie McDonald as research worker and to place advertisements in all veterans' publications in Canada, Great Britain and the U.S.A., as well as in the local press and radio. Next, the committee contacted the heads of all religious denominations in Newfoundland, requesting them to ask their clergy to supply the committee with a list of all the names appearing on plaques and other memorials in their churches. Schools were also contacted and students in senior grades were asked to undertake as a school project the compilation of lists of fatal casualties from their respective communities.

The response was so tremendous and generated so much correspondence that a full-time corresponding secretary became necessary and Mr. Michael Murphy, a full-time member of the Newfoundland Archives staff, was seconded to the committee, free of cost, for this post.

The names accumulated through advertisements and research were advertised in the Newfoundland press and over Newfoundland radio and TV stations for verification. The cost of all advertising was borne by the Newfoundland Government.

By the end of 1967 sufficient progress had been made to engage the services of an artist-designer. Mr. Alan Beddoe who had been associated with the other Books of Remembrance was not available on a full-time basis, but the committee was fortunate to secure the services of Mrs. Yvonne Diceman and her assistant, Mrs. Sandra Armstrong, both professional artist-designers who were also specialists in calligraphy and illumination. Mr. Beddoe agreed to act as consultant.

Having acquired the artist-designers, the committee then got down to the details of size and format—the overall size of the book, the size and style of lettering, the number of lines per page, colouring and matters of this nature. The artist-designers on their part had to do a great deal of research. Much time and effort were involved in gathering up a lot of the old-time regimental badges (especially World War I) Needed for decoration purposes and also in getting the house flags of merchant ships that had been refitted as naval vessels. Since they were working on vellum (skin), their work was extremely exacting because of the Ottawa climate which can be either very humid or very dry. However, they have done a magnificent job as you will shortly be able to see for yourselves.

Next to be considered were the dedicatory pages and the binding. From the very beginning Mr. Way had acted as liaison between the committee and Mr. Sydney Cockerell of the firm of Douglas Cockerell and Son, Cambridge, England. Mr. Cockerell had already given us much valuable advice as to choice of vellum and type of binding, and since this firm had bound the Books of Remembrance for the South African and Korean Wars, the quality of their work was known and it was decided to have them bind the Newfoundland book also.

The late Dr. A. C. Hunter and Dr. George Story of Memorial University were approached and submitted verses and literary extracts which were approved by the committee—Dr. Hunter's for the dedicatory and introductory pages and Dr. Story's as inscriptions for the special openings of which there were eight: three for World War I (Beaumont-Hamel; Gallipoli; and The Battle of the Seas); three for World War II (The Battle of the Air; the campaigns in North Africa and Italy; and the campaign in Northwest Europe). Of the remainder, one page is dedicated to those who died unknown and unrecorded and the other is for addenda.

Contracts having been arranged with the technical experts and an estimate secured on the vellum and binding, the committee then provided D.V.A. with the information necessary for the submission of a specific proposal to Treasury Board. Treasury approval was given on December 21, 1967. The committee then turned its attention to the design of the altar on which the book will rest in the Memorial Chapel and also to the preparation of the replica which will be in colour and which on completion will be presented to the province.

Our committee was greatly saddened by the loss of our chairman, Allan Fraser, who passed away on November 16, 1969. It was a deep personal loss to all of us and a very severe blow to the committee, as no committee could have enjoyed a chairman of greater ability and understanding of all facets of the task that had to be done. We are happy that Mrs. Fraser is with us today to see the culmination of the work to which her husband gave himself with such outstanding devotion and dedication. Allan Fraser was replaced by Mr. H. W. Coombs, who had replaced Mr. Channing as Deputy Minister of Provincial Affairs.

The "dummy" had already been completed by June of 1969 and the committee for the first time had a visual presentation of what the finished book would be like. Unanimous approval was given to the introductory pages, the special openings and to the decorative material, all of which were explained by Mrs. Diceman and Major Way. Words could not express our admiration for the artistic excellence of its design. Work could now begin on the book itself and we all knew that the finished work would meet our highest expectations. From then on the committee concerned itself with the numerous details associated with a project of this nature.

It is impossible to compress the work of seven years into a time capsule of ten minutes, but I hope this rather sketchy outline will give you some idea of the history of the book and the work involved in its preparation.

Before closing, I should like to say a word about my colleagues on the committee. We were extremely fortunate to have Herb Coombs take over as our chairman. He has carried on in the tradition established by his predecessor, and in his official capacity as deputy minister he has been of tremendous help in connection with problems requiring government action.

Sir Leonard, with his great wisdom and experience, his broad knowledge of things military, his vast knowledge of so many other things including art, design, heraldry and the history of the Newfoundland Regiment, was a tower of strength at all times. When a little something extra was needed, he always knew how to put the right word in the right place.

Jos O'Driscoll, a veteran of both wars, Jim Fagan and Judge Murray, veterans of World War II, each brought to the committee his great personal knowledge of many of the men whose names are enshrined in the book, as well as of the campaigns and activities in which they were engaged. Victor Snow acted as Secretary to the committee, and we are indebted to him not only for the detailed accounts of our meetings, but also for the access he provided to the records of his department which greatly facilitated the committee's work. I know of no words that will adequately describe the amount of work done by Sydney Frost. He started the research on his own before any committee existed and he continued it right to the end, seeking information from numerous sources in all parts of the Commonwealth and the U.S.A.

In spite of all this, I don't know how the committee could have managed without the contribution of Major Way. He was our liaison with the authorities both in Ottawa and in Britain. His experience with previous Books of Remembrance and his knowledge and understanding of the technical problems involved were invaluable.

The Newfoundland Book of Remembrance has been produced jointly by the Government of Canada and the Government of Newfoundland. I should like to take this opportunity to express to both governments our very deep

gratitude for the funds they made available for this purpose. Our very sincere thanks are due also both to the present Minister of Veterans Affairs and his officials and also to their predecessors for their encouragement and never-failing assistance in connection with this project.

We extend our thanks also to the Newfoundland press and media, especially to the *Evening Telegram,* the *Daily News,* the Newfoundland *Herald,* and to radio stations VOCM, CJON and CBN for the free advertising they gave us and to the smaller weekly publications for their greatly reduced rates.

The book about to be dedicated, like the others already in the Memorial Chapel, records for posterity the names of those who gave their lives that we may be free. It is up to us to see that they have not died in vain and that their memory continues to be hallowed in the land they loved.

THE HONOURABLE MURIEL MCQUEEN FERGUSSON (SPEAKER OF THE SENATE): Mr. Chairman, distinguished guests, ladies and gentlemen: I want to take advantage of this opportunity to welcome you to the Parliament Buildings of Canada, and to extend a special welcome to those who are here from far, far away. This is the seat of the Government of Canada, and these buildings are known throughout this broad land as the symbol of our democratic institutions; institutions which so many of you fought to defend, and for which many gave their lives.

My part in this ceremony is the introduction of the Honourable Frank Moores, Premier of the Province of Newfoundland and Labrador, for approximately two years. He is a native of Newfoundland and, because of his extensive business and other activities there, he knows it and its people very well. But he is no stranger to Ottawa, for he was a member of Parliament here for two years prior to returning to politics in his home province in 1970.

The Newfoundland Book of Remembrance, as we have just heard, was begun under another Newfoundland administration, but I have been told that Premier Moores has given it his support while he has been in office. Indeed, his presence here today, with six of his Cabinet ministers and a substantial representation of Newfoundland veterans and their wives is ample evidence of his support of this project, and of his interest in Newfoundland veterans. He may well be proud of them, and of their sacrifices and achievements.

Ladies and gentlemen, the Honourable Frank Moores, Premier of Newfoundland.

THE HONOURABLE FRANK D. MOORES (PREMIER OF NEWFOUNDLAND): Madam Speaker, Mr. Chairman, Your Honour, distinguished guests, ladies and gentlemen. First of all, it is a great honour as Premier of the Province of Newfoundland and Labrador to be here for this occasion today.

In 1968 the Government of Canada in conjunction with the Province of Newfoundland undertook to create a Book of Remembrance. Inscribed in this book are the names of all the veterans who lost their lives in World War I and World War II.

The major cost involved for the production of the book has been borne by the Government of Canada. Newfoundland had the responsibility for all the research, and the members of the committee contacted Governments as far away as Australia. Confirmation of the names that were received by the committee was carried out by the Department of Veterans Affairs with the assistance of the Commonwealth War Graves Commission.

This book includes the names of approximately 2,200 members of the Armed Forces who lost their lives during those two great conflicts.

I would like to give special mention to Mr. Sydney Frost who was the sparkplug behind this whole project. It was mainly through his efforts that the original committee was set up and funds were made available by the Government of Canada to the committee.

This book was created to place Newfoundland on an equal par with the rest of Canada where the names of Canadian servicemen have been inscribed in memorial books already installed in the Peace Tower.

I should like to extend the thanks of the Newfoundland people to the Government of Canada for underwriting the cost of this magnificent Book and also thank the government for the reproduction that will be eventually dedicated in Newfoundland sometime during 1974.

It is my understanding that the committee engaged the services of two artists to inscribe the names together with the badges of regiments, the crests of various ships on which Newfoundlanders served and appropriate insignia for the Air Force.

Ladies and gentlemen, Mr. Chairman, today is a very proud day for Newfoundland; proud in the remembrance of those who paid the supreme sacrifice. There are times today in our modern society when this almost becomes a cliché because the events happened so long ago. But the freedom we enjoy, the agony the families experienced at the time, the experiences of the veterans who are here today and the other hundreds of thousands of Canadians who served for a cause that we call freedom; is all worth while. On behalf of the people of Newfoundland I would like to thank those who served and pay a tribute to those who made the supreme sacrifice. I would also like to say to the veterans that today's generation is very appreciative of your contribution, and more importantly to say thank you for the generations yet unborn for the freedom which we as Canadians have an absolute obligation to uphold. Thank you.

[*Translation*]

MR. PROSPER BOULANGER, M.P.: Mr. Chairman, distinguished guests, ladies and gentlemen. It is with deep emotion and great joy that I have the honour this afternoon to represent the Honourable Lucien Lamoureux, Speaker of the House of Commons, and also the privilege of introducing the Honourable Daniel MacDonald, Minister of Veterans Affairs.

I think that there is no need to introduce Mr. MacDonald. Even if during the last years he has been before all a politician—first at the provincial level and now at the federal level—he has remained nevertheless strongly devoted to his first love, farming. And whenever his ministerial responsibilities allow him to do so, he likes to go back to the red soil of his farm in his province.

[*English*]

That he is a war veteran is obvious; and the scars he bears show that he knows, personally, what it means to be at the "sharp end" in battle. He is well aware too, also from personal experience, of the provisions of Canada's veterans charter and of the way in which its benefits have been, and are, administered.

[*Translation*]

The contribution of Canada and Newfoundland to two world wars was such that at memorial ceremonies it is difficult to find someone who has not lost a relative or a friend. This is all the truer in the case of men such as Mr. MacDonald who fought the enemy at close range. During the few months since his appointment as Minister of Veterans Affairs, Mr. MacDonald has proved that he has set his heart on the needs and aspirations of veterans and their families.

[*English*]

I am sure that, in unveiling this memorial to the war dead of Newfoundland, Mr. MacDonald will want to leave us a message that certainly takes a special significance, coming from a man with his past and experience.

Ladies and gentlemen, the Honourable Daniel MacDonald, Minister of Veterans Affairs.

THE HONOURABLE DANIEL J. MACDONALD (MINISTER OF VETERANS AFFAIRS): Mr. Chairman, reverend sirs, honoured guests, ladies and gentlemen. I am indeed privileged to be playing a small part on such a solemn and historic occasion. We are here to witness, and take part in, the unveiling and dedication of a book which commemorates the names of more than two thousand men and women who gave their lives bravely and willingly for the ideals of freedom which we all hold so dear.

These were a very special group of people and they came from a very special place. It is fitting that the Book bearing their names will rest, proud and silent, in the Memorial Chamber of the Peace Tower. Many of those whose names are listed here have no known graves but now their names are recorded forever in this book in the capital of our country.

It is also fitting that so many of their friends are here today. I would like to thank the Province of Newfoundland for arranging to bring so many of your brave sons and fair daughters to be witness to this memorable event.

The story behind the production of this book started over six years ago. A certain pressure group from one of the larger island provinces felt, and I must say with justification, that the names of their fallen heroes should be enshrined in the Memorial Chamber along with those other Canadians who had made the supreme sacrifice for their country.

One of the main driving forces in this group was a veteran of both world wars and a man who is held in great respect in his native Newfoundland. I refer to Major, the Honourable Senator C. W. Carter. I know—but I want to be sure that everyone knows—just how much Senator Carter contributed to the successful completion of the project. It is said that no man is indispensable, but Senator Carter came awfully close to proving that saying wrong.

A great many people contributed their talents and energies to producing this book and, unfortunately, it is impossible to name them all. There are, however, two whose dedication and industry must be identified. One of them, Major Sidney Frost, is with us today and I want to thank him officially for his part in initiating and bringing this project to a successful conclusion. The other one was Mr. Alan Fraser who regretfully did not live to see the fruition of his labours. I am happy to see Mrs. Fraser here today to witness the dedication of this superb piece of work to which her husband contributed so much.

Many others worked long and faithfully gathering the information which was required. I know that, when you see this book, you will appreciate that their reward is the knowledge of a job well done.

Canada has always deservedly had an international reputation for excellence in the ways in which she commemorates her war dead. Whether the memorials are in stone or vellum, they reflect the feelings we have for those who fell that we might live. They have a dignity and a glory worthy of those in whose memory they were created.

Just this summer, while on an inspection tour of our memorials and cemeteries in Europe, I had the privilege of visiting Newfoundland Park at Beaumont-Hamel. I know quite a few of you have made a pilgrimage to this hallowed piece of Newfoundland but I wanted to relay the feelings I experienced to all who are here today.

The impact of this impressive memorial was staggering. I came as a complete stranger but I was immediately filled with a compassion and awe for the courage of those who had passed this way on the first day of July in 1916. This monument is a worthy tribute to the fearless and intrepid men of Newfoundland who fell in World War I and who have no known graves.

In just the same way, I am confident that the Book of Remembrance which will be unveiled today will be a magnificent memorial to all whose names are inscribed in it. A special copy of this book is being prepared which will be presented to the Province of Newfoundland and which I understand will be located in a place of honour in St. John's where it will be readily available to the public. Copies of this book will also be sent to all the other provincial capitals so that ex-patriate Newfoundlanders living in those cities will be able to see them.

I would like to tell you about our procedure in Ottawa concerning the showing of the Books of Remembrance. The pages are turned daily, always at 11 a.m. which was the time of the cease-fire of World War I. The control system is such that anyone can request and be told the date on which the page containing the name of their loved ones will be open. In this way families of those recorded in these books can time their visit to Ottawa to coincide with the date on which the page in which they are interested will be on view.

I mentioned earlier that this book contains the names of more than 2,000 Newfoundlanders. The exact figure is 2,327. We realize, even though the search for names was painstaking, that there may have been some omissions. Provision has been made in this book to add the names of any who may have been overlooked.

So, what has been a labour of love, has now been finished. It started when the Honourable Roger Teillet was Minister of Veterans Affairs and it was conscientiously continued under his successors, the Honourable Jean-Eudes Dubé and Senator Arthur Laing. Now I have the privilege and honour of unveiling the Newfoundland Book of Remembrance. I do so with a deep feeling of both pride and sorrow.

(Minister reverently lifts flag from the Book, hands it to the Protective Service Deputy Chief who, with assistant, folds it and hands it back to the minister)

I will now ask the Honourable Joseph Harnum, Lieutenant-Governor of Newfoundland, to come forward, so that I may present this flag to him for safe-keeping in Newfoundland.

THE HONOURABLE E. J. HARNUM (LIEUTENANT-GOVERNOR OF NEWFOUNDLAND): Mr. Chairman, Mr. Premier, Honourable Speaker of the Senate, honourable ministers, reverend sirs, veterans, and guests. First of all, not only as Lieutenant-Governor of Newfoundland but more especially as Patron of the Royal Canadian Legion, I wish to thank you for inviting me on this most memorable occasion to an event which means so much to the people of Newfoundland. On their behalf I accept this flag with great humility and pride, and it shall be my pleasure to have this symbol of sacrifice and glory displayed in a prominent place in our native province within Government House where there are displayed the retired colours of the Royal Newfoundland Regiment, the present colours of the Royal Newfoundland Regiment, of the Canadian Legion, and of the Ladies' Auxiliary. Now this flag, which I have accepted, will make an historical addition to those already on display.

It is my pleasure once again to be with my friends of the Royal Canadian Legion and to take part in their ceremonies. I am fully aware that today brings to a happy conclusion months and years of planning and hard work, which is contained within the covers of this beautiful book that will stand forever as a memorial to those who gave their all so that we may have a better world in which to live, and I would like to suggest to the committee that they give thought to having a copy of this book displayed in Government House in Newfoundland, a place that has played a prominent and important part in the military and naval history of Newfoundland.

I also wish to take this opportunity to extend to Major Syd Frost my sincere, personal thanks, and those of our people, for without his efforts it is quite possible that this Remembrance Book would not be unveiled today. I extend my grateful thanks to the committees for their work and devotion, and I look forward shortly to the pleasure of thanking each one individually. God guard thee, Newfoundland.

THE SENATE

Wednesday, October 31, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Report of the Department of Public Works for the fiscal year ended March 31, 1973, pursuant to section 34 of the Public Works Act, chapter P-38, R.S.C., 1970.

PUBLIC WORKS

HIGH COST OF DECORATING FEDERAL GOVERNMENT BUILDINGS—QUESTION

Hon. Mr. Molson: Honourable senators, I should like to address a question to the Leader of the Government, and in his absence I shall address myself with equal pleasure to his deputy, the acting leader.

I should like to ask if, in harmony with the views expressed to the Prime Minister in a letter from the Canadian Manufacturers' Association on October 26, the government is contemplating participating in the struggle against inflation by reducing some of the astronomical expenses involved in decorating government buildings in recent times? I have in mind the expenditure of $81,500 for 2,250 potted palms for the National Defence Building, the $1 million spent in refurbishing the Confederation Building for the use of 88 members and five ministers, and the costs involved in connection with the absolutely oriental splendour of the External Affairs Department.

Hon. Mr. Forsey: Don't forget the scrap iron in front of the buildings.

Hon. Mr. Molson: I will add that to my question.

Hon. Mr. Langlois: Honourable senators, since this question deals with a matter of government policy, I assume that my honourable friend will allow me to take it as notice.

PARLIAMENTARY RESTAURANT

COST OF MEALS—AVAILABILITY TO SENATORS OF DINING FACILITIES IN CONFEDERATION BUILDING—QUESTIONS

Hon. Mr. Molson: Honourable senators, may I ask another question of the Honourable Acting Leader of the Government? When I came back last night I found in my office, as I am sure all my colleagues found in their offices, a very courteous letter from the Speaker of the House of Commons informing us of the price increases in the cost of meals in the Parliamentary Restaurant which, of course, come as a result of inflation. But in that letter there was a second paragraph stating that we might be interested to know at the same time that the members' dining room on the eighth floor of the Confederation Building was now open and that the lounge is now available for receptions. This letter is addressed to: "All Members of the House."

My question is whether this in fact includes members of this chamber, or is it addressed to members of the House of Commons only? Is the restaurant in the Confederation Building open to senators or is it for members of the House of Commons only?

Hon. Mr. Langlois: Honourable senators, the increase in the cost of meals in the Parliamentary Restaurant is not only due to inflation but to the constant request which has been made to the Joint Committee on the Restaurant of Parliament for an improvement in the quality of meals served. I understand that the increase results from a combination of those two factors.

As far as the letter that was sent by the Speaker of the other place is concerned, it is addressed to Members of Parliament, which includes members of this chamber.

Hon. Mr. Molson: It is addressed to "All Members of the House."

Hon. Mr. Langlois: We are Members of Parliament.

Hon. Mr. Argue: Correct the Speaker of the other place.

Hon. Mr. Molson: With respect, I am saying that a letter from the Speaker of the other place going to "All Members of the House" would not include members of this chamber.

Hon. Mr. Langlois: I am wondering whether it would be within the jurisdiction of the Speaker of the other place to address a letter of instruction or otherwise to members of this place. This is addressed to the members of his house, and through a courtesy on his part copies were sent to us. That is my understanding.

Hon. Mr. Molson: Thank you.

Hon. Mr. Carter: May I ask a supplementary question of the acting leader? Does this new dining room come under the surveillance of the Joint Committee on the Restaurant of Parliament?

Hon. Mr. Langlois: Yes, indeed.

Hon. Mr. McIlraith: It is a joint committee.

Hon. Mr. Langlois: It is a joint committee of both houses, yes.

● (1410)

DISTINGUISHED VISITORS IN GALLERY

PRESIDIUM AND EXECUTIVE OF WORLD CONGRESS OF FREE UKRAINIANS SECRETARIAT

Hon. Paul Yuzyk: Honourable senators, I would like to draw your attention to a distinguished group of visitors in the Senate Gallery. Today we are honoured with the

presence of the Presidium and Executive members of the Secretariat of the World Congress of Free Ukrainians, who are holding meetings of the Secretariat in Ottawa on the occasion of the Second World Congress which will be held in Toronto, November 1 to 4.

Hon. Senators: Hear, hear.

Hon. Mr. Yuzyk: The following are members of this delegation, which I would like to introduce:

> Mr. Antin Melnyk, President, Ukrainian World Congress, Germany; Metropolitan Maxime Hermaniuk, Head of Executive Committee, U.W.C., and Head of Ukrainian Catholic Church of Canada; Msgr. Vasyl Kushnir, Canadian Vice President, U.W.C.; Mr. Joseph Lesawyer, United States Vice President, U.W.C.; Professor Peter Kondra, President, Ukrainian Canadian Committee; Mr. Vasyl Kosiuk, Argentinian Vice President, U.W.C.; Dr. S. Fostun, General Secretary, U.W.C., England; Professor W. Janiw, Rector, Ukrainian Free University; Professor B. Hnatiuk, Presidium Member, U.S.A., U.W.C.; Mr. Mykola Ciurak, Presidium Member, U.W.C., Australia.

We warmly welcome them here in Parliament and wish them success in their deliberations in the interests of freedom and democracy, the realization of just human rights to their people, and the preservation and development of cultural values as their special contribution to the countries of which they are citizens.

Honourable senators are aware that the Ukrainian Canadian Group of Parliamentarians are hosting a reception and banquet in their honour in the Confederation Room this evening.

Hon. Gildas L. Molgat: Honourable senators, I wonder if I might have leave to add my words of welcome to the distinguished delegation that is before us. I may be somewhat more parochial than my fellow senator from Manitoba in pointing out that at least three of the gentlemen are distinguished citizens of Manitoba. I would further point out that the Ukrainian community has been a very important group in the province of Manitoba and in fact throughout Western Canada. Over the years I think we can say that Manitoba and Winnipeg, in particular, have been the centre of Ukrainian life in Canada. I am delighted to see that the Congress is having its meetings this week, and we are honoured by the presence of this distinguished group in the gallery. I am sure that all honourable senators wish them well in their deliberations.

BUSINESS OF THE SENATE

Hon. Mr. Molgat: Honourable senators, it had been our intention to proceed this afternoon with item No. 2 on the Orders of the Day, resuming the debate on Canadian relations with the European Community. Unfortunately, Senator Grosart, who was to address us on the subject, is tied up at this time with a delegation from the European Community. There was a meeting this morning of the Standing Senate Committee on Foreign Affairs and there are further deliberations this afternoon. Regrettably, Senator Grosart could not be here, which is the reason we could not proceed with that item.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 1, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE H. CARL GOLDENBERG

CHAIRMAN OF CONFERENCES—TRIBUTES

Hon. Mr. Langlois: Honourable senators, with your leave I should like to make a brief statement at this stage to underline two important functions which were performed during the last parliamentary recess by our distinguished colleague Senator Carl Goldenberg. On October 15 and 16 last, Senator Goldenberg acted as Chairman of the First Canadian Conference on Multiculturalism held in Ottawa, and on October 22 and 23 he acted as Chairman of a Tri-level Conference of Federal-Provincial-Municipal Governments of Canada. He carried out these functions at the request of the Prime Minister of Canada, and on both occasions our colleague not only distinguished himself but did great honour to this chamber. I am sure I am expressing the feelings of each and every one of us when I say to Senator Goldenberg that we are proud of him and grateful to him for these splendid performances.

Hon. Senators: Hear, hear.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

> Report of the Department of National Revenue containing Tables and Statements relative to Customs, Excise and Taxation for the fiscal year ended March 31, 1973, pursuant to section 5 of the Department of National Revenue Act, chapter N-15, R.S.C., 1970.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 6, 1973, at 8 o'clock in the evening.

Honourable senators, I should like to give a brief outline of what is in store for us next week. On Tuesday evening, as I have had the occasion to inform the honourable Leader of the Opposition, we will be discussing the joint resolution of both Houses of Parliament for the ratification of the government's action in sending Canadian troops to support the United Nations Emergency Force in the Middle East.

• (1410)

After that, we will carry on with the debate on the second reading of Bill C-2, to amend the Criminal Code, which is to start today.

Motion agreed to.

SENATE

NEWSPAPER EDITORIAL—QUESTION OF PRIVILEGE

Hon. Hartland de M. Molson: Honourable senators, before we go to the question period, I rise on a point of privilege. I would like to direct the attention of the Senate to an editorial item that appeared in the Montreal *Gazette* on October 10 of this year. I do this with some reluctance because the Montreal *Gazette* is the oldest newspaper in Canada. It has a long, very creditable history.

Hon. Mr. Flynn: Until a few years ago.

Hon. Mr. Molson: Over the history of Canada it has been a very responsible publication. As most honourable senators will be aware, it is now a member of that great organization, Southam Newspapers, a corporation which spreads from shore to shore of this country.

In that editorial on October 10 the newspaper is in effect criticizing the Senate. I would be the first to say that it has every right in the world to criticize the Senate and to express its views about the past, the present and the future of the Senate, if it so wishes. What I am complaining about is the language used in this article, which I consider to be intemperate when used by anyone; but coming from a source such as the *Gazette* I really believe it is quite unacceptable and definitely a breach of privilege.

I do not intend to read the editorial. I have given the reference. I would like to mention the terms to which I object and I am sure my colleagues will find those terms objectionable also. They are:

> The Senate of Canada stinks of patronage. It reeks of special interest. It is crammed with political fat cats.

I object particularly there to the words "stinks" and "reeks".

An Hon. Senator: How about the other one?

Hon. Mr. Molson: The rest I leave to my colleagues to consider. The editorial ends up with the words:

> It merely serves to consolidate an institution that is a farce and a scandal in the Canadian constitutional set-up.

We may be redundant, we may be old, we may be tired, we may be useless, but I very much object to this chamber, this part of Parliament, being alluded to as a farce and a scandal.

Hon. Mr. Langlois: Freedom of insults.

Hon. Mr. Molson: Freedom of insults, that is right.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. George McIlraith moved the second reading of Bill C-2, to amend the Criminal Code.

He said: Honourable senators, in moving second reading of this bill, I hope that I will be able to do so in a way which will bring the question to be decided before honourable senators in a direct and accurate way. The whole subject of capital punishment, which involves life and death itself, not only is the most basic subject with which we in Parliament have to deal but it is an issue which is not easily resolved within our own individual consciences. It often calls up our emotions in discussion. However, I hope that I can present this subject with the judgment and calm which will bring forward our best consideration without emotion but with the wisdom which the subject deserves and, indeed, requires. I will try to present the bill, and my own views on it, in a way that will not appeal to the emotions of honourable senators but rather bring forward their best possible consideration.

The bill itself, while it may be confusing in format, as so many amending bills are, is very similar to the bill on this subject that was brought forward in 1967 and enacted on a trial basis for the period 1967 to 1972. It provides that the only persons subject to the death penalty, upon conviction for murder, are those who cause or assist in causing the death of police officers or prison guards. However, in the present bill the terms "capital murder" and "non-capital murder" have been replaced by the terms "murder punishable by death" and "murder punishable by life imprisonment". These changes are only for the sake of clarity and precision of expression.

There is another interesting difference in the bill, namely, a provision relating to the circumstances in which a person sentenced to life imprisonment for murder may be granted parole. Later I will have something to say about that in a more particular way.

The bill was presented for first reading in the House of Commons on January 11 of this year, and the debate on second reading commenced on January 26. The bill, as amended by the Standing Committee on Justice and Legal Affairs of the other place, was finally passed by the House of Commons on October 24, 1973. It is that bill that is now before us.

Before I launch into a discussion on this legislation, I would point out that we are confronted with a difficulty that we find in so many amending bills that come to us from the other house. There have been three printings of this bill. There is the bill as presented to the House of Commons for first reading, which is important because it contains explanatory notes dealing with the exact terminology of certain sections of the Criminal Code, which we are seeking to amend; then there is the bill as reprinted after amendment by the House of Commons Standing Committee on Justice and Legal Affairs. Although that printing does not contain the explanatory notes which are so helpful, it does contain, in clear marking, the parts that were added and certain changes that were made in the language by the standing committee.

Regrettably, we are confronted with what is officially before us, and that is the bill as passed by the House of Commons, which contains neither the markings indicating the amendments made by the standing committee of the House of Commons nor the explanatory notes. I regret that this should be the case, but under our rules that is the way it is supposed to be, and that is the way the bill is before us now.

Hon. Mr. Flynn: It is a question of practice rather than a question of rules.

Hon. Mr. McIlraith: That is, perhaps, another subject which we might discuss in some other circumstances than those in which we find ourselves at the moment. I merely mention the matter for the purpose of seeking to have clearly before anyone who may be interested in reading the debate subsequently an accurate record of the proceedings. This bill, if passed, will be in effect for a five-year term only, which means that we shall have another bill on this subject before us within five years. At that time this debate, no doubt, will have a certain importance, particularly so far as the manner of the recording and presentation of the contents of the bill are concerned. That, quite simply, is the point I was trying to make.

The principle of the bill is, of course, fairly simple and is essentially to be found in two clauses. The first of these is clause 2 which deals with section 214 of the Criminal Code. The part of that section which is amended deals with the very important and vital subject—indeed it is the principle of the whole thing—of reducing the category of persons convicted of murder who would be subject to the death penalty from the fairly wide range now contained in the law to that of murderers of police officers and prison officers. This is in line with what was done by the act passed in 1967, and which remained in force until December 29, 1972. Since that is the case, it may well be asked why there was not a bill introduced to simply extend the date of the expiry of the changes made in 1967. The simple answer to that, honourable senators, lies in the fact—at least I presume this to be the case—that in the autumn of 1972 Parliament had been dissolved and so the expiry date went by, and this in turn brought about the automatic reintroduction of the sections of the Criminal Code which had been amended.

Hon. Mr. Flynn: It brought back the old law in principle only.

Hon. Mr. McIlraith: For that reason there was no way in which the legislation could be brought forward in that simple form. Then, of course, there is the other question of principle involved in the bill, and this is dealt with in clause 7 concerning certain circumstances in which parole can be granted to persons convicted of murder, whether sentenced to life imprisonment, or to the death penalty which was subsequently commuted to life imprisonment. I shall deal with that in more detail later.

• (1420)

In the light of these remarks I should like to take a moment to deal with clause 2, which brings squarely before us the principle with which we are here concerned today. The clauses other than those I have mentioned deal mainly with consequential changes in language and other such matters, and for our purposes on second reading I do not believe I need to refer to them as such.

The condition of the law on this point raised by clause 2 of the bill, and which has been in operation since December 29, 1972, is to be found in section 214 of the Criminal Code. I ask the indulgence of honourable senators to place on the record the whole of the section so that it will be

understood precisely. I was rather shocked to note that the precise point at issue in the debate in the other place is not clearly apparent from the record. I believe, therefore, it would be useful and helpful to all concerned if I were to place section 214 of the Criminal Code on the record now.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. McIlraith: The section that has been in force since December 29, 1972, and that was in force prior to 1967, provides as follows:

> 214.(1) Murder is capital murder or non-capital murder.
>
> (2) Murder is capital murder, in respect of any person, where
>
> (a) it is planned and deliberate on the part of such person,
>
> (b) it is within section 213 and such person
>
> (i) by his own act caused or assisted in causing the bodily harm from which the death ensued,
>
> (ii) by his own act administered or assisted in administering the stupefying or over-powering thing from which the death ensued,
>
> (iii) by his own act stopped or assisted in the stopping of the breath from which the death ensued,
>
> (iv) himself used or had upon his person the weapon as a consequence of which the death ensued, or
>
> (v) counselled or procured another person to do any act mentioned in subparagraph (i), (ii) or (iii) or to use any weapon mentioned in subparagraph (iv), or
>
> (c) such person by his own act caused or assisted in causing the death of
>
> (i) a police officer, police constable, constable, sheriff, deputy sheriff, sheriff's officer or other person employed for the preservation and maintenance of the public peace, acting in the course of his duties, or
>
> (ii) a warden, deputy warden, instructor, keeper, gaoler, guard or other officer or permanent employee of a prison, acting in the course of his duties,
>
> or counselled or procured another person to do any act causing or assisting in causing the death.
>
> (3) All murder other than capital murder is non-capital murder.

Section 214(1) provides that murder is capital murder or non-capital murder. That was the law from 1962 until 1967, and has been the law since December 29, 1972. That section during the period 1967-1972 read as follows:

> 214. (1) Murder is capital murder or non-capital murder.
>
> (2) Murder is capital murder, in respect of any person, where such person by his own act caused or assisted in causing the death of
>
> (a) a police officer, police constable, constable, sheriff, deputy sheriff, sheriff's officer or other person employed for the preservation and maintenance of the public peace, acting in the course of his duties, or
>
> (b) a warden, deputy warden, instructor, keeper, gaoler, guard or other officer or permanent employee of a prison, acting in the course of his duties,
>
> or counselled or procured another person to do any act causing or assisting in causing the death.
>
> (3) All murder other than capital murder is non-capital murder.

Hon. Mr. Flynn: You almost had a lapse when you said that was the law that was in operation, because it was not operative at all. I think I can say that because you said it yourself.

Hon. Mr. McIlraith: Section 214(2), which is the really operative part of the legislation with which we are concerned, and which involves the whole question in principle, defines under several subheadings the circumstances in which murder shall be capital murder. Included, of course, are murder of a police officer and murder of a prison official, in addition to several other categories of direct murder. We must be careful when referring to the law to distinguish between the provisions of the law that exist today and the law which existed in the five-year period between 1967 and 1972. The law on this point as in effect today and as it was between 1962 and 1967 is not the same. In 1967 the point which was rather simply involved was the reduction of those categories of murder for which capital punishment sentence could be inflicted as the punishment.

Section 214(3) of the Criminal Code merely states that all murder other than capital murder is non-capital murder. That is a curious way of putting it. That was the law from 1962. It continued without change until 1967, and it applies today.

The bill before us, as well as reducing the number of cases in which the death sentence may be imposed, provides for the substitution of the words "punishable by death" and "punishable by life imprisonment" for capital murder and non-capital murder.

Clauses 3 and 7, with which we are also directly concerned, relate to the circumstances under which parole may be granted. There is a difference between the law as it exists today and as it existed from 1962 to 1967, as I shall endeavour to explain. The amendment which arose from passage of the 1967 amending bill, which appears in section 684(3) of the Criminal Code, and which was in operation until 1972, reads as follows:

> Notwithstanding any other law or authority, a person in respect of whom a sentence of death has been commuted to imprisonment for life or a term of imprisonment or a person upon whom a sentence of imprisonment for life has been imposed as a minimum punishment, shall not be released during his life or such term, as the case may be, without the prior approval of the Governor in Council.

For the five years preceding 1967 and since 1972 the law stated that the prior approval of the Governor in Council,

before a person convicted and serving a capital sentence could be granted parole, was required only in those cases in which the instrument of commutation so directed. Since December 29, 1972 we have made it much easier for a person convicted of capital murder to be granted parole than was the case during the five-year period to which I referred.

The bill as submitted for first reading sought to introduce an amendment on that point. It provided that:

> —a person in respect of whom a sentence of death has been commuted to imprisonment for life or a term of imprisonment for life or a term of imprisonment or a person upon whom a sentence of imprisonment for life has been imposed as a minimum punishment, shall not be released during his life or such term, as the case may be, without the prior approval of the Governor in Council.

● (1430)

The committee of the other place made a considerable amendment in this regard, and that amendment is in the bill now before us. Clauses 3 and 7 of the bill, which deal with this point, have been amended with the result that there is no power in the parole authorities to grant parole for those convicted of murder within a 10-year period. It clears up another point as to temporary absences under section 26 of the Penitentiary Act, and it also provides that there must be the concurrence of the Governor in Council when such paroles are being considered.

Hon. Mr. Flynn: Does that change anything?

Hon. Mr. McIlraith: Yes, substantially. Those clauses can perhaps be dealt with in a more detailed way when we get to the committee stage. However, I did feel that should be indicated here so that we may proceed to the discussion of the bill with an accurate indication of the matters with which we are dealing.

Dealing with the subject matter of the bill itself, it will be understood from what I have said that basically this is an attempt to return to the state of the law as it was between 1967 and 1972, and by instituting a further 5-year trial period.

Hon. Mr. Flynn: That is the principle of the bill, according to you?

Hon. Mr. McIlraith: Yes, that is right. That is what I was seeking to establish.

When we get into the whole subject which that indirectly raises as to the application of capital punishment we are, of course, into one of the most basically difficult issues with which parliamentarians can be confronted. I shall try to keep what I have to say on this point within bounds that will fairly meet the requirement of that kind of consideration by this body.

The question most often asked of those who are dealing with this subject is: Why, if you are going so far in abolishing capital punishment for murder, do you retain capital punishment for those persons convicted of murdering prison guards or officials and police officers? That, to me, is a valid and very important question, and I feel it is at the very root and key of the issue. This subject was topical for a considerable period of time in the middle sixties, and it has been topical for a considerable period of time in 1972 and 1973. It has been widely debated in the other place, and commented upon and dealt with by the media. It has been the subject of much consideration by many people quite outside of Parliament and ordinarily not directly involved in the parliamentary processes or the reporting of the same.

Having read all of the discussions of this subject, I feel the short and simple answer, as far as I am personally concerned, is that the statistics respecting the number of murders in different countries since Confederation are remarkably unhelpful in any conclusion one way or the other on this subject. I want to amplify that because it is quite a sweeping statement. I make it only after considerable work and study into this subject, first of all, in the 1966-67 period, and again in the period during which I was Solicitor General when I had occasion to be dealing with cases of commutation.

Having used statistics a great many times with great care and attention in studying trade matters, and things of that nature, I reluctantly found a complete absence of value in many of the statistics on the subject of murder in helping one to arrive at a fair conclusion as to the necessity or otherwise of retention or partial retention. I could give several illustrations. With respect to statistics relating to the murder of prison guards in this country from 1867 to date, it is specious to apply those statistics to the present day for the simple reason that anyone who has examined our penal institutions throughout the country, and noted the progress that has been made in the containment of convicted criminals during that period, has to realize that in the early years in nearly all cases the opportunities for convicted criminals to murder a prison guard were virtually non-existent because the convicted criminals were contained in what we would now, in terms of today's society, quite properly call absolutely shocking conditions. At that time inmates were fed through bars in the doors of their cells, and so forth, and there was no way by which the murder of a prison guard could have been achieved. Today the prisons are constructed in a different way altogether. The inmates can move freely about recreation areas and other free movement areas within the prison, and they are fed in a much more civilized way.

Hon. Mr. Flynn: Even those who are sentenced to death?

Hon. Mr. McIlraith: Yes. I am talking about all prisoners, including those convicted of murder.

Inherent in that progress, that civilized progress, which I think all of us welcome, there is opportunity for a prisoner who is under life sentence, whether by way of commutation or original sentence, to murder a prison guard. The physical opportunity for contact is there to an incredibly larger degree than was the case in the earlier years. You cannot group statistics over a 100-year period without analyzing them to see how meaningless they become. I make that point only by way of trying to indicate that we should not use blanket statistics in trying to substantiate an argument one way or another.

● (1440)

I come next to some other reasons why I put a severe limitation on the use of statistics in determining the point at issue. I would refer honourable senators to a publication entitled: "Capital Punishment. New Material, 1965-72,"

which was commissioned by the former Solicitor General. At the back it has a number of tables to which I wish to make reference, not because of the figures contained in them, the statistical results, but because they illustrate another point rather clearly.

On page 149 one finds table 25, "Leading circumstances of capital murders in Canada from 1867 to 1971." They are set out in several categories with, of course, the numbers. My point today has no reference to the numbers involved.

Those categories include such offences as those involving inmates and staff of welfare institutions, attacks on police officers, attacks resulting from family altercations, attacks resulting from domestic (residence) altercations, attacks resulting from altercations between people who are working together, attacks in or around places of public entertainment, and so on. Then follows the category of robbery, and I presume from the nature of those offences set out that robbery includes armed robbery. There are many categories and I do not need to read them all. One sees that there appear to be categories of murder that arise out of the performance of criminal acts, and indeed attacks on institution officials by someone after conviction as a criminal. The table includes the category of family altercations, domestic quarrels in the family, and in that category the number is very large. I for one cannot believe that the retention of the death penalty has any preventive value in respect to the family quarrel situation, or some other murders of that type of category.

I now come to those cases in which I think it can be argued that there is every reason to retain the death penalty as a preventive measure. On the same page, table 26 deals with "Relationship of victim to offender at the time of the offence of capital murder in Canada, from 1867 to 1971." It lists the relationship of the victim—wife, husband, mother, father, son, daughter, brother, sister, other relative, sweetheart and so on; it also includes the policeman and the prison officer.

On the next page, table 27 gives an analysis of the "Motives or causes of capital murders in Canada from 1867 to 1971." Those statistics are based on research in an attempt to extract the motives from the evidence and reports of the cases. It will be seen that they are very wide-ranging, covering the motive of robbery—which is very large—obstacles to marriage, escaping arrest, brawls, quarrels, jealousy, and all that sort of thing. There is also the motive of gain in removing an obstacle to marriage, which is a statistical way of putting the simple prospect of wiping out one's spouse in order to achieve another. It includes also murders committed with the motive of escaping arrest, escaping custody, or escaping discovery, and so on. It is a wide-ranging field.

Those three tables are a good illustration of the wide range of circumstances involved in the crime of murder. With most other offences the range of circumstances is very narrow. For instance, in armed robbery somebody is trying to get some benefit, some economic or financial gain of money or an article, as the case may be, and it is very simple and precise. With murder, however, one becomes involved with such things as family quarrels, the fights of spouses, and fights because of jealousy. The murders are committed by persons who were never guilty of another criminal activity in their lives, and, except for the actual act of murder, those persons were not committing any other offence in the course of committing the larger crime of murder. The murders are committed by persons who have never committed an offence before, and are not likely ever to commit one again.

When we come to some of the other categories we find ourselves dealing with the class of person who, in so many cases, has developed a career of criminal activity. An examination of the case histories of persons in our penitentiaries under conviction of murder shows in a dramatic way that they are the hard core of those who are really full-time, or part-time, criminals, with long records of criminal activity, and who by reason of that activity are in close contact, or have the opportunity for contact on many occasions, with police officers, since they are criminals, and with prison guards in the institutions. They have also an altogether different type of approach to life.

In the first group of categories of murderers of whom I spoke, there are very often persons who, notwithstanding the act they have committed—they may have had an aberration with terrible consequences—accept in their concept of their own lives and of society around them a respect for human life. It is true that that is not the full problem, but basically they accept it. Nevertheless we have in society a very small number, which no one could define with precision, of persons who have rejected that concept of respect for human life and who have chosen a way of life which, at best, carelessly disregards the rights of others to their lives, their property and their general freedom. Policemen and prison guards, by the very nature of their work, are constantly in contact with this latter group.

● (1450)

Hon. Mr. Flynn: That is a very interesting argument. I wonder if the honourable senator would tell us how many murderers of police officers and prison guards were executed in the last ten years?

Hon. Mr. McIlraith: I will come to that point.

Hon. Mr. Choquette: You can come to it now. There were none.

Hon. Mr. McIlraith: Let me come to it in my own way. I have had some contact with this subject in a practical working way. I have come to the conviction that, in the present state of society, in fulfilling our duty to protect the lives of innocent people, it is not possible to abolish the death sentence for the murder of prison officials or police officers.

That is not a very precise definition and other categories of persons could be included, but in drawing a distinction one has to draw the line somewhere. However, it is clearly established by experience that with respect to these two groups of persons we have every reason to believe that the retention of capital punishment is a deterrent to their murder. One may ask me to produce some statistics to prove that; one may ask me why those who want to retain capital punishment do not prove their case, or why those who want it abolished altogether do not prove the opposite. As I said earlier, the statistical approach does not seem to me to give us the help we need.

Hon. Mr. Flynn: The point I raised was not whether it is a deterrent, but that if it is not used how can it be a deterrent. This is the point.

Hon. Mr. McIlraith: I want to deal with that point. I have expressed my opinion and I may be asked how I arrived at it, if I do not have statistics to prove it. I will explain the process, which may or may not be considered valid in the opinion of honourable senators. At least it is my opinion and is based on my having worked on this subject.

Honourable senators, I should like to take one example to illustrate my point, one for which statistics are not available, for the simple reason that the evidence on this point is not usually germane in the trial. Evidence as to whether the existence of capital punishment acted as a deterrent and prevented that criminal from committing another murder, the murder of a police officer, is simply not available. I can explain why. Although I will take one case, I do not wish it to be taken as the basis for my conclusion but rather as one which will enable me to illustrate my point.

In a recent case, a criminal who had committed murder, and who was subsequently convicted for it, was found armed with a rifle two or three nights after the offence. He was hiding in a large building piled high with packages. He was arrested. I had occasion to know the circumstances and details of the arrest, but it is proper that I should not make reference to the case on the record. On his arrest the first thing he said to the constable, in not very parliamentary language, was, "Do you so-and-so realize that I had you in the sights of this rifle?" And obviously he easily could have, and there is every reason to believe he did have. He continued, "I would have shot you, you so-and-so, had it not been for the fact that I would hang for it."

Hon. Mr. Flynn: He was not aware of the practice of the present government.

Hon. Mr. McIlraith: Here is a man who had already committed one murder. I wanted to use that example.

In my own experience, the sum of it is the conclusion that the retention of capital punishment is a deterrent among the criminal class who are the ones with whom police and prison guards are in contact.

Honourable senators, when I was dealing a few minutes ago with the question of statistics and their use, the honourable Leader of the Opposition asked how many murders have been committed and how many murderers were under sentence of death. Undoubtedly he was referring to the fact that the sentence of death has not been carried out on anyone in Canada since 1962, and in all cases the sentence has been commuted to life imprisonment.

I am informed that there are three cases now before the federal authorities, awaiting the perfection of the case—that is, awaiting the time for final appeal to elapse or the obtaining of material necessary for consideration, or the like. There are others at varying stages in the lower courts, either at the trial stage or the appeal stage.

Hon. Mr. Flynn: How many capital murders were committed since the first of January this year?

[Hon. Mr. McIlraith.]

Hon. Mr. McIlraith: Information about them is not accurately available in the federal department at the moment.

Honourable senators, on the question of commutation, I want to raise two or three matters. When one really gets into a study of the statistics one finds that they are substantially impaired in all cases where there has been capital punishment, and then abolition. For about a decade before abolition came about the percentage of persons sentenced to death and on whom the sentence was carried out seems to become very small indeed. The statistics do not give a true reflection of the value or otherwise of capital punishment in that period. So the extent to which it is a deterrant is not clear, if you are going to use the statistical argument.

● (1500)

I think I should say something with regard to commutation itself. I know it is not proper to quote here the debates of the House of Commons, but I would hope that honourable senators will look with care at what was said on the point in the other place.

Commutation itself, in the last decade—I cannot speak as to any period before that but I have every reason to believe the same situation existed then, and I have no personal knowledge as to the last couple of years—was treated as being a matter of great seriousness. It demanded the utmost attention from the minister, and involved the gathering together of all material necessary for consideration by the minister. Originally this was done by the Minister of Justice, but more recently by the Solicitor General. Not only the evidence and judgments given at the trials—that is to say, the court records—but all other relevant material that might be considered to have any bearing or significance in the consideration of the case, together with reports of psychiatrists and others, is very carefully and fully considered. Whether psychiatrists' reports were included in earlier days or not, I do not know. There are those more cynical people who argue about what value they have, I am not one of those people, although I admit that psychiatry is a science that by its very nature cannot be absolute.

The point I wish to make is that it would be quite wrong for anyone in this house, as I feel it was wrong for some in the other house, to use the fact that the death sentence had not been carried out since 1962 as an argument against the process of commutation in appropriate cases.

Hon. Mr. Choquette: I am going to, in five minutes. I shall be one of those condemned by you. I am going to do exactly what you say should not be done.

Hon. Mr. McIlraith: It would be a mistake to try to destroy that process. I cannot for one moment contemplate a society in which the right of commutation of the death sentence is taken away. I think some careless remarks on that subject have been made, which, if they were widespread enough, might result in an attempt to have that done, and that, to my mind, would be a regressive step.

Hon. Mr. Flynn: Total abolition would be a solution to that problem.

Hon. Mr. McIlraith: There is another related question, of course, and I believe the two honourable gentlemen, the

Leader of the Opposition, and the honourable senator from—where is it?

Hon. Mr. Choquette: Ottawa East.

Hon. Mr. McIlraith: I believe they will agree with me, at least, on this point, that the royal prerogative of mercy was not interfered with in any way by the legislation of 1967, and it is not interfered with by this legislation. Indeed, it is expressly protected in the Criminal Code. I would hope that on that narrow point they would agree that it in no circumstance should be interfered with by us. It is another point of—

Hon. Mr. Flynn: You would if you promote total abolition. You would not have the problem of the royal prerogative.

Hon. Mr. McIlraith: In any event, I wanted to make that exception.

I recognize fully that there will be sharply differing points of view, and I am the first, I hope, to support the right of all persons to assert those points of view, and to develop them as they think appropriate. I recognize as well that there are those who want total abolition now, and I can only say that this bill now before us does not grant them that.

There are also those who recommend a return to what I may call wide retention, or total retention, and who are in an easier position, because if they defeat the bill we will continue the present law, which extends the categories of murder in respect to which the death sentence is applicable from those in respect to which it was applicable from 1967 to 1972. The bill itself, therefore, deals only with a part of the subject. It is, however, one that I hope, after full and adequate discussion here and in committee, we can resolve in a way that will bring credit to the Parliament of Canada and the people of Canada.

I thank you, honourable senators, for listening to me at such length but, frankly, I found the subject to be of such importance, and technically difficult with regard to presentation, that I thought it better to take a little more of your time than I otherwise would have wished. I hope I have presented the bill to you in such a way that it will commend itself to you.

Hon. Lionel Choquette: Honourable senators, may I first congratulate Senator McIlraith on his excellent explanation of this bill. He has, I am sure, done his absolute best to make a silk purse out of a sow's ear, and I admire him for it. It is a comparatively easy and uncomplicated bill. After all, we are being asked to renew a bill which was passed in 1967; we are asked to renew it for a further period of five years.

On another occasion a few months ago, when I spoke on a private bill introduced by my colleague to my left, Senator John M. Macdonald, I pointed out that the bill that would come before us—this bill before us today—was perpetuating a farce which had existed for five years. My remarks respecting it will be quite brief and to the point.

I intend to vote against the motion for the second reading of this bill, which is supposed to be a motion for its approval in principle. In my view, this bill is devoid of principle. It is, in reality, a non-bill. It is neither retentionist nor abolitionist. It is neither fish, flesh, nor good red-herring, as Cervantes would have said. At best it is a face-saving device, and at worst an affront to Parliament and a fraud on the Canadian people.

First, let us ask ourselves this question: Does it abolish capital punishment? The answer is no, it does not, not even for murder. Capital punishment is retained for treason, piracy and a parade of military offences set out in the National Defence Act.

• (1510)

I am a retentionist at heart, as I said on an earlier occasion, and would prefer to leave the law in regard to murder as it is now rather than restore, as this bill would, the law as it was immediately prior to December 30, 1972. In my opinion, most Canadians are retentionist, as I am sure a referendum would so reveal.

Let us suppose that little Justin, the Prime Minister's son, was being escorted by an RCMP constable across Wellington Street. A murderer shooting this child would get life imprisonment while a murderer shooting the constable would, in theory, be executed. Of course, there would be no difference in the practical result; the sentence of death would be commuted.

And therein lies the farce, honourable senators. Capital punishment in this country has been abolished, at least *de facto*, since 1962. Let us not delude ourselves. We know that capital punishment has *de facto* been abolished. We all know, and I can safely predict, that there will never again be another execution of a murderer of any kind in this country. I should like to see something quite unequivocal in the Criminal Code saying: If you kill wilfully and with premeditation, you shall die. If people think it is inhumane to execute convicted murderers by hanging, then some other means of execution will have to be found, such as giving them a hypo when they are asleep. But people should know that if they kill premeditatedly and wilfully, then they will die. I should like to see that in the Criminal Code.

Honourable senators, there cannot be this kind of compromise or sham in respect of cold-blooded murder. A law that is not enforced is not a law at all. It brings our entire judicial system into contempt and ridicule. I would have much greater respect for a bill which eliminated capital punishment entirely. Indeed, I indicated my support of a bill to that effect introduced by my colleague, Senator Macdonald, and later withdrawn by him, before the recent adjournment.

Laws should be clear. They should command respect and they should be enforced. Law depends ultimately on sanction, and if sanction is to be removed—and that is what we have been doing for the last five years—by whatever device, then the law should be changed. This bill, coupled with the practice of commutation, makes a mockery of the law. I feel sure that it will pass the Senate, and I am not impugning the motives of any senator who may be voting in accordance with his conscience. Indeed, I am not urging any senator to vote against the bill. I just cannot bring myself to support it. But, honourable senators, if it is to pass, then, for heaven's sake, let its passing be mercifully quick. We deserve a merciful release from this long and fruitless debate which has consumed much valuable time in the other place—I hope that will not be the case here—and led nowhere. It has accomplished nothing—and this is

my last comment—except perhaps to buy time in which the government could work out satisfactory arrangements with the New Democratic Party.

Hon. Hazen Argue: Honourable senators, I wish to make the main part of my speech next Tuesday evening, but before moving the adjournment of the debate I should like to make one or two observations at this time. Certainly this bill is, in fact, neither fish nor fowl. However, those of us who are abolitionists are pleased that we have before us a bill that goes as far as this one does. Those of us who are realists have looked over the history of this measure when it was on the statute books, and we share the opinion expressed by Senator Choquette that we have seen the last of hanging in this country; even if this measure should pass, as I presume it will, and leave the possibility, at least, of death by hanging following certain types of conviction, that in fact there will be commutation and that no hanging will take place.

I do not know the mood of the Senate. While I do not think it will happen I should like to think there might be the possibility of the Senate's amending this bill, even if such an amendment should constitute a difference in position from that of the House of Commons and, indeed, from that of the government. In this regard, honourable senators, I was disturbed by a statement I read in the press attributed to the Solicitor General, to the effect that the Senate should not introduce any amendments to this legislation—that it would, in fact, be a mistake. That, in my view, is a matter for this house to decide, and I would like to see the Senate amend this measure so that we, as a nation and as a Parliament, can take a completely honest position, namely, that if hanging is not going to take place, then it should be crystal clear in the legislation that hanging has, in fact, been abolished.

Of course, honourable senators, if the Senate were to amend this bill to provide for total abolition, I do not know whether the Speaker of the other place would consider it in order for the other place even to discuss such an amended bill. I say that because it seems to me that the Speaker of the other place takes the attitude that anything coming from the Senate is not likely to be good or acceptable, and his first reaction is to rule it out of order. At least that is what he has been doing in the past.

Hon. Mr. Goldenberg: Will the honourable senator permit a question? Is he trying to suggest that a bill to abolish capital punishment might be considered a money bill?

Hon. Mr. Flynn: Perhaps in one way it could be. It certainly costs a lot of money to maintain these people.

Hon. Mr. Argue: I hope not. I understand he ruled out an amendment in the other place to provide total abolition on the basis that the amendment in fact was contrary to the principle of the bill. If that is the case, then I am wondering whether an amendment in somewhat similar terms coming from the Senate would commend itself to the Speaker any more favourably than the amendment proposed in the other place.

An Hon. Senator: Let us try it.

Hon. Mr. Argue: I agree. Let us try it. Let us challenge them.

[Hon. Mr. Choquette.]

Of one thing I am sure, honourable senators, and that is that the Senate will deal with this bill in a thorough manner. There will be vigorous debate; there will be differences of opinion. I am pleased at this time to move the adjournment of the debate.

On motion of Senator Argue, debate adjourned.

• (1520)

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-222 (PEEL SOUTH)—SECOND READING

Hon. Allister Grosart moved the second reading of Bill C-222, respecting the Electoral Boundaries Readjustment Act.

He said: Honourable senators, it is an honour to move the second reading of this bill, which comes to us from the other place having been passed there without controversy and, I believe, unanimously. It is a bill to amend paragraph 54 of that part of the Schedule to the Proclamation declaring the draft representation order under the Electoral Boundaries Readjustment Act. It is the usual change of name of constituency bill, several of which have come before us in the past. It refers to the constituency now known as Peel South in the historic County of Peel in Ontario, west of Toronto. The effect of the bill would be to change the name of the electoral district from Peel South to Mississauga.

Hon. Mr. Flynn: To what?

Hon. Mr. Grosart: Mississauga.

Hon. Mr. Flynn: How do you spell it?

Hon. Mr. Grosart: M-i-s-s-i-s-s-a-u-g-a. It is the name of the well-known and famous Indian tribe who inhabited that part of Ontario many years ago.

The bill was introduced by the present member for Peel South in the other place, who tells me that this is in response to the request of many of the citizens of that important area. Mississauga has grown up on the outskirts of Toronto and will be incorporated as a new Canadian city, I believe, on January 1. It has a population of some 200,000 persons. I know of no objection that has been raised to this change of name, and I commend it to honourable senators for their consideration.

Hon. Paul C. Lafond: Honourable senators, I am of an open mind with respect to this particular bill. You will recall my objections to this process during the last few years, but since Her Honour the Speaker in her wisdom decided that I am the seconder of this bill I can hardly oppose it now. However, I find that there may be in this case some attenuating, demographic, civic and geographic circumstances that would warrant the change of name in normal circumstances, and I have no intention of calling for a division on it. Nonetheless, I am quite convinced that the exercise will prove useless, since redistribution will be back on the boards, notwithstanding legislation we have already passed, long before the time comes for an election and the actual practical use of the new name of Mississauga.

Hon. Jacques Flynn: Honourable senators, since on previous occasions in connection with bills of this nature I have agreed with Senator Lafond, I wish to make it clear

that in regard to this particular bill the principle which I have defended on previous occasions does not apply. I was against the idea of composed names of which I think we had three examples, but I seem to have forgotten them momentarily. They were Argenteuil-Deux-Montagnes, and others. Now we are changing the name of Peel South to Mississauga. Is that it?

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: Then it is only one name. Even if it is very difficult to pronounce, and probably more difficult to spell correctly, at least it is only one. Therefore I cannot sustain the attitude I have taken on previous occasions and must support the bill.

Of course, the electors of this riding will have a very distinctive name for it, and God bless them.

Hon. Mr. Grosart: Honourable senators—

The Hon. the Speaker: I have to inform the Senate that if the honourable Senator Grosart speaks now his speech will have the effect of closing the debate.

Hon. Mr. Grosart: Honourable senators, I have only this to say, that I respect the position taken on this whole question of the principle of these changes of name by Senator Lafond, and the practices to which Senator Flynn has taken objection. However, in view of the very great change in the position of the commissioners that has been made by the other place, I think many of those objections are perhaps not valid today.

The difficulty in pronouncing what will be the new name of the constituency perhaps may be simplified if I call the attention of Senator Flynn to the fact that it starts with "Missis" and it is completely in line now with some trends of women's lib. It is "Missis sauga" and I do not think it is likely to be contracted to "Ms. sauga."

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Grosart moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, October 30, the adjourned debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community".

Hon. Allister Grosart: Honourable senators, I would not be inflicting myself on you for a second time today had I been able to be here yesterday afternoon to complete the speech I began on Tuesday night on this important subject. I was engaged at that time with our distinguished visitors from the European Community. I arrived at the Senate door breathless, hoping to conclude my speech, just as the bell rang, so I was not allowed to come in and resume the debate.

Hon. Mr. Langlois: Saved by the bell.

Hon. Mr. Grosart: The Senate was saved by the bell, as Senator Langlois said.

Before I adjourned the debate on Tuesday night, honourable senators, I said that the subject was particularly timely at that time because the distinguished visitors from Europe were just about to arrive and the following morning, yesterday, important officials of the Community had a special meeting, *in camera* at their request, with the Standing Senate Committee on Foreign Affairs. I believe the matter is even more timely this afternoon. The discussions that started this morning with the members of the delegation from the Parliament of the European Community are continuing. It is my own feeling and belief that this morning in the discussions there was a milestone breakthrough in European Community-Canada relations.

● (1530)

In the discussion this morning, the important role of the Senate in bringing about what I have called "a milestone" was emphasized over and over again by our friends from Europe. Speaker after speaker from that delegation made it clear that their visit, and the discussions under way, were a direct response to the initiative taken by our Foreign Affairs Committee and the report which that committee presented to the Senate.

Why do I refer to it as "a milestone breakthrough"? As honourable senators are aware, Canada has been concerned officially and at other levels for a considerable time about the vast gap in communication between the European Community and Canada. The Community has had no official presence in Canada even though we have had, since January 1, an ambassador accredited to the Community in Brussels. That ambassador is in addition to our ambassador to Belgium. This lack of a Community presence in Canada has reinforced the very great concern of many Canadians, especially those directly concerned with this matter, about apparent tendencies in Community policies to lump us together with the United States, and there is ample evidence that this fact is operating very much to the detriment of the best Canadian interests.

This, of course, has to be important when we remember that the European Community, the largest trading community in the world and one and a half times the size of the United States market, has an import market that is growing at a much greater rate than the American market. The reason is that although the GNP of the Community is not as large as that of the United States, on the other hand the international trade, particularly import trade, as a percentage of the GNP or the GCP, the gross Community product, is 10 per cent, and that of the United States merely 4 per cent. So we can assume that this market will grow and in a very short time be very much larger—not just one and a half times, but much larger—than the United States market.

Our performance in the Community, as it has grown, has not been good. In the 15 years of the Six, prior to enlargement, our share of the market has reached about one per cent. It is quite true that in dollar terms it has grown from year to year, but as a percentage in that market it has declined, which is to say that we have not done as well as our major competitors.

For some years now, particularly since the enlargement, which now includes the United Kingdom, Denmark and Ireland, there have been many efforts at many levels, by Canada and Canadians, to develop much better channels of communication between the Community and Canada, and hopefully to have the Community set up a real presence in Canada.

These have not been successful, and when the committee went to Brussels in March, we went there pessimistically. The information we had, the briefings from our officials, were on the whole pessimistic. They told us about this problem of being lumped, in Community external policies, with the United States, and they warned us that there was no chance of Canada achieving any "special relationship"—I underline the word "special"—with the Community. Indeed, when we were there, in our first conversation with high officials of the Community, this was repeated. We were told, "There is no way Canada is going to have any special relationship with the Community."

It was, of course, the major thrust of our presentation and representation to various officials of the Community and to a delegation from the European Parliament that this situation should be remedied, and we emphasized this strongly in the report we presented to the Senate.

But we still seemed to be making no headway at all until the European Parliament accepted the invitation of Senator Aird, the Chairman of our Foreign Affairs Committee, and Mr. Georges Lachance, the Chairman of the Commons Committee on External Affairs and National Defence, in consultation with Her Honour, and the Speaker of the Commons, to come to Canada and discuss this matter with us. That was clearly the result of the initiative of Senator Aird and the Senate committee.

This morning, with Senator Aird as co-chairman in the chair, with Mr. Lachance and Mr. Cousté, the leader of the European delegation, I was asked, as deputy chairman of our committee and in recognition of the work done by the Senate committee, to open the discussion. I said that two of the many impressions some of us on the Senate committee brought back from our visit to the Community last March were:

(1) A rather negative attitude towards the extension of the existing relationship between the Community and Canada; and, perhaps conversely,

(2) An impression of increasing flexibility in Community attitudes vis-à-vis non-member countries such as Canada as Community external policies develop and expand.

The question I put to our distinguished visitors was: Would any of our visitors care to comment on the present and future relationship of the Community to Canada in contrast to the various special relationships accorded to some 60 or more other non-member countries of the world? The first reply was given by Mr. Peter Kirk, who is known, I am sure to many honourable senators as the leader of the United Kingdom group in the European Parliament. Mr. Kirk, in replying, said he felt that the Community might now be ready to recommend that the Community establish a delegation—I should perhaps put the word "delegation" in quotes because it is a very important word in that context—in Ottawa. The chairman of the group, Mr. Cousté, and others made it clear that such a delegation should have the same official status as the Community's delegation already established in Washington, and the one soon to be established in Tokyo.

Honourable senators, I do not want to overexaggerate the immediate importance of this. It is not going to happen tomorrow, but I am convinced it is going to happen in the very near future, and that Canada will be moved away up on the priority list of that pipeline which the Community has already set up for the extension of its external policies towards non-member and non-associated countries.

The European Parliament does not, of course, have the final say on this matter, but it has a great deal of influence, and the members of the European parliamentary delegation this morning made it very clear to us that it was their intention to strongly recommend this breakthrough for Canada in Community-Canada relations.

Why is this so important to Canada? I have indicated the importance of the market as such, and its growing importance in our economic future. It is important because we have not done well in the market in the past and can, I am convinced, do much better in the future. It is important, of course, because of the enlargement that I spoke of. Our position in the U.K. market has declined drastically, but it is still vitally important to many elements in our economy.

It is important also because of the Canadian interest—perhaps greater than that of almost any other country in the world—in the liberalization of multinational world trade. One of the fears expressed over the years about the Community, its common external tariff and its common agricultural policy, has been that the Community of nine nations and the many associated nations were turning inwards in their philosophy in respect to world free trade. Our visitors this morning assured us that this was not so. But certainly Canada has a tremendous interest in obtaining a closer communication, a voice, through the establishment of a delegation here, in the Community's policies, particularly in the now inaugurated new round of GATT negotiations.

• (1540)

Honourable senators, I believe that the Standing Senate Committee on Foreign Affairs has made a great contribution in this very important area in the best interests of Canada. I believe we can take some credit for this development this morning. It is possible—I will not say "probable"—it is possible there may be an announcement, because Sir Christopher Soames, the Commissioner for External Relations of the Community, has just arrived in Ottawa, and will be carrying on discussions at the ministerial and public service levels. I do not want to anticipate what may come out of those discussions, but if there is an announcement to the effect that it is the European Community's policy in the not too distant future to establish a delegation in Canada, I am sure that the Senate can take a good deal of credit for such a development.

Some Hon. Senators: Hear, hear.

On motion of Senator Lapointe, debate adjourned.

The Senate adjourned until Tuesday, November 6, at 8 p.m.

THE SENATE

Tuesday, November 6, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE LATE SENATOR DONALD A. McLEAN

TRIBUTES

Hon. Paul Martin: Honourable senators, all of us I am sure share my deep regret at the loss of our colleague and friend Senator Donald McLean, who passed away yesterday. He was a good senator; he was a genial, friendly and co-operative gentleman. Throughout his life Donald McLean worked untiringly in the interests of his native province of New Brunswick and of Canada. "We in New Brunswick," he was fond of saying, "believe in the rule of law and in democratic principles to be found in the legislatures of the British Commonwealth." These were the words that he used on the occasion of his first speech in this house.

It was through that parliamentary system we have in Canada that, with resourcefulness and fortitude, Donald McLean worked unceasingly for the proper conservation of natural resources, particularly in the Atlantic area. From the very beginning of his career in the Senate in 1968 we know that he was true to those principles. In his maiden speech in the Senate he appealed to the Department of Fisheries to establish facilities for research so that adequate supplies would be assured for future generations. He knew that business perhaps as well as anyone in the country.

Away from the Senate and as a director of the Fisheries Council of Canada he maintained the same steadfastness of purpose that he demonstrated in this house. The programs which have since been instituted for the protection of Canadian fishery rights and for a viable conservation program to prevent the unnecessary depletion of fish stocks are largely due, we have been told, to his persistent efforts.

We admired Senator McLean; we admired and we noted his fortitude throughout his long and difficult illness. Senator McLean's life was a full contribution to public service. He will be missed by all who had the privilege of knowing and working with so unselfish and energetic a man. He will be sincerely missed in the Senate of Canada.

To Mrs. McLean and to her children we extend our sincere sympathy.

Hon. Jacques Flynn: Honourable senators, Donald McLean was a quiet, dignified and eminently sensible man. He was wise, experienced and humble. His career took him into several very different areas of endeavour and in each he was a resounding success.

This man of action could always be counted upon for a few incisive comments on the practicality of certain pieces of legislation. The points he made, the issues he raised, were always appropriate.

Over the past several months, our colleague had won even greater respect and admiration from everyone. His valiant fight against the dread disease of cancer was edifying and inspirational. The ferocity with which he fought to preserve it, the tenacity with which he clung to it when the effort of combat became too much for him, should give us all cause to reflect upon the value of the gift which is life.

Donald McLean was, above all else, a gentleman. He served both his province of New Brunswick and his country with the enthusiasm of a honest man sincerely desirous of helping other human beings. He was in the Senate, as he had been elsewhere, effective and successful.

To his widow and family, we offer our most heartfelt condolences.

Hon. Hervé J. Michaud: Senator Donald McLean and I were both summoned to the Senate on March 18, 1968, and we took the oath of allegiance on March 21, 1968. From that day until the last day he sat in this house he occupied the desk to my immediate right.

In his passing, I have lost a sincere friend, the province of New Brunswick has lost a sincere friend, and the country has lost a sincere friend.

To Mrs. McLean and the members of his family, I extend my sincere condolences.

COOPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-183, to amend the Cooperative Credit Associations Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

CUSTOMS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-189, to amend the Customs Act.

Bill read first time.

Hon. Mr. Connolly (Ottawa West) moved that the bill be placed on the Orders of the Day for second reading on Thursday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Minister of Industry, Trade and Commerce under the Corporations and Labour Unions Returns Act (Part II, Labour Unions) for the fiscal periods ended in 1971, pursuant to section 18(1) of the said act, chapter C-31, R.S.C., 1970.

Copies of document stating the government's position for the Third United Nations Conference of the Law of the Sea.

Copies of 'Tax Review Board Rules of Practice and Procedure published in the Canada Gazette, Part II, of September 26, 1973, pursuant to section 11(2) of the Tax Review Board Act, chapter 11, Statutes of Canada, 1970-71-72.

Copies of Order in Council P.C. 1973-3327, dated October 23, 1973, amending Part II of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.

Report on the administration of the Canada Student Loans Act for the loan year ended June 30, 1972, pursuant to section 18 of the said act, chapter S-17, R.S.C., 1970.

Copies of report submitted by the Secretary General of the United Nations to the Security Council, (English and French text), together with texts of two Notes addressed by him to the Permanent Representative of Canada to the United Nations, respecting Canadian participation in the Peace-Keeping Force in the Middle East (English texts).

Actuarial report on the operation of the Canada Pension Plan and on the state of the Canada Pension Plan Account as at December 31, 1972, pursuant to section 116(3) of the said plan, chapter C-5, R.S.C., 1970.

Copies of documents relating to the United Nations Emergency Force in the Middle East as follows:

(1) Agreement on the second phase of the implementation of the Security Council Resolution 340(1973) (English and French text).

(2) Notes dated October 30 and November 4, 1973, from the Permanent Representative of Canada to the Secretary General of the United Nations (English text).

(3) Note of November 3, 1973, from the Secretary General to Canada's Permanent Representative (English text).

● (2010)

SENATOR JOSEPH A. SULLIVAN

FELICITATIONS ON HONOUR FOR ATHLETIC ACHIEVEMENTS

Hon. Allister Grosart: Honourable senators, before the Orders of the Day are called, perhaps you will permit me to comment on an article which appeared in the *Globe and Mail* this morning and in which reference was made to one of our colleagues, Senator Sullivan. As I am sure you are all aware, Senator Sullivan has not been able to be with us for some time because of a long illness, a serious operation and a long convalescence.

The article to which I refer states that this evening he will be attending a convention in Toronto known as the Cavalcade of Champions. Unfortunately, this is not the case. In response to questions asked by some of my colleagues I want to make it clear that Senator Sullivan will not be present at that convention because he is still convalescing, and unable to leave his home.

However, he is to be honoured on this occasion, together with other outstanding Canadian athletes, past and present, as a member of the Varsity Grads Hockey Team, the 1928 Olympic Champions, and officially designated as the hockey team of the half-century, and also for his equally great, but not as well known, accomplishments in football and golf.

I can assure honourable senators that Senator Sullivan would very much like to be with us. He regrets his prolonged absence, particularly at this time when we are debating one of the subjects in which he is intensely interested, namely, capital punishment. If he were here he would express strong views, as we all know, with his usual forthrightness, conviction and professional erudition. I am sure that all honourable senators join with me in wishing him a speedy recovery and in assuring him of a warm welcome when he resumes his responsibilities here.

Hon. Mr. Martin: Honourable senators, I am sure we all note the information given to us by Senator Grosart, and hope that Senator Sullivan will soon be with us again. We congratulate him on the honour to be paid to him this evening, as, indeed, we congratulate all those who are to be honoured with him. I was happy to note that Senator Grosart referred to Senator Sullivan's distinction as goaltender on the University of Toronto Olympic championship team. I would point out, however, that in those days Senator Grosart would probably not have been as generous in applauding somebody from the University of Toronto as he is tonight, because at that time he was in another place. I am glad to note his change of heart.

Hon. Mr. Grosart: I am rather mystified by the remarks of Senator Martin. At that time I was an undergraduate at the University of Toronto, and a great admirer of the hockey team and also of the head of the Varsity debating team whose name in those days was just Paul Martin.

Hon. Mr. Martin: I stand corrected. I know now why Senator Grosart is as good a man as he is.

THE SENATE

APPOINTMENT OF GOVERNMENT WHIP

Hon. Mr. Martin: Honourable senators, it will be recalled that not very long ago Senator Molgat, who functioned in the capacity of Acting Whip, was elevated to an important national office in one of the major political parties of this country. I think we will all wish to extend our congratulations even though we may not be united in the same ideological purposes. As a result of his being so selected he finds it will be impossible for him to discharge the duties of Acting Whip. We have asked Senator Buckwold to assume this responsibility.

In doing so we note with satisfaction that Senator McDonald, who has been quite ill, is showing evidence of renewed vigour. We are very happy that this is the case.

Hon. Mr. Flynn: I would like some clarification. Is the Leader of the Government able to clarify the situation as to who is Whip, who is Deputy Leader, and who is Acting Whip? What are the responsibilities of those around him? We know that he is the Leader of the Government—there is no doubt about that—but otherwise we are in the dark. If he could help us we would appreciate it very much.

Hon. Mr. Martin: I am sure that the only one who is really in the dark in this matter is Senator Flynn.

Hon. Mr. Flynn: That is too glib an answer.

MIDDLE EAST

PARTICIPATION OF CANADIAN FORCES IN UNITED NATIONS PEACEKEEPING FORCE—QUESTION

Hon. Mr. O'Leary: Before the Orders of the Day are called I should like to ask the Leader of the Government if he can inform the house in some way just what our role is in this alleged peacekeeping activity in the Middle East? Just how and where are we going there? Are we going to repeat the fiasco that happened in Vietnam, or is there something more to this role we are adopting? I am sure the government leader in the Senate knows what the situation is, and I think this house should be informed.

Hon. Mr. Martin: Before replying to that question I should like to congratulate Senator O'Leary on being made a Doctor of Letters of Wilfrid Laurier University. I had the great honour of conferring the degree, on behalf of the university, last Thursday night.

As Senator O'Leary and honourable senators know, the Secretary of State for External Affairs intimated in the other place last week Canada's willingness, if invited, to participate in the newly established United Nations force in the Middle East. We had received a request to join that force from the Secretary General, orally in the first instance and subsequently confirmed by letter. Some complications arose, as we know, on the part of the Soviet Union, which took the position that Poland should be a member of that force, and on that account there seemed to be some objection to Canadian participation. That objection has been removed, but a few details have yet to be worked out. When these are finalized it is proposed that there will be discussion in the other place, through a resolution concerning Parliament's reaction to the government's decision to participate in the force. However, as certain problems must be fully resolved, that debate has not yet been scheduled. When it does take place it will be followed, of course, by a similar procedure in the Senate.

Hon. Mr. O'Leary: The answer of the Leader of the Government contains two points. There were objections in some quarters. We know about those; the details, he said, have not yet been worked out, so we have no answer at all as to whom the objections were from, and what details are yet to be worked out.

● (2020)

Hon. Mr. Martin: As I indicated, there was an objection, in the first instance, to the participation of a NATO country.

Hon. Mr. O'Leary: By the Soviet Union.

Hon. Mr. Martin: Later the delegate of the Soviet Union publicly indicated the desire of his country and his government that Poland, a Warsaw Pact country, should participate. That question, together with the question of Canadian participation, has been solved, in principle. However, details of the participation in the peacekeeping force are now being considered. When they have been finally determined, the Secretary of State for External Affairs will so indicate. The debate in both houses will follow so that the government's policy can be confirmed or rejected.

Hon. Mr. O'Leary: In the meantine we have to work with Poland, the very country we could not work with, or who would not work with us. Is that not right?

Hon. Mr. Martin: There were difficulties not only between Canada and Poland but also with the other member of the commission. But these difficulties are hardly related to this situation.

Hon. Mr. O'Leary: Can we expect a later statement to this house from the Leader of the Government?

Hon. Mr. Martin: Certainly, when the resolution is placed before us the government will give a complete history of the matter, the circumstances of the invitation, the confirmation thereof, the discussions that the Secretary of State for External Affairs has had with Secretary General Waldheim, and the terms on which Canada has joined the peacekeeping force.

Hon. Mr. O'Leary: That will be something new.

Hon. Mr. Benidickson: Honourable senators, I rise with some hesitation. We appear to have a variety of topics on the discussion menu tonight. If I am not mistaken, Senator O'Leary is wearing the suit in which he appeared on television the other night. He, perhaps more than anyone, can relate the story of Sir Wilfrid Laurier and the history of events which occurred in his public life, and he did so in the highest tradition of this and the other chamber, and with great distinction to himself.

Hon. Senators: Hear, hear.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-222 (PEEL-SOUTH)—THIRD READING

Hon. Allister Grosart moved the third reading of Bill C-222, respecting the Electoral Boundaries Readjustment Act.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, November 1, the adjourned debate on the motion of Senator McIlraith for second reading of Bill C-2, to amend the Criminal Code.

Hon. Hazen Argue: Honourable senators, I wish to continue my speech, adjourned at the last sitting of the Senate, in support of the total abolition of capital punish-

ment. Senator McIlraith is to be congratulated on his comprehensive review in presenting the bill to the house. Senator McIlraith, with his wide experience, is eminently fitted to pilot this measure which is now before us.

I am one of those who believe in the total abolition of capital punishment. I think the world, and the civilized world in particular, is moving in that direction. Great Britain abolished capital punishment permanently in 1969, after having abolished capital punishment for a five-year trial period. A private member's bill was brought before the Parliament of the United Kingdom earlier this year with the purpose of restoring capital punishment. That bill was defeated by a resounding vote. Organizations of many kinds across the country, more and more, are coming to support the abolition of capital punishment. The churches are taking a stand. The protestant churches, in general, are opposed to capital punishment.

Senator Macdonald earlier this year placed on the record a statement from the Canadian Catholic Conference as issued by the Reverend W. E. Power, the then President, which stated in part as follows:

> The question of the death penalty, in our opinion, ought not focus on whether a convicted murderer, no matter how wanton, "deserves" to die. The focus should be on us: should Canadians as a community try to break the escalating spiral of violence by refraining from violence even as a deterrent?

He goes on to say:

> There is also a pragmatic, statistical question whether the death penalty is an effective deterrent. We will not enter this debate. Our question is not whether the death penalty is an effective deterrent; our question is whether it is an absolutely necessary deterrent, required by good order in Canada today. Unless you are convinced that it is, then we feel that the presumption should be for suspension. Furthermore, in our opinion the case for retention of the death penalty has not been proven.

It was difficult for members of the other place to register their vote on second reading of this bill. While many of them believed in abolition, and for that reason wished to support the measure, many of them found their constituents, to a substantial degree, appeared to favour retention of the death penalty. Many of the members who decided to support the bill did so believing that it was the duty of a member of Parliament to exercise his own conviction even though, in exercising that conviction, he might go against what appeared to be the popular will of the electorate.

Even more so, I think members of this place should, and I expect will, exercise their own personal convictions in dealing with this legislation. We are in a position—as a matter of fact, that, I believe, is one of the reasons we are here—to exercise independent judgment, and we can exercise our independent judgment not only on the bill itself but also on any amendment that may be presented to the bill when it is before us in committee for detailed consideration.

Capital punishment has been abolished in Canada in a modified way for a period of five years. It may be said by some that the murder rate in that period increased as compared to the previous period. I have statistics before me which show that is true. The murder rate increased by some 53 per cent. Other crimes of violence increased by an even larger amount. There is no evidence that the *de facto* abolition of capital punishment resulted in any way by itself in an increase in murders. The increase that has taken place was less, as I have said, than the increase in certain other violent crimes.

● (2030)

Capital punishment has been abolished in New Zealand for many years, but it has a long history of having had periods in which capital punishment was in effect and other periods when it was abolished. I quote now from a study prepared on the New Zealand results:

> During seven years of capital punishment (1951-1957) 22 murderers were convicted. Each of the murderers was hanged. In the nine years following the suspension of capital punishment the figure was 24.

It goes on:

> . . . in the 15-year period during which the death penalty was not imposed in New Zealand (1936-50) there were 148 murders; in the 15-year period before 1936 there were 154.

In other words, there was a reduction of six in the number of murders after execution had stopped.

There is certainly no evidence to suggest that the retention of capital punishment is a deterrent to murder. The bill before us provides that capital punishment may take place in the case of conviction for the killing of a policeman or a prison guard. Naturally people are inclined to wish to give every protection they can to policemen and to prison guards, but does the retention of capital punishment in this respect have any particular effect? I would suggest not. Statistics have been placed on the record to show that the likelihood of a policeman or prison guard losing his life while doing his job is about three in 10,000. The likelihood of a miner losing his life on the job is about eleven in 10,000. The likelihood of a farmer losing his life working in the fields with farm equipment is about six in 10,000. From this evidence, from the fact that it cannot be proven that capital punishment is in fact a deterrent, it does not seem that even this particular provision should be retained in the legislation that is before us. As nations become more and more civilized, there is a tendency and a trend towards the abolition of hanging.

Another reason capital punishment should be abolished is that innocent people may be executed, and in fact are executed. A study shows that in the 40-year period of the operation of Sing Sing Prison, 12.3 per cent of the 406 persons sent there for execution were found, upon reconsideration, to have been sentenced in error.

I suggest that the state should not take the life of a citizen, even though that citizen may have been convicted of murder. There is the danger of error. I would suggest to honourable senators that we shall have achieved an improved civilization when the citizens of this nation can be certain that no miscarriage of justice by the state will result in a citizen losing his life. To me one of the great advantages of living in a democracy compared with living in a dictatorship is the safety and the sanctity of life. I suggest that we should go the full way and remove the possibility of the state taking the life of a citizen.

I believe in total abolition. I believe there is reason for the Senate at this time, when this measure is being considered by the Senate, to make a decision on the question of total abolition. That decision was not made by the other place. When this measure was passed by the other place, I am pleased to say that most of the press of this country supported this advance towards the removal of capital punishment. An editorial in the Montreal *Gazette* of October 26, which appealed to me, had this to say:

> Sooner or later, Canadians will have to sort out how they feel on capital punishment. As this week's extension of the ban on state executions for another five years shows, they have not done so yet.
>
> Over the past 11 years there has been no convincing evidence offered to show that a hanging ban has caused an increase in the murder rate. Countries like Great Britain that are noted for their civilized humanity have added to their good names by abolishing capital punishment. Canada has not yet done so and is dishonored by this barbaric relic on its statute books.

Hon. Mr. Molson: Will the honourable senator permit a question?

Hon. Mr. Argue: Yes.

Hon. Mr. Molson: Do you not think the source of that particular quotation is somewhat in question after the "respect" it has expressed for this chamber?

Hon. Mr. Argue: That may be. It may have been the same editorial writer, it may not. In any event, I would think that in the editorial to which I have referred they were using much better judgment than in the editorial to which the honourable senator has referred. However, there were many other newspapers that, following this, had editorials in favour of the abolition of capital punishment.

I think the Senate itself should make a decision on the question of total abolition. I have had prepared a number of amendments, which I hope at the appropriate time to place before honourable senators so that a decision can be taken by the Senate. I would like to see the Senate amend this legislation to provide for total abolition. I would like to see us send the amended bill back to the other place, which could then deal with this question. They will either accept the Senate amendment, which I hope they would do, resulting in total abolition, or they will reject it. If they reject it, I for one would be satisfied to accept that rejection, and we would then have on the statute book of this country the bill that is now before us. But I would think that the Senate should exercise independent judgment, that each senator should examine his position and that we should not be in any way afraid or deterred from passing an amendment providing for total abolition, if that is our conviction.

● (2040)

Some may say that the other place is not in a position to deal with the amendment, and would point to all the trouble they had over there in getting the bill to this stage. I know they have had lots of trouble. I know they are apparently incapable of achieving very much. But that is their responsibility. I would think that our responsibility is to make our own decision independently of how they may handle that decision after we make it. I don't know what position the Conservative Party will take on this question.

Hon. Mr. Flynn: It is a free vote.

Hon. Mr. Argue: The leader now says it is a free vote, which is the answer I expected. I hope that it will not only be stated that there will be a free vote as far as the Liberal senators are concerned. I express the hope that there will be no effort to crack the whip.

Hon. Mr. Flynn: That is wishful thinking.

Hon. Mr. Argue: I don't believe the whip was cracked, or that the whips were put on—

Hon. Mr. Flynn: You will see.

Hon. Mr. Argue: —in the House of Commons. I do not see any reason why the whips should be put on in the Senate and I do not really expect they will. We have a very small Opposition Party in the Senate. The Government Party outnumbers the Opposition by almost five to one. That being the case, it is all the more necessary that each individual senator, no matter his party label, exercise his own individual judgment.

I do not expect senators to support any of my amendments just because I place them before the Senate, but I hope that each amendment will be judged on its merits and that in the end the Senate will vote for the abolition of capital punishment and make this chamber a leader in this important social reform.

Hon. Raymond Joseph Perrault: Honourable senators, as I rise for the first time in this house may I say it is a privilege to be here. I look forward to working with all of you.

As you know, I have served in the legislature of the Province of British Columbia, and I have served in the other place. I have discovered, as have you, that no one party has a monopoly on virtue, talent, ability or a monopoly on concern about problems afflicting Canadians.

I have discovered also that we achieve far more by co-operation than by antagonism. I say with genuine fervour that I look forward to serving here to the best of my ability and to working co-operatively and constructively with all of you wherever you sit in this distinguished assembly.

Canada's first recorded execution occurred in the late eighteenth century when a sixteen-year-old girl was hanged for petty theft. The hanging of that young woman gave rise to an agonizing public dialogue which continues to this day. It is a dialogue which stirs men's hearts, souls and consciences.

Honourable senators, the question uppermost in our minds must surely be: Does capital punishment represent the best way to protect society against those who would take another's life? That is the uppermost consideration, in a violent society, where there is a rising public clamour for something to be done by governments against those who would wreck our society from within.

Have we learned anything about crime and punishment since that little girl spent her final 15 minutes at the end of a rope? Since that unhappy incident in the early days of

Canada, before we were really all one Canada, many others have died in agony at the hands of murderers, and many murderers in turn have gone to the gallows and been hanged. In no way can anyone question the need to protect the public against the murderous predators in our midst. A violent society demands effective and enlightened law enforcement.

In the past ten years in the Province of British Columbia some horrible crimes involving youngsters and the elderly have been committed, which has given rise to a real public passion on this subject of crime and punishment and law enforcement. Would a return to the law of 1961, which would follow the rejection by Parliament of the measure before us, serve the interest of society, the interest of justice, the interest of public security, or rather revenge and passion?

The purpose of criminal law surely stems from a desire to provide a means of protection for the public against a few who do not respect the rights of others. That still remains the fundamental purpose of the law to which this government is committed.

Honourable senators, the question as to the deterrent value of capital punishment has been asked for centuries, as we all know. The death penalty for such minor offences as picking pockets and petty theft was abandoned in England in the nineteenth century. Public executions were abandoned in Canada in 1868. The bill before us is really a continuation of a measure introduced in 1967 by Parliament when it determined to launch a five-year test period during which capital punishment would be limited to cases involving the death of police or prison officials. This bill is similar to the 1967 act, as honourable senators know. It is contended that more time is required to determine whether society is protected adequately by this partial abolition of the death penalty.

Hon. Mr. Flynn: It is practically abolition.

Hon. Mr. Perrault: The measure before us establishes a special status for police and prison officials which, in the state of today's Canada, I believe to be warranted. We should make no mistake. The premise from which we must ponder the question and take appropriate action is the basic one of safety of Canadians. This bears repeating over and over again.

The Right Honourable the Prime Minister said a few months ago in the other place:

> Our criminal laws, our penal system, our reform programs will be of little value if they do not respect the right of Canadians to live their lives without fear of criminal activity.

And he added:

> The attributes of mercy and forgiveness cannot thrive in circumstances of fright and uncertainty.

● (2050)

The evidence available thus far with respect to the five-year partial ban on capital punishment is, I think it must be admitted, fragmentary, incomplete, and inconclusive, and so I intend to support the measure before us. Just as strongly, however, do I support measures which will assist law enforcement officials in this country to deal with the problems of a violent society, for I think that too often we ignore the problems facing law enforcement officials. It is almost a popular "kick" by a minority in North America to attack law enforcement agencies of all kinds as being "square", old fashioned, out of date, unnecessary, or somehow reactionary, but at all levels of government we must be prepared to provide our law enforcement agencies with the personnel and resources which they require in order to reduce the incidence of crime, including murder, to deal with criminals, and thereby help us all.

It may be said that the best deterrent to murder, or to any other crime, is the certainty of detection and conviction. It is not easy to be a policeman these days, as those of us who know people in police work realize. Police work and penology are fields where a great deal of dedication and understanding are required, especially in circumstances where a loud and vocal minority choose to denigrate and to attack the efforts of law enforcement agencies to serve the interests of society.

I intend to support the measure before us because the results of the previous experiment are, as yet, not known. But, honourable senators, I am in accord with those who suggest that while we need, perhaps, to review our position with respect to capital punishment, we are in urgent need of a review of the parole legislation and its administration in this country today. I say this in the knowledge that a number of senators have been engaged in a review of the subject, and are in the process of preparing a report on parole and sentencing. Certainly consideration has to be given to the mandatory sentencing without access to parole, without access to temporary release, of certain people who being psychotics cannot be unleashed on society. The problem is, of course, to identify the psychotic offender who is incapable of rehabilitation. And there should be a review of sentencing in this country.

The men and women serving in the capacity of law enforcement officials are, in fact, the front line shock troops in the battle against our anti-social internal enemies. At this stage in Canada's evolution, I agree very much that their position as society's front line against crime must be recognized, and it is not good enough merely to say, "Well, there is a higher accident rate on construction projects than there is in police work." That is irrelevant. People in police work are defending society. They are defending the lives of Canadians; they enjoy a special status and should be accorded a special status.

I suggest, as well, that regardless of allegations to the contrary, commutation by Cabinet has not been, and should not be, automatic for a police or prison guard murderer. All the evidence indicates that Canadian Cabinets have been extremely conscientious in their advice to Her Majesty to exercise the royal prerogative to commute the death sentence. That applies not only in the case of this Cabinet, but previous Cabinets regardless of political affiliation.

What progress has been made in efforts to further protect society, if protection is our goal? For protection of society is and must be the end object of the measure before us. Over the past ten years there have been a number of experiments with respect to the administration of justice, including parole and capital punishment. Some of these experiments have been successful; others, tragically, have been unsuccessful. One fact, however, emerges.

These efforts to evolve a more effective method of reform and rehabilitation must continue.

It is said these days, that we send people to prison and "they eat steaks three times a week," and "they live it up." Some people say, "Well, instead, they should be on the end of a rope," or "They should be breaking stones."

I visited a prison last week, preparatory to this debate. This was a minimum security institution, and as I was in the waiting room one of the prisoners shattered a plate of glass, in frustration, with his hand, and as the blood trickled down his arm he began to cry like a six-year-old child at the thought of leaving his wife and youngsters, who had been admitted on a family visit. It is no fun for people to be in prison, and to some extent, at least, we can say, "There, but for the grace of God, go a great many Canadian citizens, perhaps even including members of Parliament."

An Hon. Senator: How about including senators?

Hon. Mr. Perrault: Including senators.

The extremists in society insist that prisoners are "living the life of Riley" in prison, but I cannot forget the sight of that man standing there in frustration. He had committed an anti-social crime, undoubtedly, but it is not easy to be in prison, just as it is not a happy event to be a victim of crime.

None of us can be complacent about the fact that the rate of recidivism continues to be very high in this country. The resultant cost to society, in terms of economics, human suffering and agony, is entirely unacceptable.

With respect to the high rate of recidivism it is interesting and significant to note that since 1867 only one person convicted of murder, and sentenced to life imprisonment, has killed a second time on parole. By contrast, as honourable senators are aware, the failure rate among many other offenders is much higher. It is a statistical fact that murder is often the unique incident of criminality in the life of a man or woman, the only time, perhaps, that he or she has done anything illegal or wrong, according to law. Perhaps there was a burst of passion which drove the person to commit the terrible crime of murder. Most murders are crimes of passion, and they are not premeditated. Approximately two out of every three murders involve family or acquaintances. The recidivism rates for murderers bears repeating; they are among the lowest of any form of criminal activity.

The right honourable member for Prince Albert in the other place is an abolitionist, of course, as honourable senators know, but for another reason—the possibility that an innocent man may be hanged. One notable study, by the University of Minnesota, concluded that out of a number of murders in the first 50 years of this century, as many as 12 per cent of all those executed were eventually absolved of the crime for which they had died. Abolition in the United Kingdom, of course, arose, in great measure, from that horrible miscarriage of justice in which a multiple murderer went free, at least for a time, and an innocent man died in his place. There is no clear evidence that capital punishment deters. In actual fact, the results of our Canadian test ban are not known as yet.

Capital punishment does not help the victim. As one commentator said, "We risk killing innocent men, we escalate brutality, and we betray our highest ideals." But what of the victims and their survivors? So many people debate this issue, and they forget all about the tragedy of the person who is killed and the family he or she leaves. Society, however, is coming around to a recognition of their need. It is one of the curious facts of contemporary history that about a year ago a police officer was killed in the United States, and petitions were taken up by thousands of people for mercy to be extended to the murderer, but nobody came forward to volunteer to help raise money for the family of six that the police officer left behind.

What of the victims and their survivors? Until fairly recently the emotional concern directed to the murderer was, curiously, withheld from the victim and his dependents. I agree that society's first concern must be with the innocent victims of crime, and with society; and happily, new programs are now in effect which provide compensation for victims of violent crime, largely due to the initiative shown by the present government.

● (2100)

In conclusion, honourable senators, I support the continuation of the partial ban on capital punishment. It is to be hoped that the final result of the test period and the statistics, when analyzed, will indicate that there is no danger and no difficulty in effecting a total and permanent ban on capital punishment. I urge, however, at the same time, that major efforts be made to assist our hard-working law enforcement agencies to advance enlightened and effective policies in defence of the public; that we direct greater efforts to achieve enlightened penal reform, and that we attempt to improve the quality of society generally so that the rate of crime will thereby be reduced. As well, I believe we should review the present sentencing and parole procedures in this country.

Hon. Chesley W. Carter: Honourable senators, before saying a few words on this bill I should like to join in the tribute that has been paid to Senator McIlraith for his clear exposition of the measure on Thursday last. I should also like to congratulate those who have preceded me in this debate. They have expressed their views with a clarity and conviction which demands the utmost respect. Even if we cannot agree completely with the views expressed, we certainly must give them the respect they deserve.

In moving second reading of the bill, Senator McIlraith made it very clear that its principle did not concern the question whether the death penalty should be retained or abolished, but rather whether the legislation in effect from 1967 to 1972 should be extended for a further period of five years. The 1967 legislation was passed only after a very great deal of soul-searching on a subject that touches the consciences and emotions of us all.

If we look back over the history of capital punishment we will see that there has been a great deal of progression in the direction of abolition. There was a time when the death penalty was imposed for a large variety of offences, even for the stealing of a sheep. However, over the years there has been a gradual reduction in the number of crimes for which the death penalty was imposed until finally in recent years it was imposed for the crime of murder only.

The 1967 legislation carried that reduction process one stage further by defining two classes of murder, and retaining the death penalty only for the murder of police officials and prison guards. At that time, honourable senators, a time limit of five years was placed on the legislation, and those of us who favoured abolition hoped that during those five years public opinion would progress still further in the direction of abolition, or that at least statistics would emerge that would tip the scales decisively either in favour of abolition or retention. Neither of these things has happened. The country as a whole is still as divided as it was in 1967. So the motion for third reading of this bill, which involves merely the extension of an experiment, was carried by a very narrow margin in the other place. It is my impression that a bill for outright abolition would have been rejected by the other place, and by the country at large. Every police officer with whom I have been able to talk has been in favour of retention of the death penalty and the mail that I have received has also been heavily weighted in favour of its retention.

No conclusive statistical data has emerged over the past five years for the very reason that Senator McIlraith pointed out on Thursday last, that the crime of murder arises from such a vast number of widely varying circumstances, involving a large number of different kinds of people in so many different situations, that the inference is that for some persons, in some circumstances and in some situations, the death penalty is a deterrent, while for others, in different circumstances and in other situations, it is not. If that is a logical conclusion then, of course, we cannot expect that any conclusive statistical evidence will emerge during the next five years, and, unless there is a marked change in public opinion, when 1978 comes around we shall be faced with the same problem again and we shall find ourselves in exactly the same position as we are now.

Honourable senators, I referred earlier to the legislation in operation from 1967 to 1972 as a five-year experiment. But there is one factor which may have disqualified it or invalidated it as an experiment, and that is the exercise of the royal prerogative as a result of which the death sentence, although pronounced in certain cases, was commuted and the penalty prescribed by law not carried out.

Hon. Mr. Phillips: May I ask a question? Do you still consider it an experiment?

Hon. Mr. Carter: I think the answer to my honourable friend's question will emerge if he will listen for a few more minutes.

Hon. Mr. Phillips: It is always a pleasure to listen to you.

Hon. Mr. Carter: What statistical effect this had on the results of the experiment we have no way of knowing. Had the death sentences not been commuted, then the very act of their being carried out might very well have shocked the public conscience to the point that there might now be a clear majority in favour of total abolition. On the other hand, statistical evidence might have emerged that would have shown conclusively that the death penalty ought to be retained as a deterrent. However, that is something we shall never know and shall never have any way of knowing. Who is to say that these sentences should not have been commuted, or that the royal prerogative should never be exercised at all? This is something that we can do nothing about and, as Senator McIlraith pointed out last Thursday, the royal prerogative is not a part of the principle of this bill and therefore should not be a factor in our decision as to its approval on second reading. It is clear, however, that the principle of Bill C-2 to which we must address ourselves is whether the 1967-72 law should be extended for a further five years, yet it is practically impossible to separate that from the wider question as to whether the death penalty should be abolished or retained.

● (2110)

In coming to grips with this question in the absence of conclusive statistical data we are forced to fall back on our personal opinions, feelings and emotions which, in turn, are products of our individual backgrounds, experiences and convictions. Sincere as they undoubtedly are, how can we add them up, assign values to them and strike a concrete balance for or against the question? My conscience is no better guide than that of any other person, and my opinions no more valid; that is true of us all. That being the case, what would our vote if taken really mean?

Personally, I have always been in favour of abolition, both on philosophical and moral grounds in addition to the interests of equitable administration of justice. As Senator Argue pointed out earlier this evening, the moral and philosophical grounds rest on the sanctity of human life, and that raises the broad question as to whether the life of one individual, because he is a policeman or a guard, is more sacred than the life of any other individual. It raises the question as to whether the state should be bound by the same moral law as binds the individual. Should the state take away something which it cannot restore?

As both Senator Argue and Senator Perrault pointed out, we know that innocent people have been hanged, which is a fearful risk for society to take. We know also that the law is very unevenly administered. Statistics show that only 7 per cent of those convicted or accused of murder are actually hanged. Analysis of that 7 per cent shows that they come from the poorer ranks of society, people who are unable to afford the legal counsel necessary for their acquittal.

Then I am against the death penalty because I think that there is another alternative, which is life imprisonment under conditions which will ensure that the convicted person will stay confined for a long period of time because, after all, the purpose of the law is to protect society. This alternative provides both an opportunity to protect society and at the same time to attempt to rehabilitate the criminal.

There is also the effect of the application of capital punishment on society as a whole. There are those who maintain that it degrades society and they would abolish the death penalty on that ground alone. There is also the question as to what extent society itself is to blame for the crime that has been committed. We cannot escape being our brother's keeper. If society permits conditions under which people grow up underprivileged; if society permits dens of vice and the trafficking of drugs to exist, as a result of which a person becomes a criminal and commits murder, surely society itself has to share the blame for that crime.

Senator Argue said that he intends to put forward some amendments, which I understood to be in the direction of total abolition. I am not an expert on rules of procedure, but it would seem to me that if we accept the fact that the principle of this bill is whether the 1967-72 legislation should be extended, then any amendment contrary to that principle would be out of order. However, perhaps it is well for Senator Argue to test this out in committee. If the committee accepts his amendments and recommends them to this house, then I for one would be inclined to support them. I would point out that this bill was considered at length in the other place, not only in the chamber itself but also in committee. There were many, many opportunities for an amendment such as Senator Argue indicated to be presented in the other place. The fact is that such an amendment was not presented, and I think we can deduce that the reason was that there was no chance of it being carried. Now, if that is a correct deduction, it may not be a wise strategy for the Senate to amend this bill and send it back to the Commons for another period of extended debate. Perhaps the wiser course would be for us to pass this bill as it is and wait for another five years to see what changes may take place in the meantime.

Hon. Mr. Argue: You said you would support the amendment.

Hon. Mr. Carter: I would if the committee adopted it and recommended it to this house. Although I am in favour of total abolition, should that be possible, I should like at present to indicate my support for the bill.

• (2120)

Hon. Mr. Phillips: Honourable senators, may I ask a question of the honourable senator who has just resumed his seat? I asked him earlier in his remarks whether or not the five-year period, or moratorium, on the death penalty was a success. I do not feel that the honourable senator answered my question, although he assured me that if I continued to listen to him he would. I listened, and in the course of his remarks, he raised a number of other questions, made a number of suggestions, and referred to other possibilities. As a consequence, I should like to ask him whether, because the House of Commons has rejected an amendment for the complete abolition of capital punishment, he considers that we should accept that decision.

In all fairness, I should tell the honourable senator that I am a retentionist. I do not think the honourable senator's remarks really express his own views or those of this chamber, in that we should not amend something which the House of Commons has accepted. I would point out, with all due respect, that we have the right to amend any measure, and I hope we will retain that right.

Hon. Mr. Carter: If I understood my honourable friend correctly, he started out by saying he had asked me a question which had not been answered. I listened to him attentively, but I still do not know which part of the question remains unanswered.

Hon. Mr. Phillips: All of it.

Hon. Mr. Carter: I should point out to the honourable senator that I did not say that this house does not have the right to amend the bill now before us. I concede that it has. I merely pointed out that the same opportunity to amend the bill existed in the other place. The bill was considered and deliberated upon for an extended period, and such an amendment was not introduced. I assume that was not done because it was generally understood that it would not be carried. I have no reason to believe that the opinion of the other house has changed, and for that reason I question the strategy of amending the bill in the Senate and sending it back to the other place with the almost certain assurance that it would not be accepted.

Hon. Mr. Argue: I am sure it would pass.

Hon. Mr. Phillips: If I understood Senator Carter correctly, he is saying that the only time an amendment should be introduced is when it can be carried. How does he think we on this side of the chamber feel when we introduce an amendment knowing that we are outvoted three to one?

Hon. Mr. Argue: Four and a half to one.

Hon. Mr. Phillips: Yes. Would the honourable senator explain his attitude with regard to our feelings on this side of the house?

Hon. Mr. Carter: That is not a correct parallel, because the vote in the other house was non-partisan.

Hon. Mr. Phillips: And the vote in this house is not?

Hon. Mr. Buckwold: Honourable senators, before the debate is adjourned may I, as Acting Whip appointed by the Leader of the Government, make a request of the house? A great deal of interest has been shown by honourable senators in this debate. I would appeal to those on the government side, and, if possible, to those on the opposite side of the house, to indicate to me their desire to speak in order that the debate can be arranged in an orderly fashion. I would like to ensure a good supply of speakers on both sides of the house, and to this end I would appreciate the co-operation of all honourable senators.

Hon. Mr. Phillips: Our group on this side of the house is very small. I do not think we have ever failed to put up speakers when required. Our difficulty has been in finding out when and if the government has a speaker available. If we are assured that there is someone available on the government side, the honourable senator will find someone equally available on the Opposition side.

On motion of Senator Molson, debate adjourned.

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, November 1, the adjourned debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community".

[*Translation*]

Hon. Renaude Lapointe: Honourable senators, I had not so far taken part in the debate on the report of the Senate Committee on Foreign Affairs entitled "Canadian Relations with the European Community" because I felt everything had been said on the subject by my distinguished colleagues on the committee.

But I think I am justified in doing so today due to the almost miraculous expansion those relations have taken in the last few days, first, with the visit in Ottawa of an important delegation from the European Parliament, which we could almost call historic, and second, with the opening speech, Sir Christopher Soames, Vice-President of the European Community Commission, made at the conference of the Canadian Institute of International Affairs on the same subject, that is, Canada and the European Community.

We can say that the conference organized by the Institute, in co-operation with the Department of External Affairs and the European Community Commission, was a complete success. It enabled the many participants to deal with new ideas and to give a logical follow up to the joint statement issued on November 1 by the European Parliament delegation and the Canadian Parliament delegation, at the outcome of their discussions.

In this statement, the European delegates admit that the Community policies must take into account the interests of Canada as separate from those of the United States, and that policy statement, separate from the one prepared between the United States and the Community, must be worked out for Canada. They say they are satisfied by the constructive part played by Canada at the Conference on European Security and Co-operation, and they are very much interested in the results obtained in Canada in the area of nuclear reactors.

For their part, the Canadian delegates recognize the political and social importance of the agricultural policy of the European Community, even though Canadian sales are affected by the price structure of this policy.

Finally, both parties agree that periodic meetings should be arranged between the European Parliament and the Parliament of Canada, as requested by the Senate committee, and both groups recognize as well the need to develop a structured two-way communication mechanism with the Community. But the most important point is that they agreed, as announced here last Thursday by the honourable Senator Grosart, that the Community should consider in priority the establishment of a delegation including an information office in Ottawa.

In our committee report, we stopped short of asking for the setting up of this delegation. We merely expressed the wish that an information office might be set up in Ottawa. And now, not only do our visitors admit the need for such an office, but they consider the establishment of a delegation that would include about five or six experts in different fields, and this is considered as a priority matter after the establishment of a similar delegation in Tokyo, in 1974.

● (2130)

[*English*]

The two delegations recognized that methods for co-operation in the exploration and development of oil sources in the North Atlantic, the Eastern Arctic and the Alberta tar sands could be profitably examined; they recognized the great importance of co-operation also in the field of scientific research and technology; they agreed that co-operation between member states and Canada in the upgrading of industrial raw materials could be mutually advantageous. The two sides equally agreed that there were increasingly interesting investment possibilities in both directions, but they recognized that the question of multinational corporations would inevitably have to be examined. Finally, they agreed on the need to take more energetic action in implementing their responsibilities to developing countries.

The friendly message delivered Thursday night by Sir Christopher Soames, on what he considered his first official visit to Canada as a European, has also been received with satisfaction by the Standing Senate Committee which had met him in Brussels. In particularly good spirits, the Vice-President of the Commission has maintained that the Community is not, and never could become, an inward-looking regional bloc, for, even if it had that desire, it does not have the means or the resources to be a self-sufficient economic unit. He added that in the new round of world trade negotiations inaugurated in Tokyo, and which are to run their course in Geneva, the Community has taken the lead and is determined to show concrete proof of its willingness to travel further along the path of liberalization.

As a second illustration, he referred to the Community's policies towards developing countries. "Our concern," he said, "is not mere altruism; it is also an expression of enlightened self-interest."

Regarding Canada, Sir Christopher said he could give a clear answer. Recalling that our country was explicitly singled out in the Communiqué of the Summit as a country with which the Community was determined to maintain a constructive dialogue, he added that it has been the task of the European Commission to give this dialogue a serious content and that the imaginative response from the Canadian side has been encouraging for them.

Not only do they see Canada as a country of fast increasing industrialization, as the possessor of large supplies, as an important trading partner, but as a country whose approach to world problems is similar to the approach which the Community itself is seeking to adopt, such as a further liberalization of world trade and the promotion of a new and more satisfactory balance between developed and developing countries. However, Sir Christopher does not want us to see the Community uniquely as some form of alternative to Canada's links with the United States or the Far East; he does consider that Canada and the European Community have their own particular and individual relationship to work out.

He added that the European Community is trying, in the negotiations at Geneva, under article 24, paragraph 6 of GATT, to offset some of the immediate adverse consequences to Canada which have resulted from the enlargement of the Community, and he is confident that wider opportunities for both industry and agriculture will arise in the multilateral trade negotiations which opened in Tokyo last September. At this stage, however, we should not be too optimistic regarding possible changes in the agricultural policy because of the world situation. The opinion of experts is that the European Community will brush aside ambitious reforms, and will limit its propositions to relatively minor changes.

For Sir Christopher, the essential point is that Canada and the Community share the basic aim of increasing the flow of trade and investment between them. Like the

European parliamentarians, he believes that there is real scope for something bold and imaginative in the field of joint industrial ventures. He is also in favour of swapping technology and expertise, and opening up investment and markets in both directions. He considers that both the public and the private sectors will have their part to play in this new game—the public sector in tracing the economic framework and laying down the rules where appropriate; the private sector in getting together the bankers and engineers, the managers and market experts, to see whether there can be a larger European contribution to Canada's own economic self-realization.

The distinguished visitor concluded by saying that if the Community intends to do its best to develop its Canadian dimension, it expects in return an equal effort and encouragement on the Canadian side.

● (2140)

[*Translation*]

The courtesy and enthusiasm that were called for that evening at the opening of the Institute conference gave way to more technical and intensive discussions between Europeans and Canadians in the four round tables or work shops on the following topics: trade and agriculture; industry and technology; resources and energy and, finally, Canada, the Community and the world.

The chairman of this last workshop, Gordon Hawkins, of Dalhousie University, cautioned us against a presumption that we know all about the Common Market. "We still consider it, he said, as an economic organization, while it is developing into a more complex and more sophisticated society. This is the reason why we must establish other relations than on the business level. At the present time, our interest is mainly dictated by our fear of isolation, but we must take more serious and systematic measures at two levels, either through knowledge and bilateral relations, that is between Canada and each country in particular, or through knowledge and multilateral relations between Canada and the Community as a whole."

Several newsmen who were there did agree that until now the press has utterly failed in its task to involve the people in this new economic and political entity. We find a lack of interest at all levels: in the business world, the universities, the trade unions and elsewhere. However, we must admit that it is still an abstract subject, except for well-informed people who take the time to find out about what goes on. But, if the media were more actively involved, public opinion would follow, if it were given clear and positive facts.

It is in this connection that a reference was made to a possible visit of the Prime Minister to Brussels and the member countries of the Common Market, a visit suggested by our committee. A representative from External Affairs indicated Friday that the matter is being considered very seriously. However, the following day, a panelist who is both an economist and a newsman, said he felt that the tour was a little premature, explaining that our exploratory approaches are not sufficiently advanced.

For his part, Mr. Pierre Malvé, an assistant to the Chairman of the European Commission in Brussels, made a remarkable speech: "What is wanted here", he said, "is perhaps a still picture of the Economic Community, and that does not exist, because the Community is always changing." However, there have been contacts with Canada and we are even concerned about the close watch the Canadian government is keeping on us. During the GATT meetings, he went on, you waged, with a certain degree of success, some battles against the EEC. That's good, for if you do not have the political will to achieve something, you shall get nothing. The decision of Great Britain to join the EEC provides your country with a new opportunity and you must make the other member States aware of the Canadian position and Europe's responsibility towards you.

He went on to say that industrialized nations need one another and that it is between them that trade expands more rapidly. Because to expand, know-how and expertise must be pooled.

Finally, what we must retain of these exchanges of views between academics, diplomats, economists, officials of various departments, outstanding businessmen and learned experts on the European question is, first of all, that the move of the EEC towards monetary and political unity in 1980 will not go smoothly and without disappointments, that its steps will be hesitant and careful, and that it will remain a slow and clumsy partner for many years to come. But it has been added that this partner is not as aggressive as it was thought and even though it is not easy on everyone it is not unreasonable.

Secondly, Canada should be patient and obstinate and more audacious and imaginative in its initiatives, as strongly suggested by Roy Pryce, Information Director for the Community. From this standpoint we think that the publication of our report was a most constructive and original initiative. And, if it is true, as emphasized by a spokesman from External Affairs, that the dialogue has been going on for two and a half years between Canada and the Community and that our ambassador in Brussels is quite competent, it nevertheless remains that the representations made in Brussels by the Senate Committee on Foreign Affairs, under the able leadership of Senators Aird and Grosart, awoke the interest of the Community's representatives at various levels and that they succeeded in establishing ties whose significance should not be minimized, ties which have been strengthened by the very visit here of the European parliamentarians.

We have therefore lived through a memorable week in the sense that it has certainly given a new impetus to Canada's relations with the overseas giant which seems less fearsome than we had thought previously.

[*English*]

On motion of Senator Carter, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

25862—69

THE SENATE

Wednesday, November 7, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on operations under the Regional Development Incentives Act for the month of September 1973, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator McIlraith for second reading of Bill C-2, to amend the Criminal Code.

Hon. Hartland de M. Molson: Honourable senators, when we speak of capital punishment we automatically think of hanging. I must say at the outset that I hate the idea of anyone being hanged. The use of the rope for purposes of execution is unquestionably out of place in our society. It is a survival from the days of barbarism and it is the last brutal remnant of hanging, drawing and quartering evolved in the dark ages to provide both a warning and a public spectacle for the people. I should like to see hanging abolished, once and for all.

I am not taking part in this debate, however, for that reason. I am speaking because I will, like all my colleagues in this chamber, vote according to my convictions and my conscience; and I believe I owe it to you, and in fulfilment of my public responsibilities, to explain the reason for the way in which I will vote.

Capital punishment has been the subject of debate for years, and since 1966 has been constantly before legislators in this country. It has brought forward some of the greatest arguments; it has been the basis of some of the finest speeches, and it has been the generator of some of the widest, if not the most diametrically opposed, interpretations of facts and statistics that we have ever seen.

Hon. Mr. Flynn: Right.

Hon. Mr. Molson: In this debate, reality has largely disappeared and emotion has taken its place. Some of the agonizing questions frequently introduced into the debate are such as: Is the death sentence a deterrent or is it not? Is crime on the increase or is murder on the increase? Are these figures absolute or are they in ratio? Is murder as prevalent in jurisdictions where the death penalty exists? Is there any relationship between other violent crime and murder? Is execution murder by the state? Does the death penalty degrade all those in any way involved? Should there be any distinction in the crime because the victim is in a special category, such as police or prison personnel? Should a convicted murderer ever be paroled and, if so, when?

These and dozens of other queries and theories have been raised, and I must say raised with great sincerity, by people trying to reinforce their own convictions. In the course of argument we have, I believe, seen very little hypocrisy but we have seen some extraordinarily fallacious conclusions drawn. Again questionable statements are pronounced as established fact such as:

> The artificial distinction between the guilty and the innocent must be abolished from the law books: it has long outlived its usefulness.

This simply sets my head spinning. In the context from which this came we also find the following:

> In discarding the old view of guilt and punishment, it would also be as well to discard once and for all the idea that the law should enforce public morality.

My own idea of public morality would be that it indicates standards of behaviour acceptable to the majority of the public, and that for the purpose of peace, order and good government enforcement is in some cases desirable. This is going rather far afield, but I mention it because these thoughts were used in support of the case for abolition. Another example of woolly thinking explains that there really were not nearly as many murders as we thought, because there are so few convictions. Here again let me quote:

> Of the 1,157 cases reported to the police during this period (1966-69) only 176 resulted in a conviction for murder (9 capital and 167 non-capital), but this is only 15 per cent. It would appear that the great majority of cases of so-called murder reported to the police were not murder at all, and to include them in murder statistics only causes confusion.

In other words, if a person is found dead from a bullet or stab wound and no conviction can be obtained, it is not murder. It should not be included in murder statistics; it should be included under some other heading. I wonder what the other heading should be, voodoo? Unable to continue? Functional failure? I suggest to you that the small number of convictions proves far more the difficulty of proof of murder beyond the shadow of a doubt, and the very great skill of the legal profession.

It is emotional exaggeration such as some of these expressions which I believe clouds clear thinking. A widely circulated statement is to the effect that most murders in Canada result from sudden aberrations as a consequence of marital or extramarital jealousies, quarrels and misunderstandings and are frequently committed under the influence of drugs or alcohol. Canadian statistics are quite clear on this, and last evening Senator

Perrault mentioned this. But it depends on where you live. In my own city in the first ten months of 1973 we have had 35 voluntary homicides or murders.

An Hon. Senator: Thirty-eight.

Hon. Mr. Molson: Thirty-eight, thank you. Thirty-three of these are assessed as plain gang killings for revenge or intimidation. That is 94 per cent. This is a completely different type of crime from the "crime de passion."

Attention has been drawn to the statement by that great parliamentarian, Edmund Burke, that he did not feel bound to respond to the majority wishes of his constituents. Things have changed in 200 years. Today the public is informed in detail and instantaneously about all serious issues, and at times adopts positions ahead of its representatives.

● (1410)

As we are not elected, we are not in quite the same position as Burke, but we must be expected to give full weight to our understanding of what the majority of the people of Canada want and expect. I have been led to believe that between 60 per cent and 85 per cent, or let us say a clear majority, firmly believe that capital punishment should be retained for not only murder of police and prison personnel but for premeditated, organized, gangland and other brutal, cold-blooded killings.

It would be purposeless and, I believe, quite unnecessary for me to cover the ground which has been so fully the object of pleading and discussion over all the years in many debates, articles and speeches. The speeches so far in this chamber have been most impressive and do credit to the deep concern of all, even though I do not agree with some of the views expressed.

I would like to point out one extremely important fact. It is that not nearly enough attention, if any, has been devoted to the imperative need to find a means of painless execution, perhaps by injection of a drug, if there is to be a death penalty. It is possible that on this question the most active abolitionists have been avoiding any mention of a more merciful approach to execution, because it might strengthen the case of those who favour any form of retention.

I would like to ask a question. A prison is a pretty mean place, where normal habits, thoughts, urges, appetites and, in fact, life are all under constant restraint. After many years the individual is destroyed. Many people now favouring abolition suggest that to protect society sentences must last 20, 25 or 30 years, or the natural life. If you were faced with that prospect, the prospect of no way out ever, ever, are you so sure that you would find death, particularly if it could be quick and painless, so poor an alternative? Is the destruction of character more merciful than the destruction of the body? I am not sure which I would choose, but there have been many suicides for less reason.

This brings me back to the beginning of my remarks and my purpose is to make my position clear. I shall put it as briefly as I possibly can. I believe that the death penalty is a deterrent. It is said that it cannot be proved. Can it be argued that imprisonment has been proved to be a deterrent to the commission of armed hold-up, rape, robbery and other crimes? Statistics have been published showing an increase in the number of murders in Canada of 50 per cent in five years and of 61 per cent in the United States. It has been shown that other crimes have increased at a much greater rate. Should we then abolish the prisons also? However, in my opinion, a merciful alternative for hanging should now be developed immediately until abolition of the death penalty becomes law. I think it is right to provide any protection possible for officers enforcing the law and controlling those convicted of crimes, but the death penalty should also be provided for the planned, deliberate professional killing commonly used in gangland operations.

Until human nature changes so that only good is done by one individual to another, or until an erring human being can be kept without restraint on the straight and narrow path, it will be necessary to have some form of punishment for acts against the public interest.

It is my belief that one of the reasons there is today so much crime and so much unwillingness to conform to reasonable standards of existence is that society has accepted the cult of permissiveness, perhaps more marked in some countries than in others. Canada has gone extremely far in this direction, with the result that we have suffered from a rapid increase in all forms of disagreement with society, as, for example, crime. If you remove capital punishment, the most onerous punishment of all, you downgrade all punishment. If that is followed, as in this country, by life imprisonment being cut to eight years, and if the effect is further reduced by granting early parole for all offences, and if you then give bail to people suspected of the worst crimes, such as dope-pushing, you have a degree of permissiveness which is nothing short of an invitation to live beyond the law.

I do not believe that I am at all alone in this point of view. I believe that Canadians feel this strongly today and that it is one area in which the government has not been acting in accordance with the will of the majority of the people. Unquestionably rehabilitation is far more desirable and more important than punishment, but, in changing to a course such as the one we have embarked on, great care must be taken to see that it works. There must be a pragmatic approach. In this case the government has gone far in advance of any actual experience and knowledge, just as it did with those astounding changes to our immigration laws which have caused so much grief. Another illustration is the confusion which has occurred in the expensive snafu in unemployment insurance.

Coming back to the bill, I have to say that I cannot support it. I believe the bill is hypocritical. If we believe in abolition of the death penalty, there is no reason why we should vote for the death penalty for killing certain categories of people.

Hon. Senators: Hear, hear.

Hon. Mr. Molson: If we believe in retention of the death penalty, then we are getting it only in so far as it covers the relatively rare murder of police and prison officers. In both cases there is not just compromise; there is pretense that the bill meets either standard. What is worse is that we are being asked to pass this bill, providing for the death penalty in the murder of police and prison officers, when we know now, today, that not one single such sentence will be carried out.

Members of the Cabinet—that is, members of the Government of Canada—have brought in a bill which contains this provision as part of the law, knowing full well that in every case, regardless of whether there is any reason or any appeal for clemency, they will commute the sentence.

It was quite unthinkable to thousands of Canadians that any excuse for clemency could have been found for commuting the sentence in certain really vicious killings, such as the one of the wounded policeman lying on the ground who was shot twice more by Marcotte, alias Santa Claus.

I would like to think that in considering this bill in committee, or on third reading, some effort will be made to reduce the infallibility of such Cabinet action. It may well require an amendment in order to accomplish this purpose, and I reserve my right in this regard.

So I say, honourable senators, that in its present form I cannot vote for the bill for the reasons I have indicated. Should there be any effort to change it so that there will be no commutation by the Cabinet unless there has been a recommendation for mercy, I would then reconsider my position. In the meantime, I must vote against it.

Hon. Mr. Lamontagne: I wonder if the honourable senator would go so far as to include in the present bill the abolition of the royal prerogative in this matter?

• (1420)

Hon. Mr. Molson: The royal prerogative, I have been led to believe, is a different subject. It deals more peculiarly with pardon, either complete or partial. Provision for commutation by the Cabinet is contained within this bill, and in that respect is more susceptible to any action which we choose to take than is the much larger question of the royal prerogative.

Hon. Ernest C. Manning: Honourable senators, as has been stated by previous speakers in this debate, the major point at issue in the legislation before us is whether the partial ban on capital punishment should be extended for another five years. Unfortunately, the policy position of the present government on this question of capital punishment makes any discussion of this issue largely an academic exercise.

Hon. Mr. Flynn: That is right.

Hon. Mr. Manning: During the past five years Parliament's expressed intention regarding capital punishment for murderers of police officers and prison guards has been consistently ignored. The five-year partial ban was supposed to be an experimental period. If this was the intention of Parliament, it has been frustrated to a very large degree by the government's failure to carry out that intention.

I am afraid there is no reason to believe, as Senator Molson indicated a few moments ago, that the situation will be any different whether this present bill is passed or not. For this reason I suggest that all the protracted debate as to whether we should or should not execute murderers has been little more than an academic discussion.

The government deserves to be severely censored for the manner in which it has flouted the expressed will of Parliament and even the stronger expressions by the Canadian people on this important issue. I concur with the position of the substantial majority of the Canadian

[Hon. Mr. Molson.]

people, and I want to go on record as being emphatically opposed to even the partial abolition of the death penalty in cases of wilful murder.

I appreciate that few minds are going to be changed by the repetition of arguments which have often been advanced, but I agree that those who conscientiously believe capital punishment should be retained have a responsibility to the public and to Parliament to state their reasons. My first and foremost reason is a firm conviction that respect for the sanctity of life is absolutely essential to the preservation of an acceptable form of society. That sanctity cannot be preserved by a society which permits its members to wilfully take the lives of others with impunity.

To attach to conviction for wilful murder a penalty of imprisonment which, under modern parole practices, which have made a farce of life sentences, turns out to be no more severe than that imposed for kidnapping or hijacking, or major theft or embezzlement, certainly places no premium on the sanctity of life.

The edicts: "Thou shalt not kill" and "Whoso sheddeth man's blood, by man shall his blood be shed" were not of human origin. Rather they were affirmations by the Creator of life of the sanctity that attaches to such life. I repeat, essential respect for the sanctity of life cannot be preserved by a society that permits life to be taken with impunity.

I reject as wholly fallacious the popular assertion by abolitionists that the execution of a guilty murderer is an act of vengeance or revenge on the part of society. It is not an act of revenge. It is an act of justice. There is no place in the administration of justice for revenge; but an integral part of justice, if it is to mean anything, is that every act of wrongdoing carries a penalty.

The fallacious modern concept that wrongdoing should result in neither a sense of guilt nor a penalty is one of the major factors contributing to the ever-increasing lawlessness of our times. The popular tendency today is to portray the guilty criminal as an unfortunate victim of circumstances and always to seek to place the blame for his action on something or someone else. There seems to be little concern for the murderer's innocent victim, or for the loved ones left to mourn his loss, but there is a great deal of misplaced sympathy for the murderer, and a strange unwillingness to attach blame for his action and impose a just penalty.

It is not uncommon to hear people say that the concept embodied in the ancient Mosaic Law of an eye for an eye and a tooth for a tooth is a relic of primitive times, and smacks of vengeance rather than of justice. It is nothing of the kind. What the Mosaic Law, on which so much of our system of jurisprudence is based, provided was a restraint on the administration of justice, to prevent the penalty imposed from exceeding that which was just and becoming vengeance. For an eye no greater penalty could be exacted than an eye; for a tooth, no greater penalty than a tooth. By the same principle, a life for a life.

May I make a few brief comments on the matter of deterrence. We seem to live in an age of many strange inconsistencies. Why do we have traffic policemen give tickets to motorists for speeding or reckless driving and

impose fines for those offences? Is that vengeance? Or is it merely a way of collecting revenue? Or is not the whole concept behind it to act as a deterrent to others? Why do we impose a fine or a jail term for income tax fraud or evasion? Is that vengeance on the part of the state? Is that simply a way to collect a little more revenue? Or is not the whole concept—and I submit a sound concept—that it is done because it is recognized that it serves as a deterrent to others? Is it not strange that it is only in this one field of capital punishment that the imposition of the penalty becomes no longer a deterrent? I admit there is no way of measuring accurately the deterrent effect of capital punishment but all logic is on the side of assuming that it does have a deterrent effect and that that effect is potent.

● (1430)

I would like to conclude these remarks with a few general observations. It seems to me that there is no valid reason for restricting capital punishment to murders of police officers and prison guards. Certainly these men are engaged in a dangerous occupation on behalf of society, and I am in favour of giving them the maximum measure of protection. But certainly there are many other instances in which there is equally as much justification to impose capital punishment as in the case of police officers and prison guards. What about hijackers who brutally murder innocent passengers or the crew of an airplane? What about kidnappers who brutally murder innocent hostages? Are the lives of these people less valuable than the lives of men who voluntarily choose a hazardous occupation? The restricting of capital punishment to the murderers of police officers and prison guards has no validity in logic.

I would like to comment briefly on the method of execution. This was dealt with effectively by Senator Molson and I agree with what he said. It is unfortunate that in many discussions on capital punishment, attention has been diverted to the method of execution rather than held to the specific proposition that capital punishment in some form is just and necessary. If hanging is repugnant, there are other methods of execution that could be adopted, but these two issues should not be confused.

I would like also to make an observation on the lack of consideration given by many elected representatives of the Canadian people to the wishes of those they represent. It is a well known fact—and every recent scientific opinion survey has borne this out—that a substantial majority of Canadian citizens believe that capital punishment should be retained and applied in all cases of wilful murder, unless extenuating circumstances justify the exercise of the prerogative of mercy. Elected parliamentarians frequently boast that they represent their people and are guided in their decisions by the expressed will of the people, but on the issue of capital punishment many have completely ignored and voted contrary to that which they know is the wish of the people they represent. I concede that if a man has a conscientious objection which prevents him from supporting their wishes on an issue of this kind, his electors must accept that as one of the conditions on which a man accepts public office. I do point out, however, that it is inconsistent with the attitude of elected representatives on the vast majority of issues which come before them.

Finally, on the matter of the prerogative of mercy, my submission is that the prerogative of mercy is proper, that it should be retained and that it should be employed in any case where there is any shadow of doubt as to the guilt of the accused party. We hear fears expressed that some innocent person might be executed. Such a possibility is so unlikely as to be almost non-existent. There are few, if any, cases of murder in which it is not possible to determine whether there is some element of doubt; and if any doubt exists the prerogative of mercy should be exercised. It should be used when there are extenuating circumstances—and there are such cases. We all recognize the very obvious case of a man who commits a murder in the heat of passion or anger, perhaps because he has seen a loved one assaulted or because something has happened which causes him temporarily to lose control over his own actions. You cannot compare such cases with the type of gangland murders, for example, that Senator Molson referred to as deliberately planned executions.

While the prerogative of mercy should be exercised in all cases where there are extenuating circumstances, it is absurd for the Government of Canada to suggest that since the partial ban on capital punishment came into effect there has not been a single case of murder in which there were not extenuating circumstances. For these reasons, as far as this particular bill is concerned, I have exactly the same feeling as was expressed by Senator Molson. The bill is hypocritical, it is a farce, because it does not come to grips with the issue in any realistic way, and because we are well aware that whether the bill passes or not it will not make one iota of difference, because the present government is not going to execute any murderers.

Hon. Mr. Flynn: That is the point. It makes no difference.

Hon. Mr. Martin: That is not correct.

Hon. Mr. Manning: If an effort is made to amend this legislation, to abolish capital punishment altogether, I will certainly oppose such amendments, for the reasons I have endeavoured to explain.

Hon. Mr. Hastings: Honourable senators, I would like to direct a brief question to Senator Manning. He outlined those cases where he would extend the prerogative of mercy. Would he extend that prerogative where the jury and the judge on the case recommended mercy?

Hon. Mr. Manning: I think the fact that the judge and jury recommended mercy would be one of the very strong considerations that the government would take into account. I do not say it would be binding but it would certainly be a measure to be taken into consideration.

Hon. B. Alasdair Graham: I know now, Senator Molson, how the "Pocket Rocket," Henri Richard, must have felt when he played his first game in a *Canadiens* uniform some nineteen years ago beside his illustrious big brother Maurice. While we are in a different forum this afternoon, there must be some similarity in the way the Pocket Rocket felt and the way I feel now, having to follow two very eloquent and wise men of this chamber, Senator Molson and Senator Manning, on the very important subject which is before the Canadian public today. I think

this is particularly true since I do not necessarily share all of the views of these two very knowledgeable Canadians.

I want to congratulate all those who participated in this debate for the clear and straightforward manner in which they presented their views. I would particularly congratulate the sponsor of the bill, Senator McIlraith, who took considerable time—as he explained to us—in order to give a full and valid explanation of the bill.

This subject is continuously occupying the attention of many Canadians of different points of view and it is becoming increasingly obvious as we continue the debate in this chamber. The debate occupied a considerable amount of time in the other place and prompted some very eloquent testimony by participants on both sides of the house and on all sides of the question.

• (1440)

As a result of that, I want to begin today by quoting a member from the other place, the honourable member from Sarnia-Lambton, who spoke in the debate there on January 30. Mr. Cullen at that time gave voice to what I consider to be one of the most damning definitions of the death penalty in Canada. He said:

> I believe that the death penalty is an immature response to an irrational act. I believe that advocates of capital punishment for murder are looking for an easy solution. There is not one.

Like all Canadians, I wish to see this matter settled, once and for all. It has consumed a tremendous amount of time, it has generated a great deal of heat, and unfortunately the light that has come forth from the heat of this debate is not sufficient, in my opinion, to bring the matter to finality at this time. In fact, recent events have tended to halt, and, indeed, somewhat reverse, a trend which I found to be very gratifying—that is to say, the trend away from capital punishment.

There has been an upsurge in crime in general, and there have been a number of incidents of late which have caused great concern among government authorities and the Canadian public at large. In my judgment, these events have had no direct connection with the death penalty itself, but I do suggest that they have coloured the thinking of many people. They have confused the issue. They have placed the whole question again in an atmosphere of emotion, of fear, of misinterpretation and misunderstanding. Therefore, I suggest that the present climate is just not suited to a proper solution at this time.

Hon. Mr. Flynn: But do you suggest it is not a good time for any proper solution? Do you suggest that it is a good time for an improper solution?

Hon. Mr. Graham: No, sir. You will find out what I mean if you listen as I continue.

I have a great deal of admiration for the energy and the frankness of the Solicitor General. He has inherited an enormous task—the task of reforming the penal system of Canada—at a time of great social upheaval, and after much study and consideration he and his experts have concluded that the hard statistics needed to make a rational decision at this time are just not complete. He seeks, as you know, the continuation of the ban that has existed since 1967.

[Hon. Mr. Graham.]

Honourable senators, I am prepared to support that request this afternoon, because I believe it to be the best solution for this moment. At the same time, I look forward to the day when total abolition will become a fact of law in this country.

Hon. Mr. Flynn: That is a fact already.

Hon. Mr. Graham: The history of capital punishment, viewed from the annals of any country, is very depressing. It is a sickening record of man acting from prejudice and power, from fear and emotion. It is chapter after chapter of what some people have called "burnings and boilings, hangings and beheadings," and so on. These were not necessarily, as somebody pointed out last night, punishment for the great crimes of treason and murder, because a life could be taken in gruesome fashion for the theft of a loaf of bread.

While speaking in this chamber on June 21 last my friend and colleague, the senior senator from Cape Breton, Senator John M. Macdonald, had this to say about capital punishment:

> —it must be admitted that capital punishment is a degrading thing. It leaves its mark on all who are connected with it. What must be the mental strain, yes, the mental anguish, of the judge who must impose the sentence? What must be the mental strain on the jury, and on the sheriff who must see it is carried out, and on those who do the actual killing?

Senator Perrault pointed out last night that the first execution performed in Canada was that of a 16-year old girl. The first man hanged, I believe, was a negro, back in the late 1700s. Somehow I cannot help but feel that the whole pattern of the death penalty in Canada was set on that bleak day when that unfortunate man was sent to the gallows, and I cannot help believing that from that day forward the principal victims of the rope in Canada have been the poor, the deprived and what some people call "the ignorant," in the classical sense of the word.

It was John Diefenbaker, a man not inexperienced in the law, who said:

> Some quote scripture and say it is difficult for a rich man to enter the Kingdom of Heaven. A cynic would ask whether a rich man, leaving aside the Kingdom of Heaven, is not virtually secured against a meeting with the hangman on the gallows.

For a long time the victims of capital punishment in Canada have been, for the most part, those unfortunate people who could not afford the cost and the complexities of the advocacy system. I do not think that that is justice, honourable senators. Since Confederation, 697 Canadian men and 13 Canadian women have been executed. I fail completely to see how this slaughter has contributed one inch, or one iota, to our growth as a nation. One day, and I hope it will be soon, we will have to rise above revenge, and choose the path of human progress. We will have to reject what Mr. Cullen so aptly called "the easy solution."

Despite growing evidence that capital punishment is no deterrent, we continue to equivocate when it comes to the final decision, and we ask ourselves why. I have come to the conclusion that it is virtually impossible ever to consider this very sensitive topic in an atmosphere or climate

that is free of social ferment, and it may well be that that ideal climate will never come to pass.

There now exists a Canadian study conducted by Dr. Ezzar A. Fattah, a criminologist from the University of Montreal. It was commissioned by the Solicitor General in 1971. Because it contains only three years of data from Statistics Canada, and one year of material compiled by Dr. Fattah himself, it is not considered sufficiently complete for a major decision at this time. Indeed, honourable senators, Dr. Fattah's results to date make the burden of proof on the retentionist heavier than it has ever been. Let me read his conclusions:

> Homicide rates are conditioned by factors other than the death penalty. They suggest that the cause of homicide cannot be found in a single factor but is a total social situation in which a special law or particular punishment can have little or no effect.

He further states:

> Nothing emerges from the study of trends in violent crimes in Canada that would support or even suggest a proposition that the suspension of capital punishment has caused an increase in the homicide rate.

To me, the evidence that capital punishment is not a deterrent is sufficient to enforce my stand as a confirmed abolitionist. This is in direct contradiction, I realize, to what Senator Molson has said, namely, that he believes it is a deterrent. Other Canadians disagree with my point of view, and I sympathize with the decisions that have to be taken by all honourable senators and all honourable members of the House of Commons who must come to grips with their own consciences, and what Senator Manning referred to as "the attitudes of their constituents," the people they represent. I shall deal with that in just a moment.

The duties of members of the House of Commons were clearly enunciated by the Solicitor General when he introduced Bill C-2 in the other place. At that time he said:

> We have been sent to this House to deliberate, to weigh the force of argument . . . If we were to accept a plebiscite on the issue of capital punishment we would open the way for plebiscites on all controversial legislation of a similar nature presented to the House.
>
> This does not mean that we do not have a duty to consult with and listen to our constituents. We do have that duty and we should take it seriously. But this means that we listen openly and honestly to their arguments, the reasons for their opinions, and if they are convincing we adopt them. It does not mean that we should be swayed by protests, volume of voice, shrillness, or mere numbers.

● (1450)

Honourable senators, I submit that the present action is, at very best, only a delaying action. But I also submit that it is justified at this particular time. At the end of this period members and senators must come to grips with the fact that—

Hon. Mr. Flynn: That is what they said five years ago.

Hon. Mr. Graham: But I am not satisfied that the statistics available in Canada are adequate at this particular time. If we are going to kill, then we have to establish beyond all shadow of a doubt that killing is justified. I hope that when the time comes to make a further decision on this matter the climate will have improved to the extent that all honourable senators and members of the other place will reject what I consider to be an outmoded concept—that is, an eye for an eye.

When Mr. Pearson, the late Prime Minister, introduced the subject in the House of Commons in 1967, he said:

> History provides the ineffectiveness of punishment alone as a cure for crime or as protection for society . . . I believe that crime should be treated, not on the gallows, or in the gas chamber, but in the slums, in the ghettos, in the clinics at the source.

That, I think, is coming to grips with the real problem—the cancerous conditions that breed crime and breed murder today. Statistics show, as I believe Senator Perrault mentioned last night, that two out of three killings evolve from what can be termed family or community situations, and I believe Senator Molson also made reference to this this afternoon. They emerge from family conflicts, from drug and liquor-induced melees, from frustration, poverty and despair. In short, murder springs from sources that can profit from the clinic of which Mr. Pearson spoke, but where the gallows can have no lasting effect.

Hon. Mr. Flynn: All crimes do.

Hon. Mr. Graham: The death penalty is no deterrent for the psychopath, the potential suicide, the crazed idealist or the man lost to degradation and despair. These account for most of our murders. So who then is deterred by the death penalty? In my judgment only those who are not likely to commit murder at any time, or under any circumstances. So it seems to me to be a rather bloody way to convert the converted.

The Solicitor General was very consistent with what the late Prime Minister Pearson had said, when he spoke on presenting Bill C-2 in the other place. I quote again, in part, from what he said:

> Each time the state-society executes a man, it admits failure—a failure of its family life, a failure of its education system, a failure of its social and economic environment, a failure of its moral and religious institutions, and, above all, a failure to cope humanely and optimistically with anti-social behaviours. An execution is an act of despair toward the value of the human person.

Mr. Allmand's words strike at the heart of the matter. And I ask in all sincerity, is it fear for ourselves, fear for those we love, that prompts us to want to eliminate the murderer completely? Or is it, perhaps, also because the presence of the murderer is a constant reminder of our failure, because we are somehow tainted with his guilt? And I ask you: Is our rage totally directed at the offender or is it partly directed at ourselves because we, with all the essential tools we have at our disposal, have failed to shape a truly civilized society?

Back in March, 1966, when the Joint Committee of the Senate and House of Commons presented their proposal for abolition, Mr. Ian Wahn was in the forefront of those supporting the bill and he presented his ideas. In doing so he said:

> Canada has developed a wealthy, complex and relatively mature society. I believe we can afford a multitude of institutions to deal in an appropriate manner with the great variety of offenders inevitable in a complex society.

I, too, believe that we have the capacity to provide a law enforcement system, a rehabilitation structure and a social climate which will allay the fears of our citizens and remove this nation, once and for all, from the business of killing.

Honourable senators, this debate has gone on for some time. It has been going on in extreme fashion in this country for the past 15 years. Perhaps it has gone on far too long today as far as I am concerned, because I have added to the mountain of words and phrases. But I make no apology, because I have the highest regard for the sanctity of life, and it is my sincere hope that the present extension will be the last patchwork solution to this particular problem.

I understand and appreciate the concern of many Canadians and many senators. Agreement can only be expected if during this five-year period of extension we turn our efforts to those measures which will dissipate the aura of fear and confusion which now exists among Canadians. We must be assured that there are workable alternatives. We must be convinced that penalties will be adequate, and that parole is not something which is taken for granted. We must know that there is a sufficient number of trained, qualified individuals to work at all levels, and here I am talking about crime prevention, detection, security and rehabilitation. We must be satisfied that our institutions for criminals are secure, that they are adequate and that they are also humane.

The Solicitor General has continued and expanded our existing program of penal reform, and it is important that all Canadians realize that the program must reach into all facets and all areas of society. It must be appreciated that this program has to be conducted at a time when society is being shattered and bruised by changes that are altering the whole of society. What is essential is not just a thorough overhaul of the penal system, but an all-out attack on the social conditions which give rise to violence and murder. And this attack must be made in what Mr. Pearson called "the clinics at the source". Mr. Cullen pointed out that it is futile to seek fast, easy solutions because there are none. We must set about the task of accepting and implementing the difficult solutions—solutions that will make the death penalty anachronistic and which will bring this great country to greater maturity.

I want to close, honourable senators, by talking about what is required in this Parliament of Canada, and I suggest that the first requirement is leadership. Here perhaps I should make reference to what Senator Manning talked about in terms of his concept of the role of the parliamentarian. The concept of parliamentary government, in my judgment, is based on the selection of wise men, with the understanding that they will legislate for the general welfare. In legislating for the general welfare, as Edmund Burke would say, the representative "must serve the constituency's interests, but not its will." In other words, we must act as representatives and not merely as delegates.

[Hon. Mr. Graham.]

• (1500)

I do not dispute that today a significant proportion of the Canadian people are demanding the retention of capital punishment. It is our job as leaders to address ourselves to the problem in such a way that in fact the best interests of the people will be served. Due to the very fact that the death penalty has ill served us, in my judgment, in the past and that its victims must certainly be the poor and the deprived, and because I am convinced that no definite case has been presented to demonstrate the deterrent effect of capital punishment, I urge you, honourable senators, to support the legislation before this house. In asking you to show leadership in supporting this bill I am also asking that we find a way to ease the public mind and to bring out the real facts surrounding this problem. To do otherwise would be to fail in our responsibilities to the people of this country.

Hon. Mr. Flynn: May I ask a question of Senator Graham? I understood from his speech that he is for the total abolition of capital punishment. If, therefore, a suitable amendment were proposed in the Senate to provide for total abolition, would he vote for it?

Hon. Mr. Graham: It would depend upon the amendment, senator.

Hon. Mr. Flynn: If it were to abolish the death penalty, would you vote for it? I do not want you to circumvent the question.

Hon. Mr. Graham: From my study of all the facts and statistics that are available to us in Canada today, I have regretfully come to the conclusion that we do not have the cold, hard facts necessary at this time to bring the matter to finality.

Hon. Mr. Flynn: That is not what you said before.

Hon. Mr. Graham: That is exactly what I said before.

Hon. Mr. Flynn: You are contradicting yourself, and speaking out of both sides of your mouth.

Hon. Mr. Graham: I beg the indulgence of honourable senators. If the honourable senator will read my remarks, I am sure he will find that what I have just said is consistent with my remarks.

Hon. Mr. Flynn: It is inconsistent in every way.

Hon. David A. Croll: Honourable senators, let me just say that I am consistent, but I am disappointed in this bill. I had hoped that the death penalty would have withered away before now, and in that respect I am as disappointed as the Leader of the Government—

Hon. Mr. Flynn: Well, he has not spoken yet.

Hon. Mr. Croll: —the leader of the Conservative Party, the leader of the New Democratic Party, and the only living former Prime Minister of Canada, all of whom voted for this bill in its present form in the other place.

I have had a long association with this particular problem. I remember when I was a young man that it was common to have debates at the university on the death penalty. When I was a member of the other place I took the opportunity on many occasions to discuss the death penalty when the matter came up for discussion. After being appointed to the Senate, I introduced Bill S-6, to

abolish capital punishment, in January, 1960, and was asked to allow it to stand while the matter was dealt with in the other place.

Hon. Mr. Flynn: They were doing that in the other place also.

Hon. Mr. Croll: Yes. I told you I was consistent, did I not?

Hon. Mr. Flynn: But they are consistent there also.

Hon. Mr. Croll: In December of 1967 I introduced in this house the legislation which lapsed in December, 1972. We had a great debate in this house, with 20 speakers taking part. When my friend, Senator Manning, says it is an academic exercise, I would add that it has value. It is of value for members of the upper house of Parliament to open their minds and their hearts, and to speak to the people of Canada. It does not make really a great deal of difference whether you are on one side or the other, as long as you express your views. That is the purpose of having this very wide discussion.

So I rise today, as you know, to support this bill, as I did its predecessor, because it goes a long way toward abolishing capital punishment. I am prepared to accept half of loaf when I realize that the whole loaf is not within reach at the present time. Somehow or other the speakers have spoken of the government as having presented this bill. This is not a government bill.

Hon. Mr. Flynn: It is.

Hon. Mr. Croll: Of course, it is not a government bill.

Hon. Mr. Flynn: It is.

Hon. Mr. Croll: This bill was presented by the government under a free vote.

Hon. Mr. Flynn: Yes.

Hon. Mr. Croll: It was a free vote, and if you refer to the record you will find your friends on all sides.

Hon. Mr. Flynn: But it is a government bill despite the fact that there was a free vote. The initiative was taken by the government.

Hon. Mr. Croll: That is because it was the method that was decided on.

Hon. Mr. Flynn: You go around the point. It is a government bill.

Hon. Mr. Croll: There were no whips on.

Hon. Mr. Flynn: Whips? You will see them at work in no time.

Hon. Mr. Croll: I can tell you yours will not be very effective.

Hon. Mr. Flynn: No, but it is a free vote on our side. That is the difference.

Hon. Mr. Croll: The last time the legislation was before this house it was a free vote, as you will remember.

Hon. Mr. Flynn: Yes.

Hon. Mr. Croll: I have been an unrelenting abolitionist for a long time. I am a total abolitionist. I do not believe that anyone, not even the state, has a right to take a life, and this bill will simply restore the law to what it was before the date I mentioned. Capital punishment will thus be retained, at least in theory, for the murder of policemen and prison guards. I have always objected to that, and considered such an exemption to be meaningless. It lacks logic and it lacks reason.

I repeat statements I have made on other occasions. There is a strong opinion in this country in favour of restoring capital punishment, which is chiefly influenced by the cry of crime in the streets, which is an American tragedy, and the suspicion that the suspension of the death penalty has led to a greater increase in murder. The public is wrong on both counts. There is statistical and other evidence of that beyond question. This is the best bill that we can expect from the House of Commons at this time, and the law will be with us for at least the next five years. I very much doubt if anyone will swing in this country during that period.

• (1510)

Hon. Mr. Flynn: Nobody has in the past ten years.

Hon. Mr. Croll: Then that is a fair guess. Honourable senators will recall that the Solicitor General did his best to go well beyond the present bill. He stuck his neck out a very long way, and got himself into some difficulty.

Hon. Mr. Molson: He got himself stretched.

Hon. Mr. Croll: Honourable senators who followed the debate in the other house realize that the speeches rose to great heights. There were some great speeches, because they were dealing with human life. Members realized that they could not restore that which was destroyed. The question was whether they should destroy the one who did the destroying. They came to the conclusion that this was the best possible compromise in the circumstances.

We must keep in mind that they felt they had a mandate from the people. The matter had been discussed even during the election. In the light of that fact, that is the way they voted, and we must respect that situation at this time.

Hon. Mr. Flynn: May I be clear on that point? Does the honourable senator suggest that because the vote in the House of Commons represented the will of the people, the Senate cannot vote against the bill?

Hon. Mr. Croll: No. I merely indicated that it had some bearing on the vote. The subject was discussed during the election. The members of Parliament listened to their constituents, and on their return to Parliament they voted in favour of the measure. They knew what the measure meant before they voted on it.

Hon. Mr. Flynn: There was a very slight difference in the vote.

Hon. Mr. Croll: The majority voted in favour of it.

Hon. Mr. Flynn: Do you mean the people, or members of the house?

Hon. Mr. Croll: Under our representative system, I am satisfied that we should accept the decision of the other house, which came after prolonged and careful concern. It was an intelligent and sometimes agonizing debate. To my mind, we should let the matter rest quickly, but not permanently, for the next few years. If we return the bill to the Commons—

Hon. Mr. Flynn: We do not have to. We can just vote against it.

Hon. Mr. Croll: —the whole tedious process might well start over again, and with what results I do not know. I do not think we should prolong the agony, or, if you like, the ecstasy, by referring this bill to committee. We should deal with it in Committee of the Whole once we obtain, if we do obtain, second reading.

I am certain that no honourable senator is unaware of all the pros and cons. We should pass the bill as quickly as possible. The government, by practice, indicates that capital punishment is an unnecessary evil, something which degrades and dehumanizes all who participate in the process. It is my hope that when we are again required to deal with the measure the government of the day will lay on the whips, take the responsibility, and once and for all abolish capital punishment.

Hon. Mr. Flynn: May I ask the honourable senator a question? If we were to vote against the measure, what practical difference would it make? If we rejected the legislation, what practical difference would it make to the situation in Canada?

Hon. Mr. Croll: Are you asking what would be the situation if we defeat this bill?

Hon. Mr. Flynn: Yes.

Hon. Mr. Croll: I would presume we would remain where we are now.

Hon. Mr. Flynn: What practical difference would it make?

Hon. Mr. Croll: It would perhaps make it very untidy.

Hon. Mr. Flynn: No worse than it is now.

[*Translation*]

Hon. Maurice Lamontagne: Honourable senators, I did not intend to take part in this debate but, after listening to the speeches this afternoon, I came to the conclusion that perhaps at this time, in a friendly atmosphere such as that developed by the Leader of the Opposition, I might make a contribution to the problem we are dealing with and which is, I think, so important that we must consider this matter not only in terms of and in the context of the bill now before us but above all in the context of the question I put to Senator Molson this afternoon. As a matter of fact, there is another aspect of the present discussion, the royal prerogative, that many people, in the House of Commons and in this chamber, have ignored, knowingly or not. I think that this is really an essential aspect of this debate.

I heard a moment ago Senator Manning say that the government or the ministry did not accept the people's will, and would not accept either to reflect Parliament's view in this area. I think that this shows—I would not say an unawareness but at least a failure to recognize the real nature of the royal prerogative as I interpret it. In my opinion, the real nature of this prerogative is to put the Cabinet above the law by giving their views to Her Majesty through the Governor General. This is what royal prerogative means. Then, as long as we do not decide either to abolish this power or to restrict its application, we are putting a group of men, the ministers, in a position of judges, in a position where they must assess every case to the best of their knowledge and belief, despite all opinions expressed throughout the country or in Parliament.

Hon. Mr. Flynn: Complete abolition would simplify the problem.

Hon. Mr. Lamontagne: I will get back to that. But, in the present system we have to admit that those are the constitutional arrangements which exist. It is very easy for those in favour of capital punishment to tell the ministers: You will exercise your responsibility in a certain way, or you will refuse to exercise it. This is very easy to say when you are not sitting at the Cabinet table. I know some of my colleagues who have been sitting around this table as well as the Honourable Leader of the Opposition; I do not know whether he was there long enough to see how things happen in the Cabinet—but, I am convinced that if such was the case he will admit that the exercise of this prerogative is one of the most serious problems with which a group of ministers is faced. I do not think I am disclosing Cabinet secrets when I say that when the agenda of a Cabinet meeting is brought to the attention of the ministers with capital punishment as the first item, many of them do not sleep much that night in search of a decision for the next day. They must reach this decision without any background or evidence about the condemned man. I think that this afternoon Senator Manning suggested that the Cabinet should have this royal prerogative and should be able to oppose legal decisions in the event of reasonable doubt. But, then what does that mean? It means that the Cabinet should meet as a true court of justice and hear the case all over again. Presently, the Cabinet has no evidence that there was any reasonable doubt in the mind of the jury, the judges, and so on. This type of information was not available to the Cabinet, at least when I was a minister of the Crown. I also know—once again, this is no Cabinet secret—that the consideration of these cases was the only opportunity, as far as my experience is concerned, for actual votes to be taken by the Cabinet. Given these circumstances, everyone must live with his own conscience; you cannot blame Cabinet ministers who have assumed this responsibility for not respecting the wishes of Parliament. Such a charge would be extremely unfair since it would amount to a misunderstanding as to the nature of the royal prerogative.

● (1520)

Hon. Mr. Flynn: I would like to interrupt the senator, not to be mean to him, but to make everything clear for the official report. As far as I know, nobody has said that the Cabinet had wrongly used its discretionary powers. However, considering that the Cabinet has used its discretionary powers for twelve years in commuting all sentences, then it is no longer a matter of using discretionary powers; it is applying a policy, which is very different.

Hon. Mr. Lamontagne: I understand this perfectly. What I want to say is that ever since 1962 there has always been a majority of ministers in the Cabinet who have been against capital punishment.

Hon. Mr. Flynn: That is correct. It is a policy, yes.

Hon. Mr. Lamontagne: That is right. Therefore, those ministers incessantly, despite the changes in government—

Hon. Mr. Flynn: Yes, I agree.

Hon. Mr. Lamontagne: —decided to the best of their knowledge and their belief that there should not be any capital punishment.

Hon. Mr. Flynn: Therefore, it is a policy.

Hon. Mr. Lamontagne: Yes, I believe it is a tendency that evolves into a policy. As far as I am concerned, and I am against capital punishment, I am in favour of the retention of the royal prerogative, since it is exercised in that direction. But then I think that the retentionists have an obligation, a responsibility they have not exercised yet, the obligation to propose straightforwardly during this debate the abolition or limitation of this prerogative. We are all practical people, we know all the facts, we are all aware of the existence of that royal prerogative. The retentionists should realize, as was often said this afternoon, that the bill before us will have virtually no effect.

The 1967 legislation limited the number of cases to which capital punishment was to apply and thus it was more restrictive than the previous legislation. According to the legislation prior to 1967, all those who were found guilty of murder were condemned. There was a difference between . . .

Hon. Mr. Flynn: Capital murder.

Hon. Mr. Lamontagne: That is right. Anyway, the legislation in those days was more inclined towards capital punishment than the one that followed in 1967. In spite of that, the Cabinet of the day, and the ones that followed, refused to be restricted by such a legislation.

In that context, I believe we all agree that the bill before us now is in fact a rather futile piece of legislation.

Hon. Mr. Flynn: Agreed.

Hon. Mr. Lamontagne: However, to make it truly effective, those who are in favour of the death penalty should take into more serious consideration the royal prerogative and move amendments to this legislation either to abolish it or to limit its application. It is quite easy when one is not a member of the Cabinet to say "You will have to restrict yourselves; you will have to set aside your conscience and your responsibility and you will rigidly carry on the will of Parliament as expressed in the legislation." Such a position is unacceptable.

Now, I think that those who are in favour of the death penalty must go still further if they wish to be realistic and practical and they must introduce amendments, as I have just said, either to abolish or to limit the use of royal prerogative. Otherwise we are heating the air and it would be advisable to vote on the issue today. I do not think that we can alter our respective positions on that issue. They will always be determined by individual experiences, by problems of personal awareness. I know for instance that many lawyers do advocate capital punishment. On the other hand, many sociologists, anthropologists and so on, are opposed to it. I do not think that we will manage to convince any one here into changing their minds. Except if we do something about the royal prerogative, we will have passed a bill leading in whatever direction regardless of amendments, but absolutely nothing will have been changed in the situation. We will not have set any limitations to the exercise by a group of individuals of a function now vested upon them by our constitutional arrangements.

Hon. Mr. Flynn: Unless it is abolished, perhaps.

Hon. Mr. Lamontagne: Right. Otherwise—and I see the Leader of the Opposition is also in agreement with me—the tendancy observed since 1958 towards the commutation of sentences by the Cabinet will continue. As I said, it is up to those in favor of capital punishment to come up with a solution to that confusing problem. I do not think that we should set aside this responsibility and tell the Cabinet members to muffle the voices of their conscience. It is up to those advocating capital punishment to say openly: there is a genuine problem in our constitutional arrangement and we are going to try and solve it in a manner worthy of responsible, realistic and practical men. I do not think there is at present any amendment likely to solve this basic problem.

I wanted to say all this because I have been in such a predicament as a minister of the Crown and I am not the only one in this House who has had to live with it. Until we deal with that constitutional arrangement, nothing will be solved.

Hon. Mr. Flynn: May I suggest a practical solution while at the same time asking Senator Lamontagne a question?

I am most interested by the emphasis he is putting on the issue of the royal prerogative, but that is not the main problem. If, on the one side, an amendment to consider complete abolition of capital punishment were considered out of order, does he not think that an amendment dealing with the royal prerogative, which is not mentioned in this bill, would not also be considered out of order? Moreover, given these two possibilities, what would be the solution for both abolitionists and retentionists if not to vote against the bill, in order to force the government to bring forward a clear and specific measure—

● (1530)

[*English*]

I do not refer to an improper method, as was suggested by Senator Graham, but a proper measure that would solve the problem once and for all.

[*Translation*]

Hon. Mr. Lamontagne: Unlike my honourable friend, I am not an expert in procedure and I do not know whether an amendment to that effect—

Hon. Mr. Flynn: That is a presumption.

Hon. Mr. Lamontagne: —would be in order, but even if it were not, the reason I blame those who today are advocating capital punishment is that they have not sufficiently stressed, during the debate, this other problem which, in my view, is truly basic because it is a prerequisite. It is a prerequisite to the passing of legislation—

Hon. Mr. Flynn: Senator Perrault referred to that yesterday.

Hon. Mr. Lamontagne: —which the majority would agree to. We know now that we have a system requiring that in fact we ignore the expression of the will of a majority because, even if there is a consensus on that problem, in my view that in no way reduces either the

scope of the royal prerogative or the obligation to exercise a very clear ministerial responsibility in that area.

Hon. Mr. Flynn: The problem is the same on both sides.

Hon. Mr. Lamontagne: Yes, but with a difference, in that those who are against capital punishment, like myself, will be satisfied with the policy developed since 1962, whereas those who are for capital punishment will not be.

I think that we should settle this question at least during this debate instead of asking ourselves whether capital punishment is required by the Gospel, or is against the Commandments, or is a factor deterring criminals from killing people.

I believe these discussions are nothing but mere verbosity, purely academic. We know too well that whatever the conclusions of this debate may be, the end result will depend on the Cabinet's composition; if there is a majority of ministers against capital punishment, then I think it is their duty to vote against.

Hon. Mr. Flynn: Not at all.

Hon. Mr. Lamontagne: This is precisely where we should have a real debate on the nature, the scope and the extent of the royal prerogative. I believe it is a point which has been completely ignored during this debate—that is not completely, but partially.

Hon. Mr. Flynn: The Cabinet has no right to ignore the law because of personal convictions.

[*English*]

Hon. Mr. Molson: I wonder if the honourable senator would let me ask him a question. He explained the problem of the royal prerogative very clearly, but when I was looking into the question today, although I am not a lawyer like my honourable friend—

Hon. Mr. Lamontagne: I am not.

Hon. Mr. Flynn: Don't insult the Bar.

Hon. Mr. Molson: I am not a lawyer, as my honourable friend is not a lawyer. I was shown the two sections of the Criminal Code, which are not far removed. One deals with the commutation of the death penalty by the Cabinet, and later on there is mention of the royal prerogative. I ask my honourable friend, after his very clear exposition of the problem, why is it assumed that the action of the Cabinet is being taken as the royal prerogative of mercy when in fact it is, under this section of the Criminal Code, one of its provisions? It seems to me, knowing nothing about the law, that the royal prerogative deals with pardons, not the commutation of one sentence to another. Why is it that the Cabinet are not acting under the section which provides for, and gives them the power of, commuting a sentence, but are instead saying that the royal prerogative forces this issue upon them? Are they not playing God a little bit?

Hon. Mr. Lamontagne: My honourable friend may be completely right on this, and I may be completely wrong. However, this was how the matter was explained to me when I had to exercise my responsibility as a minister. I may have been completely wrong, but it seems to me that this has been the tradition that has developed since 1962. If I have been wrong in my interpretation of the statute, I am not alone, and at this time I am in the company of quite a number of notable lawyers in this field.

Hon. Mr. Molson: I am not criticizing; I am asking for information.

Hon. Mr. Lamontagne: The question my honourable friend asks now further proves my point, that this matter has not been properly discussed. We are about to vote on new legislation to be in force for a period of five years. We have a debate that is very similar to the one we had five years ago. Five years ago this issue, which I have raised in a very informal and unprepared way, was ignored, and it has been partially ignored again. It seems to me that there is no urgency to pass this legislation.

Hon. Mr. Flynn: We could very well vote against it.

Hon. Mr. Lamontagne: I believe it would be worth while to look into this seriously to see what can be done. We would then be able to vote on something that would be meaningful. At the moment, we will vote, and if the abolitionists win I am sure that in the long run they will win all the way.

Hon. Mr. Flynn: This is not the question.

Hon. Mr. Lamontagne: If those who are for capital punishment win, then I am sure that as long as we have the kind of ministers we have had since 1962—you see how non-partisan I am today—

Hon. Mr. Flynn: You mean since 1962 inclusive.

Hon. Mr. Lamontagne: Inclusive.

Hon. Mr. Langlois: Why not?

Hon. Mr. Lamontagne: I would even go back to 1957. I think there were very few cases in which justice followed its natural course, starting from 1957.

If we want to continue having nice academic discourses and arguments on this very fundamental problem we can go on as we have done all afternoon, and possibly yesterday.

Hon. Mr. Flynn: And next week.

Hon. Mr. Lamontagne: And in the other place. I am all in favour of this kind of philosophical argument.

Hon. Mr. Flynn: You are at your best in this field.

Hon. Mr. Lamontagne: Or biblical arguments. In any case, unless we face this basic issue I feel that we will not solve very much.

[*Translation*]

● (1540)

Hon. Mr. Deschatelets: Would Senator Lamontagne permit a question?

Hon. Mr. Lamontagne: Yes.

Hon. Mr. Deschatelets: I must congratulate him for his most interesting point of view but I do not think there would be much to gain by discussing here the exercise of the royal prerogative.

During a speech made earlier—I do not know who raised this point—it was suggested that there would be no need to submit this bill to a committee after second reading but I think we should refer the bill to a committee which will study it with the Solicitor General, the Minister of Justice

and officials of the Department of Justice so as to shed some light on the aspect raised by Senator Lamontagne.

Do you not agree that this bill should be deferred to a committee so that we may be fully informed on the points raised?

Hon. Mr. Lamontagne: Of course, as far as I am concerned I have no objection to this legislation's being referred to a committee. In fact, I would rather not because I think that the bill before us will be passed and that the royal prerogative that I mentioned will still apply. This practice satisfied my conscience and my personal convictions. So I do not ask for any amendments to the bill. If those who do not accept the legislation as it is presented today insist that the bill be submitted to a committee, I will not object.

Hon. Mr. Deschatelets: I did not have enough time to consider seriously the point raised but I have some reservations because if this bill is passed, it becomes the law of the land and I hesitate to accept the view of Senator Lamontagne. I wonder if the Cabinet has the right to ignore systematically and consistently the law, even though members of the Cabinet could be tempted to vote according to their beliefs. Yet, I don't think the Cabinet can be above the law of the land. I did not have time yet to think about this. I should like to study it.

Hon. Mr. Desruisseaux: May I ask a supplementary question only to get some information? But first, I would like to mention that I very much enjoyed the discussion; it is new. But I wonder why the same bill did not come before us in the Senate when it was introduced five years ago.

Hon. Mr. Flynn: This possibility was considered.

Hon. Mr. Langlois: The possibility was considered.

Hon. Mr. Desruisseaux: And the decision?

Hon. Mr. Flynn: This was a new problem, for the Criminal Code had been amended less than five years before. Today, quite some time has elapsed since then.

Hon. Mr. Lamontagne: It was rather new then. The problem really cropped up in 1957, because the then prime minister was an abolitionist.

Hon. Mr. Flynn: There have been one or two.

Hon. Mr. Lamontagne: Yes, there have been one or two I think; they were really exceptions that confirmed the rule, that led in fact to the introduction of the 1967 bill.

As my honourable friend said, that issue was raised in 1967, but in a very marginal way. I think we are going today through the same experience.

Hon. Mr. Flynn: Which changes the subject.

Hon. Mr. Desruisseaux: As I understand it, we do not know what reasons were given five years ago when this issue was put aside.

Hon. Mr. Flynn: It was not put aside.

Hon. Mr. Desruisseaux: Why did they vote without taking it into account?

Hon. Mr. Flynn: Because it was not recent enough, the trend was not as clear-cut a few years ago.

[*English*]

On motion of Senator Lang, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 8, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on a national survey of nutrition in Canada entitled "Nutrition Canada National Survey", issued by the Department of National Health and Welfare, together with a summary thereof and a press release relating thereto.

Copies of auditors' statement on the net stocks for the crop year ended July 31, 1973, on which The Canadian Wheat Board is entitled to recover carrying charges.

Copies of statement on the final payments on Wheat, Oats and Barley to Western Grain Producers for the 1972-73 crop year, issued by The Canadian Wheat Board.

Supplementary Estimates (A) for the fiscal year ending March 31, 1974.

Report of the Department of Transport for the fiscal year ended March 31, 1973, pursuant to section 34 of the Department of Transport Act, chapter T-15, R.S.C., 1970.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, November 13, 1973, at 8 o'clock in the evening.

Motion agreed to.

THE ESTIMATES

SUPPLEMENTARY ESTIMATES (A) REFERRED TO NATIONAL FINANCE COMMITTEE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(e) moved:

That the Standing Senate Committee on National Finance be authorized to examine and report upon the expenditures set out in the supplementary estimates (A) laid before Parliament for the fiscal year ending the 31st March, 1974.

Motion agreed to.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator McIlraith for second reading of Bill C-2, to amend the Criminal Code.

Hon. Daniel A. Lang: Honourable senators, at the outset I should like to express my appreciation for the contributions that have been made to this debate so far by members of the Senate, and I should like particularly to thank Senator McIlraith for his explanation in introducing the bill.

As we all know, we are dealing with a subject upon which we all feel very strongly. Our feelings are held with great sincerity and we certainly do not share the same points of view. I feel that it is because of the strength of conviction with which people have views on this matter, and the sincerity of those views, that we all approach the subject with temerity and respect.

It is not my intention today to state my own convictions, nor is it my intention to reiterate the arguments for and against the principle of this bill, which we have heard from previous speakers and with which some of us are familiar from the debate which took place in 1967 when the original bill, now lapsed, was first brought before Parliament. Rather would I like today to try to clarify and define what I consider to be the basic decision we have to make when the vote is called on this bill, and perhaps at the same time to relegate to what I consider to be minor subsidiary positions some of the other peripheral issues that have been thrown into the controversy.

To start with, I am of the opinion that there is no real extrinsic evidence available to us upon which an objective judgment can be made. Statistics available to us in Canada and those which have been available to us for some time from the states of the United States and from Europe give us no handle that we can grasp. They can be used, as all statistics can, to support any previously determined position held by the advocate. That being so, then it follows that ultimately our decision is going to be based more on an act of the heart than of the head and, in fact, it cannot be other than what may rather crudely be expressed as a gut reaction to a very, very solemn problem.

Despite our differences of approach there is one thing that we all hold in common about this issue, namely, a great respect for the sanctity of human life. Whether we are concerned about the life of a potential murder victim or that of a convicted killer, we are all concerned with sanctity of human life. How can we best protect the life of a potential victim or, having failed to do so, how do we deal with the life of a murderer? Does retention protect the potential victim and, on the other hand, does abolition rather expose the potential victim to greater danger?

Again, does retention merely create, in effect, a double killing?

Honourable senators, in my humble opinion, at this stage in our history there are really no absolutes on this matter. I can conceive of murders so heinous, so reprehensible as to constitute a very challenge to our social and our moral order. Indeed, some of the mass murders recently reported in the news and committed in the United States come very close to that category. That type of crime might very well warrant capital punishment. On the other hand, I reject entirely the simplistic, archaic, concept of an eye for an eye, a tooth for a tooth and a life for a life. In my opinion that is just as repugnant as the type of crime to which I have referred. It is mediaeval in its concept and basically barbaric.

While we are thinking of these things it is wise for us to examine our attitudes on related subjects such as, particularly, abortion. Here again we are concerned with the question of the sanctity of human life. As abhorrent and simplistic as the concept of abortion on demand might be, that fact does not rule out the possibility of circumstances so compelling as to justify this unnatural procedure. Similarly, we might also examine our reaction to euthanasia, which raises again the question of the sanctity of human life and the justification for its use to end the torture of unendurable physical terminal suffering.

● (1410)

All these factors, like the issue now before us, are basically concerned with this moral problem of sanctity of life. In my opinion our social attitudes are still as unrefined and relatively primitive as they were 50 years ago, and, in the long haul, are in a most elemental stage of evolution. So much so that reasonable articulation into law, in my view, remains well in the future.

May I pass now to what I have stated to be my real intention in speaking to this debate, namely, the definition of the basic decision we take when voting. As honourable senators are aware, the bill before us extends for another five years a principle established in 1967 that capital punishment be confined to murders of police and prison guards. In other words, the bill is a retentionist bill, not an abolitionist bill. Even if there were only one policeman in the whole of the Dominion of Canada, the principle of the bill would remain the same in that the retention of capital punishment for the murderer of that one man is provided for. If I am correct in that thesis, any amendment to the bill which would remove the capital penalty against murderers of policemen or prison guards would violate the principle of the bill and, in my opinion, would be completely out of order.

Basically we have only one alternative: we can defeat the bill or pass it. In my opinion, the other issues that have been raised in this debate and elsewhere on the questions of parole, commutation of sentence, the nature of execution, are ancillary, peripheral and subsidiary and tend to do nothing more than cloud the basic issue which can be decided only by the defeat or passage of the bill.

Let us look for a moment at the consequences flowing from the defeat of this bill. Its defeat would reinstate the law in Canada as it was prior to 1967. We should be well aware of the state of the law at that time. It provided for two types of murder: capital murder carrying a death sentence, and non-capital murder carrying a term of life imprisonment. Capital murder, as defined in that law, was murder planned and deliberately carried out by the murderer of his own act and, in addition, the murder of police officers and prison guards, whether planned and deliberately carried out or not. All other murders were classified as non-capital murders and involved a sentence of life imprisonment. Those, of course, would include murders of passion and otherwise.

Really, if you look at the law as it stood prior to 1967 you will see that it reflects the thinking and attitudes of many senators who have already spoken in this debate. It seems to me that if their objectives are to be met, they can be met very well by the defeat of this bill. The law as it was at that time, in my opinion, was not unreasonable, considering the state and development of our society today.

On the other hand, we may support this bill. If we do so, we preserve the principle of capital punishment but restrict its use to an infinitesimal segment of our society.

Hon. Mr. Flynn: Unjustifiably.

Hon. Mr. Lang: At this stage of our development, this bill represents the wisest course of action. It is not the last word; it does not freeze forever the state of our law.

Hon. Mr. Flynn: No bill does.

Hon. Mr. Lang: In fact, it keeps our options open for five years.

Hon. Mr. Connolly (Ottawa West): Not necessarily for five years. It could be a shorter period.

Hon. Mr. Lang: Well, for at least five years our options are open.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: Sure.

Hon. Mr. Lang: I think this is a wise and prudent course. Hopefully, during this period we will be able to amass, for what it is worth, additional statistical data, and hopefully public opinion on this issue can become more firmly crystallized. Above all, I would hope that a far more sophisticated insight into the nature of murder could be developed, particularly to ascertain if there may not be murder so heinous and reprehensible as to strike at the root of our political, social and moral order and to justify capital punishment.

In my opinion, our thinking in this area is primitive, elemental, unsophisticated and incomplete. I would hope, if this bill passes, that both the government and the Law Reform Commission will diligently apply themselves to this task. There can be no higher priority for the Solicitor General's office or for the Law Reform Commission than to attempt the formulization of a basic philosophy that would be acceptable to the Canadian people and capable of articulation in law.

Hon. Mr. Flynn: That is wishful thinking.

Hon. Mr. Lang: I believe this is possible.

● (1420)

Hon. Mr. Flynn: That was said in 1967.

Hon. Mr. Lang: I would like another five years, or a shorter period. I know that our law can, with sufficient

application, reconcile, on the one hand, its responsibility to protect society and the individuals comprising society with, on the other hand, its responsibility to uphold our faith in the sanctity of human life.

Hon. Mr. Argue: Before the honourable senator resumes his seat, I wonder if I might ask a question. To me the honourable senator seemed to be almost raising in advance a possible point of order on a possible amendment when he said he felt the principle of this legislation was the extension of a provision that had been tried for a period of five years, and that that provision retained capital punishment in certain areas. I am sure the honourable senator is aware that that five-year provision lapsed, and therefore this bill could not extend that provision even if it wished to. A new law has to be re-enacted. Does he not think that a basic principle of this bill is to restrict the death penalty, and that to provide by way of an amendment for removing further restriction is merely to extend that?

For his information, and for the information of other honourable senators, I may say that I have had eminent authorities check a possible amendment along this line, on the question of whether or not it is in order, and I am assured that it would be in order for the Senate to consider such an amendment on its merits. Surely the Senate does not have to tie its hands in advance.

Hon. Mr. Laird: Might I ask the honourable senator a supplementary question?

Hon. Mr. Flynn: I hope you are luckier than Senator Argue.

Hon. Mr. Laird: Why?

Hon. Mr. Flynn: Because he did not get a reply.

Hon. Mr. Laird: You have given consideration to the technical position which Senator Argue has raised. Have you given any consideration to the possibility of removing the right of the Cabinet to commute the death sentence?

Hon. Mr. Lang: As I said in my speech, I consider that a peripheral, subsidiary matter which tends merely to confuse the main issue. I can say that I have considered it. An amendment affecting that power of commutation would, in my humble, non-legal opinion, be in order, because the section in the Criminal Code dealing with commutation is amended by this bill. If it had not been dealt with in the bill I would not think it to be in order. That is my opinion.

Hon. Mr. Molson: I wonder if I might ask one question? Senator Lang said that in the definition of murder in the pre-1967 act, amongst other requirements the murder had to be by the individual's own hand. Does that mean that in this world of gangland activity, if somebody lets a contract to have another person killed, pays him money to do it, the person letting the contract could not be charged with capital murder?

Hon. Mr. Lang: The words are, as I understand it, "committed by the murderer" or "by the murderer's own hand." I cannot put my finger on the section immediately, but I would assume the case you refer to would not fall within that category. However, I am really not prepared to give an opinion.

Hon. Mr. Connolly (Ottawa West): Surely, the aspect of conspiracy comes into this question. There is a section in the Criminal Code which provides that when one conspires with another to commit an act and the other does it, they are equally guilty.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, I first wish to congratulate honourable Senator McIlraith for the accurate and detailed manner in which he introduced this bill. I also want to congratulate all those who have participated in this debate until now. They did not hesitate to speak their mind quite frankly and clearly on this most complex matter of capital punishment. Some of them had very hard words to say about the bill.

Personally, I find this excellent because it is understood that we are discussing this complex problem in complete freedom, and the purpose of this debate is to allow each one of us to state our views and to justify the stand we intend to take on this bill.

However, if one summarizes the various views expressed until now, one must admit that this bill as submitted to us is far from having the unanimous support of the honourable senators, especially those with set and even uncompromising opinions: those who say they are, by conviction, either abolitionists or retentionists and disapprove of this bill for completely different reasons.

As far as I am concerned, I must readily admit—and this may seem strange—that even today, as I am speaking, I have no definite opinion either as an abolitionist or as a retentionist. For the past few years, I have at times been inclined to be a retentionist and at other times an abolitionist, but I must confess I have never been able to stick to a definite option. So in the circumstances in spite of its imperfect format I consider this bill as a compromise for a period of five years. I intend to vote for it.

● (1430)

Now, some senators suggested in their remarks that on several occasions in public opinion polls most Canadians expressed a marked preference for the retention of capital punishment. I am not all that convinced—and here is why; I do not think that on any occasion in those surveys was the man in the street offered an alternative. If I remember correctly, the question was this: are you in favor of the abolition or retention of capital punishment? But there are other alternatives which could have altered the result of those surveys.

After discussing this bill with several friends of mine I am under the impression that what the public fears most at this time is that if capital punishment is abolished convicted murderers will be back in circulation after a few years, and this the public is not willing to accept at the present time. But if, on the other hand, in those surveys the following alternative had been offered, that if capital punishment is abolished criminals convicted of murder would not be back in circulation, if not for life at least after a period of detention long enough so that when they are released they will not represent a danger to peace and order, I feel that then many of our fellow citizens could have favoured the retention of capital punishment in those surveys.

I feel and I am convinced that if life sentences handed down by our courts meant exactly what they should, that

is a long term outside the jurisdiction of the Parole Board, this could satisfy a large part of the public opinion.

Considering the swift developments of these last years and the deep changes in our society, I share the views expressed by several of my colleagues who spoke before me and said that, except in extraordinary cases covered by section 214 (1) of this bill, it may be expected that, in practice, no sentence of death will be passed in Canada from now on. I agree with this viewpoint except as regards section 214 (2) and the few cases covered by this bill, in a few categories, as I am not sure at all whether in the future, and on account of the public opinion growing more and more aggressive in this regard, in the case of policemen or prison wardens murdered while on duty, there will not be executions in such cases. Even if I had doubts in the matter, I would still be in favour of this bill because today, at this very moment, I would not be ready under any condition to propose the abolition of capital punishment in the case of policemen or penitentiary wardens killed while on duty. I am very grateful to the former Solicitor General of Canada, the Honourable Mr. McIlraith, for having dwelled on that specific case in his presentation.

With the new concepts in judicial administration, criminals will have more and more freedom in prison; they will have more recreational activities, which means a complete change of the situation, whereas about 15 years ago they were very seldom in touch with the warden. I think that should we abolish definitely capital punishment in the case of murder of prison wardens and policemen on duty, it could have now a rather important impact, at least in those two sectors of the administration of justice.

As far as I am concerned, I am a convinced retentionist towards these exceptional cases.

● (1440)

Now, honourable senators, one should not gather from what I have said that I am entirely satisfied with the general administration of justice, as a whole, because I am not. I think it is very difficult during this debate to stick to the sole issue of capital punishment, and not deal with a few other aspects of the judiciary relating to murder charges brought before our courts because capital punishment, in my opinion, is not the most important aspect in such instances; I will give a few examples later.

During the last 15 years—as I said earlier—there has been in all areas of social, governmental and other activities, a considerable progress which has reflected, of course, on the judiciary. I think that if any reproach can be made in this field, it is that we proceeded too fast with our judicial system, introducing new concepts in the areas of parole and bails in murder trials; I think all these changes, these administrative decisions, have not been explained well enough to the public at large who did not understand anything, who still does not understand what is happening in this field, for we must admit that if there is one segment of public administration that is extremely important for our citizens, it is that concerned with administering justice. People are asking themselves many questions which, in my opinion, have not yet been answered. Let me suggest a few of them. I would like to confine my remarks to the judiciary, mostly as far as I am concerned, in the province of Quebec. I am not in a position to say whether the same applies in other provinces, for instance, to the advisability of trials by jury.

I think that some day that question should be asked. I know that for a number of senators, when we deal with the setting up of a jury to hear important cases before the courts, we are dwelling on a sacrosanct issue. We imagine that it is a basic issue in our democratic concepts which perhaps go back to the Magna Carta. I merely say that owing to the rapid development in all sectors, I do not see why several questions should not be raised, while in my opinion, it is in the public interest to dust up the administrative forms which may have been used up to now, but in certain cases, such forms should be put aside to improve the administration of justice. I say so, because there have been several happenings with social implications during the past few years.

I suppose that you are aware of various quite important trials held in Quebec those past years—trials with a political connotation—and it was noted, and I am not alone to say so, that the members of a jury today, perhaps on account of that politization of their convictions, have refused and still refuse to base their judgment on the evidence in some trials.

I recall, for instance, that as a beginner about 30 years ago, two or three hours were spent in selecting the jury; we would start at 9:30 in the morning and work up to 12, when we had completed the jury.

Today, for some unknown reason, some juries are selected after two or three weeks. Each selection would constitute a trial within a trial, which bears heavily on the judicial system.

I raise this question because under the terms of the existing law—I refer here to murders not punishable by death—the defence in those instances will also have access to the formation of the jury and, as far as I can remember—I am not an historian in such matters—but I think that the concept of the accused being judged by its peers was applicable mostly in cases where the life of the accused was involved. In such a case, one can understand why the fate of a man was not left in care of a single judge, whether the man involved was sentenced to death or not. However, today, this is not a problem anymore, except in cases under section 214(1). It is understood that for other crimes not punishable by death, the sentence will be life imprisonment. In order to facilitate the administration of justice, I wonder to what extent it would be necessary today to have a jury when a man's life is no longer at stake.

As regards parole—I refer to that now because we are discussing murder cases—I have yet to hear a federal official try to justify and make the public understand that a few years ago an accused found guilty of first degree murder and condemned to death could have his sentence commuted and be allowed to get out after six or seven years. That is something that, even I who have practised law, do not understand. They have never given or even tried to give me any justification. Those are things that the public does not understand. Those are things that, for the past few years, have contributed to an almost total weakening of the administration of justice and that, in the eyes of the public, have seemed to establish tnat all is on the side of criminals.

Should you discuss this with people around you, that is the kind of arguments they raise and you will not always be in a position to justify what was done.

I want to talk of another point which applies in the case of murder and which is beyond my imagination. I refer to the new regulations regarding bail in murder cases.

Here is one which happened a year ago. The man had been arrested for a sordid type of murder. After the inquiry he had to appear before a coroner. A full confession was obtained from the man. Of course, afterwards a formal charge was laid against him. He appears in court. Following his counsel's representations, he is set free on a $25,000 bail.

● (1450)

As far as I am concerned—I may very well be of the older school in respect of court proceedings—this is something I cannot accept, unless I am given serious motives to warrant this.

There is another consideration which may have escaped everybody. It is the fact that when the accused appears in court, the judge who has in his hands a file containing a confession from the accused and a full description of his crime, accepts a $25,000 bail.

Then, the general public may very well ask what would happen in a murder case if the accused were an underprivileged or unemployed person and were asked for a $25,000 bail? This person would certainly be returned to his cell pending trial. The question the public is asking is this: Are there in Canada two kinds of justice, one for the haves and one for the have-nots?

That is why I say that, as regards the administration of justice which applies to this bill and many other administrative decisions, there has been, in my opinion, much too thick a screen between those who make the decisions and the public. I think that the public has not obtained the explanations it should have had, at least to justify the new concepts which we are now trying to apply.

I should now like to speak of mass commutations. Honourable Senator Lamontagne talked about this yesterday. I was also a member of a cabinet where this happened, in 1962-1963. I take my share of responsibility. But let us not forget that before sentences were commuted by the federal Cabinet, there was a very spectacular procedure followed by the judge, which now seems to belong to folklore. The judge was allowed to put on black gloves and a black three-cornered hat to sentence a man to be hanged, knowing very well that in the end the sentence would not be carried out and would be commuted. In retrospect, this seems like a mockery of justice. In the eyes of the public, such things weaken the administration of justice in Canada. People know that something is happening that they do not understand. In this vital area, I think it is a disservice not to better inform the public.

I am satisfied that with the introduction of this bill, this will no longer take place, except in some fifteen cases a year because I do not think that there will be more than fifteen death sentences pronounced under section 214(2). I do not think that in recent years there have been more than fifteen convictions a year for the murder of prison guards or police officers. That will be limited exclusively to those cases in the future. This is, I think, something that the passage of this bill will prove beneficial.

There is another problem I want to mention and which is directly related to this issue of capital punishment. I know this is a sensitive area. I mean the Evidence Act. That is another area where there has been a systematic refusal to amend the existing legislation for the last 100 years on the pretence that it has stood the test of time for 100 years. Of course, that Evidence Act was inherited from the United Kingdom. It has stood the test of time but I wonder whether there could not be enormous benefits to be reaped in reviewing certain provisions of the Evidence Act in relation to criminal matters as it applies today in all courts of justice in Canada.

Furthermore, I will give you an illustration which I think is a patent example, and then you will try and explain to the man in the street how this can be accepted from the standpoints of both logic and justice. Two years ago in Montreal a loathsome crime was committed in a night club. Two persons were arrested because there were points of evidence against them, not direct evidence, mere circumstancial evidence, but serious enough to bring them before the courts. During the trial the defence called for a witness who requested court protection from the judge. This was granted to him and he testified and confessed that he had committed the murder. Needless to say that the accused were acquitted and released. A few days later, a murder charge was brought against the witness who had confessed to this murder. As you know, he was not required to testify. For lack of evidence, he was released even though the file contained his statement made under court protection to the effect that he was the actual murderer. To sum up, everyone was released. Therefore, I ask how can you explain to the ordinary citizen the way justice is administered? Are you going to try and tell him that sometimes it is not in favour of criminals? This is why I say that some day we shall have to consider all the aspects of the judiciary, including the Evidence Act as applied to penal matters, and see to it that society has as much protection as the criminals.

Cases of this kind are raising disturbing questions in the people's mind. In my opinion those questions have not been answered adequately.

That being said, honourable senators, I will not go any further. So many things could be said on the whole problem, but since I am not an uncompromising abolitionist nor an intelligent retentionist—intelligent, well, you draw your own conclusions. I see today certain advantages in the lack of unanimity and in the diversity of opinions to put off for another five years a decision that will perhaps be final then. I think that those of you who are in favour of abolition for a thousand and one reasons will admit that public opinion in this respect is constantly moving forward and that perhaps in five years' time there will be a consensus of opinion in our society that will bring about a final settlement to this debate.

As I have said, it seems to me therefore that this bill is incomplete. It does not satisfy me altogether, but there are some points in it with which I agree. I will vote for this bill.

• (1500)

Hon. Mr. Langlois: Would the senator allow me a question? My honourable friend has just pointed out a trial held in Montreal during which a witness testifying under the protection of the court admitted that he was guilty, but was discharged afterwards for lack of evidence. Should I understand from the example given by my friend that in addition to suggesting that the Canada Evidence Act should be amended he would go so far as to recommend that the potential criminal could incriminate himself and that he could be compelled to testify in his own trial to incriminate himself?

Hon. Mr. Deschatelets: Today, honourable senators, you will appreciate that criminals are well informed and obviously take advantage of legal advice. In other words, as soon as a lawyer arrives in court where his client has been summoned to appear—I do not know if I should have that recorded in *Hansard*—he generally says: "Shut your mouth, from now on, not a word." He warns him that he does not have to give any answer to anybody.

Hon. Mr. Langlois: The policeman who arrested him has probably given him the same caution.

Hon. Mr. Deschatelets: He does, yes, probably. If you want me to, I shall answer your question with a concrete and excellent example.

A year ago—that is not so long ago—a car that had left Paris, or some other place close to Paris, with heroin, drugs, etc., concealed under the mudguards, and elsewhere, was checked in Montreal harbour, and of course a considerable amount of drugs was found in it with the help of a detector. This constituted an extremely serious case of smuggling. These people involved were arrested. Obviously, they were not required to testify. They sat in the box. The Crown had to prove that these people knew that the car had these goods concealed in it, but this could not be proved beyond any shadow of a doubt. Even the police could not prove it beyond any reasonable doubt. So, the people were released. The car was sent back to Paris. But there, things did change, because in Paris the car was seized again. INTERPOL narcotics officers made another search of the car but did not find a single ounce of the stuff, but they found enough dust to prove that drugs had been there. Having been released under our laws here, these people were sentenced to ten years in jail over there. At that point, the police had proof that there had been some heroin, etc., in that car, and they had to answer under the French evidence legislation that they could not evade. This is where I notice that our Evidence Act in penal matters benefits the criminal.

So, is it because our penal law has well served us for a hundred years that it is so sacred that we should not one of these days look into it in an effort to bring in amendments and thus force the accused in some cases to reply to certain questions? I swear to you that if this were the case most of the criminals who are dodging our laws would change their minds. This is what I think.

Hon. Mr. Langlois: In his comments, my honourable colleague has come upon a different judicial system. Maybe the solution he just gave is due to the fact that under the French judicial system the accused, immediately upon being indicted, is considered guilty and must clear himself, while here it is quite the opposite. The accused is not guilty as long as he is not found guilty. It is not a matter of evidence.

Hon. Mr. Deschatelets: Here, one must admit that unfortunately is there never a witness to the crime, except the criminal and the victim. So this places the police in a situation often quite difficult.

Hon. Mr. Langlois: Must I understand that you would like to see the accused indicting himself?

Hon. Mr. Deschatelets: Not incriminate himself, but answer questions.

Hon. Mr. Langlois: Even if he incrimates himself?

Hon. Mr. Deschatelets: It happens in a great many countries, but now there is an alternative, an option to be made.

Hon. Mr. Langlois: Tell us about your option.

Hon. Mr. Deschatelets: Under our penal system, that is the criminal system, we must admit this: I have seen it recently and I do not want to take too much time. Let us pretend there are people who want to hold up a bank. Those people are not crazy, they are intelligent. They know how to figure it out. Police statistics show that criminals who hold up a bank have a 35 per cent chance of not being caught. It is 40 per cent rather.

If they are arrested, they have again a 35 per cent chance that the Crown will not be able to establish a clear proof against them. Therefore, they can still go free.

So, with all the changes that are taking place, a parolee caught in the act of armed robbery, if he does not succeed in being acquitted by the court, has still a 35 to 40 per cent chance of going free under the Parole Act.

That is why they say today that criminals are not afraid of the courts because they are powerless. Moreover, with all that has happened to weaken the law, they are not afraid.

The violence which exists today is not likely to help the police and the administration of justice. All I want is that we consider the possibility of reinforcing the administration of justice to prevent too many criminals from escaping.

Hon. Mr. Langlois: Is it the contrary with this bill?

[*English*]

• (1510)

Hon. Margaret F. Norrie: Honourable senators, it has been fascinating to listen to Senator Deschatelets and Senator Lang and, indeed, to all those who have preceded me on this subject of capital punishment. I hope the little I have to say today will be appropriate. There are a great many arguments that are unanswerable at the moment, but perhaps in time, if there is a further extension of the ban on capital punishment for five years, these things will become at least partially answerable.

On December 29, 1972, the abolishment of the death penalty for all cases of murder, except the murder of persons employed for the preservation and maintenance of the public peace and persons employed in a prison, ceased to be in force. I am in favour of the adoption of this bill,

which would mean the return into force for a further five-year period ending on December 31, 1977, of the amendments which were in force during the last ban which ended on December 29, 1972.

During this second period of suspension of the death penalty it is hoped that a more exhaustive study of this complex problem of crime and all its ramifications will be completed and published. The public may then be more receptive to total abolition of the death penalty. I am convinced more should be known about the background of murderers in order to ascertain what it is in our society that drove these persons to violent crime, and whether or not we can detect and correct dangerous trends such as these in our youth. Is it poverty, ill health, inadequate housing, loneliness, cruelty in our society, temporary or permanent insanity, passion, jealousy or other causes?

Have we analyzed what effect the hanging of a murderer has on the average citizen, on the relatives of the victim, on the relatives of the murderer, on the prison attendants administering the last acts of attention and solicitude, on the fellow prisoners, on the hangman, on the religious attendant?

Phyllis Haslam, Executive Director of the Elizabeth Fry Society, Toronto, says in this regard:

> It is small wonder that reports indicate that many of these people show serious signs of disturbance, if not, indeed, mental breakdown, following a hanging.

What services did we as a community fail to provide to identify the child with the distorted personality, and to give child and adult the help that was needed? Or did we say, "We can't afford it," or "We are too busy to bother"? Can we assess the damage our TV programs might do to the minds of our young people? We are hard pressed to find a local or national program which does not demonstrate murder and crime as the main theme of the story. It is a good thought and a wide open field for research.

Unfortunately, instead of accepting our share of the guilt we put all the blame on the man or woman we kill. To some people the dismal rite of hanging can foster the illusion that a problem has been solved. As a matter of fact, the opposite is true. Scores of problems have been created by this horrible, vengeful act. The death penalty lowers the whole moral tone of our society. Violence breeds violence; disregard for human life makes all life cheaper. I strongly uphold this bill as an enlightened step toward social justice. Furthermore, evidence from many countries and recent studies in Canada indicate that the death penalty is not a deterrent to murder. Those who advocate retention of the death penalty for murderers use this act as their greatest argument; that is, as a deterrent to murder.

A thorough examination of several scholarly studies published in criminology and sociology journals permits the following statement to be made: Exceptions are so rare, that one may say no sociologist or criminologist believes capital punishment to be a deterrent to murder. To state it differently, one may say that statistical evidence does not support the claim that there exists a causal relationship between the death penalty and murder rates.

There are dramatic incidents in the book *Meet the Murderer*, by a long-time warden of Sing Sing prison, to prove

the point that a would-be murderer seldom thinks of the electric chair, or whatever, when he passionately wants to "plug a guy". It is shocking to read that the majority of police officers are murdered while investigating family disputes. Many people use the argument that a murderer who is sentenced to life imprisonment gets out on parole in a very few years, and is a danger again to society.

● (1520)

The National Parole Board exercises extreme caution in considering the parole of anyone who has been convicted of murder. One per cent of paroled murderers have been convicted of another criminal offence, not necessarily murder, after their release on parole. The instances where a paroled murderer commits the act of murder again are exceedingly rare.

Twenty years ago Karl Schuessler, in summarizing his classic study entitled *The Deterrent Influence of the Death Penalty*, stated that:

> —statistical findings and case studies converge to disprove the claim that the death penalty has any special deterrent value . . . The fact that men continue to argue in favour of the death penalty on deterrence grounds may only demonstrate man's ability to confuse tradition with proof, and his related ability to justify his established way of behaving.

In the 20 years that have elapsed since the writing of those words, some things apparently have not changed.

Those who quote ancient Israelite law from the Bible, justifying the death penalty for murderers, do not quite see the whole picture of the law of those times, 2,000 years ago. In condemning or supporting the actions of Jesus in his approach to social injustices, it must be remembered that He showed true Christian compassion for suffering in the world, although He could not bring in drastic reforms in those early times. That same compassion is carried forward to be used as guidelines for justice in present-day deliberations.

There is one other point which I feel is a strong argument in favour of the abolition of capital punishment in Canada. That is the argument that the element of error can creep into our judicial system, and an innocent person can be condemned to hang. Juries and judges do make mistakes, and the finality of the death penalty leaves no room for correction of them. As late as 1953, in the United Kingdom Timothy Evans was hanged for a murder he did not commit.

Last June, in a trial in Victoriaville, Quebec, Julian Roux was found innocent of the murder of Henri Denault in 1963. Roux spent nine years and three months in prison after being given a life sentence. Mr. Roux insisted he was innocent, and eventually the federal Minister of Justice ordered an appeal court to review the case. That court ordered a retrial. On retrial, Roux was found not guilty of the murder and was released from prison. A serious mistake had been corrected. But what if Roux had been hanged?

How many people scoffed at me when I suggested mistakes can be made even today? All people can commit errors, both wittingly and unwittingly, and remedy can be had if the finality of capital punishment has not yet been performed.

Dr. Anthony Storr, an English psychiatrist, has written a book, *Human Aggression*, in which, out of his study and clinical experience, he makes this significant statement:

> So far as we understand human nature, the ordinary person will be deterred from crime by comparatively minor penalties, whilst the psycopath will not be deterred by any threat of punishment, however savage.

I would like to conclude by quoting Winston Churchill:

> The mood and temper of the public with regard to the treatment of crime and criminals is one of the most unfailing tests of the civilization of any country. A calm dispassionate recognition of the rights of the accused, and even of the convicted criminal against the state; a constant heart-searching by all charged with the duty of punishment; a desire and an eagerness to rehabilitate . . . ; tireless efforts toward the discovery of creative and regenerative processes; unfailing faith that there is a treasure, if you can only find it, in the heart of every man. These are the symbols which . . . mark and measure the stored-up strength of a nation . . . proof of the living virtue in it.

Hon. Sidney L. Buckwold: Honourable senators, it is not my intention to speak at any length on this bill. I would just like to read into the record a part of the bill that I think has not been discussed and that, to my knowledge, has not been mentioned. I wish to draw it to your attention as a result of hearing Senator Deschatelets speak today. I refer to the question of the parole of murderers.

This new bill would effect in the law a significant change which has received relatively little publicity, either here or in the other place. I have not read about it in the newspapers, although someone may tell me it has appeared. There is a proposed change in the parole set-up from what we have had in the past, when, as you are aware, after 10 years a convicted murderer could apply for parole and have it granted. Clause 3(2) adds a new subsection (8) to section 218:

> Where a jury finds an accused guilty of murder punishable by imprisonment for life, the judge who presides at the trial shall, before discharging the jury, put to them the following question:
>
> "You have found the accused guilty of murder punishable by imprisonment for life and the law requires that I now pronounce a sentence of imprisonment for life against him. Do you wish to make any recommendation with respect to the number of years he must serve before he is eligible for release on parole? You are not required to make any recommendation but if you do, your recommendation will be considered by me when I am considering whether I should substitute for the ten year period, which the law would otherwise require the accused to serve before he is eligible for release on parole, a number of years that is not more than twenty but more than ten."

This is a fairly significant change.

Hon. Mr. Deschatelets: It is a new provision.

Hon. Mr. Buckwold: It is a new provision which I draw to the attention of honourable senators and the nation, because, as I say, it has received very little publicity. We continually have thrown back at us the argument, "They are going to release these people who have committed murder. In 10 years they will be walking the streets."

I am not suggesting this is necessarily good. Some of us who are very much involved with parole may not agree with it. From the point of view of the protection of the public, this new provision makes it more difficult to achieve parole status, which Senator Deschatelets has indicated the public are concerned about. It is now provided that it can be up to 20 years before there is parole, if on the recommendation of a judge or jury such action is taken. I draw this to the attention of honourable senators while they are considering this bill.

On motion of Senator Buckwold, for Senator Beaubien, debate adjourned.

COOPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Azellus Denis moved the second reading of Bill C-183, to amend the Cooperative Credit Associations Act.

[*Translation*]

He said: Honourable senators, Bill C-183, to amend the Cooperative Credit Associations Act, for which I have the honour of moving second reading, seems very complex in view of its many technicalities and administrative features. It refers to more than half a dozen other acts. It contains clauses whose length I would call excessive; one of them fills a dozen pages and when you have finished reading it, you may have forgotten its beginning and gotten lost in its many subclauses, paragraphs, subparagraphs, etc., and, moreover, this clause is an amendment added to a section which already fills nearly two pages in the present act.

However, something which I find very clear is the purpose of this bill; it concerns not only the cooperative credit associations and their members, but the entire Canadian community.

[*English*]

● (1530)

Honourable senators, before mentioning some amendments proposed by this bill, a few words concerning the organization of the credit union movement in Canada may be appropriate. Credit unions in Canada are organized on three levels. At the first level are the local credit unions organized on a parish, community or employment basis. These credit unions accept deposits from and make loans to their members who, for the most part, are individuals falling within the group that the local credit union is organized to serve. These local credit unions are incorporated under provincial law, and are supervised by provincial authorities.

At the second level are provincial central credit unions. These organizations act as central credit unions for the local credit unions which form their membership. The centrals accept deposits from their members and make loans to them, and also invest their excess funds in appropriate securities, such as government bonds.

Finally, at the third level we have the Canadian Cooperative Credit Society which is a federally incorporated

organization having for its members a number of provincial central credit unions and some interprovincial cooperatives. The main purpose of a federal society or "association", as named in this bill, is to link together the provincial central credit unions and to provide a means whereby some federal status can be given to the cooperative credit movement at the second and third levels. This society is authorized to receive deposits from its members, to lend money to its members, and to borrow or raise money. It also has certain investment powers which this bill proposes to enlarge. This federal society is subject to the Canadian Cooperative Credit Associations Act, and so are those of its members that make themselves subject to it.

The amendments presently before us have four principal purposes. First, to broaden the eligible membership of the Canadian Cooperative Credit Society and other societies that may become incorporated at the federal level. Second, to enlarge the investment powers of cooperative credit societies to bring these powers more closely into line with the powers of other financial institutions. Third, to extend other corporate powers to enable central cooperative credit societies to better serve the needs of the cooperative credit movement. And fourth, to provide a facility for emergency loans to meet liquidity needs of central credit societies and provincial organizations formed to provide financial aid to credit unions.

[*Translation*]

Honourable senators, this bill provides first that a credit union may be incorporated not just by a special act of Parliament but also by letters patent, a provision which will apply to all amendments related to existing corporations.

The instrument of incorporation shall include all details concerning provisional directors, as well as the place where the "association" will conduct its business. Its name shall include the words "cooperative" and "credit", and it must not allow it to be confused with any other cooperative society.

At present, the act opens membership to other credit cooperative societies. However, concerning the membership of cooperative societies other than credit, this bill authorizes, among other things, the "association" to accept as members as many non-credit cooperative societies as it wishes, without being confined to ten, as is the case at present. The Superintendent of Insurance may also authorize acceptance of any other cooperative corporation.

This bill will also extend considerably the objects and powers of the "association." The latter may act as an agent, provide programs and services of an educational, technical, administrative, training, research and consultative nature to its members, to credit unions or other cooperative credit societies in Canada. It may provide advisory and management services to a corporation in which it has invested funds.

The "association" may establish, support or aid institutions or funds designed to benefit employees or ex-employees of the "association," grant pensions and allowances, subscribe money for charitable, or benevolent or for any public, general or useful purposes.

[Hon. Mr. Denis.]

The famous, twelve-page Clause No. 7, which I have mentioned, brings the investment powers of the "association" in line with those of finance, trust and insurance companies.

Section 16 limits at 25 per cent the transfer of any share of the capital stock to non-residents, and directors who ignore this limit are liable to a fine of up to $5,000 or to imprisonment for a term not exceeding one year or both.

Further in the legislation, in addition to a quarterly financial statement, the association shall produce, twice a year, a statement indicating changes in its investments and loans.

Another section defines more clearly the auditor's qualifications and provides for his removal before the expiration of his term of office.

If any assets of an association are not satisfactorily accounted for, the Superintendent of Insurance may take control of the assets for a given time, but if, on the contrary, the reverse takes place, meaning that the assets are inadequate, the Minister and the Superintendent may take corrective action in order to protect depositors and members of the association. The Minister may, then, either make the association's certificate subject to such limitations or conditions that he considers appropriate, or prescribe a time limit within which the association shall have to correct the situation, or direct the Superintendent to take control of the assets of the association, and as a last resort the Minister may request the winding up of the association.

Honourable senators, as you will no doubt realize, this bill not only enables the association and credit unions to expand in Canada, not only gives them increased powers, but also provides for more protection for their members.

Part V of this bill provides for still more protection since it authorizes the Canada Deposit Insurance Corporation to make loans in cases of emergency, and for short periods, and the Corporation, if required, and for the same purposes, may get amounts out of the Consolidated Revenue Fund, of up to $200 million.

[*English*]

Honourable senators, the changes proposed in this bill were requested by representatives of the federal association and of the affiliated provincial associations. They were also discussed as a whole, in an official way, with the provincial authorities, and requested by the cooperatives and credit managers concerned.

The government is aware of the expansion and of the growing financial strength of the credit movement and of its past and future contributions to the economic development of our country. An obvious indication of its strength and of its importance is the fact that the total assets of local credit unions amounted to more than $7 billion at the end of 1972.

[*Translation*]

A question often raised when referring to cooperative credit associations has to do with income tax. I can therefore give some explanations. The cooperative credit associations, including credit unions as well as credit and savings unions, went tax-free up until 1972. Now, they must pay a 25 per cent income tax, and that is the normal rate for small businesses. However, if the income reaches over

$50,000, the surplus is subject to the usual tax rate, that is, 49 per cent this year.

Honourable senators, I will thus summarize the purpose of the bill: easier accessibility to incorporation; development of the cooperative movement; increased powers; greater control; more adequate protection against fraud and financial setbacks.

During consideration of the bill in committee, some experts will be entirely at your disposal, to complete, elucidate and even correct the few comments which I have ventured to make.

I therefore move that this bill be read for the second time.

● (1540)

[*English*]

Hon. Mr. Grosart: Honourable senators, may I ask the honourable senator a question? I took it from the latter part of his remarks that it is the intention to send this very complicated bill to a committee. Is that so?

Hon. Mr. Denis: Yes.

Hon. Hazen Argue: Honourable senators, I am sure the bill before the Senate today is an exceedingly important one. It provides, as Senator Denis has explained so well, for something of a central clearing agency, a central credit agency, for the various provincial sections of the credit union movement across this country.

The credit union movement in Canada today is big business, and it is important business, and in my judgment has for many years performed a magnificent service on behalf of its members and on behalf of Canadians generally.

Credit unions are big competition to the banks, and they are good competition for the banks. One often hears it said that private business is the best agency for getting almost anything you might wish to mention accomplished. Credit unions do not fit into the category of private business, as it is usually considered, but credit unions have led the banks in many, many ways.

I happen to come from the Province of Saskatchewan, which helped pioneer the credit union movement. The credit unions in Saskatchewan, at least in some ways, are the most advanced and the most progressive credit unions in the country. The caisses populaires in the Province of Quebec have been mass credit unions, in the sense that they have had tremendous memberships. They have done a marvellous job on behalf of their local people.

I might point out to honourable senators that in the small town of Assiniboia, Saskatchewan, with a population of 3,000, there is a very large credit union. The local people often call it their bank. The credit union is by far the biggest "bank" in the town of Assiniboia, and its manager, Mr. Vic Keep, told me the other day that the assets of that credit union are approaching the $30 million mark. His loan manager, Mr. Wayne Sather, said that when the next Wheat Board payments are received they expect their farmer customers—their farmer members—to bring in as much as an extra $2 million in deposits. Local lawyers in that town say that they would not have had a thriving business if the Assiniboia credit union, over the years, had not been progressive; had not made many loans that the banks turned down.

I use the Assiniboia credit union because I know it, and what can be said about that credit union can be said about hundreds of credit unions across this country.

Twenty years ago, when the Leader of the Government in this house and I were members of the other place, we tried to encourage the banks to go into the personal loans field, because we did not think it should be a near monopoly of the finance companies, and because the finance companies were charging high rates of interest. The banks were slow. The Bank of Commerce pioneered in this field, but the banks as a group were slow, and their interest rates were high. The credit unions pioneered in the personal loan field, and many people of very modest incomes were able to go to their local credit union, or their local caisse populaire, and get a personal loan.

For many years it was impossible for a farmer of modest means to get a loan from a bank, for the purpose of a land purchase or land refinancing. It was impossible. The credit unions pioneered in this field and led the way, and provided many loans to farmers who were under threat of foreclosure, and thus saved their farms.

The banks—large and hairy-chested—say they are aggressive; they say they show the way. In fact, the credit unions showed them the way by insuring their loans. Many credit unions insure their loans up to $10,000. If a loan of up to $10,000 is obtained from a credit union, and the person borrowing the money dies, the loan is wiped out and the estate is that much richer.

Hon. Mr. Denis: It's a family bank.

Hon. Mr. Argue: It's a family bank. It's a people's bank. It's the best free enterprise bank in the country, because it is run by the membership for the community as a whole. If you have up to $2,000 on deposit or in shares in a credit union—their regulations vary, of course, but what I say is true of many—and you die, your estate is not only entitled to the deposit, or the shares, of $2,000, but is paid an additional matching amount of $2,000. These are some of the ways in which the credit unions have pioneered in this field.

I read the debate—in the other place. It did not take them long to deal with this measure. It is certainly not controversial. It was passed quickly. But might not some honourable members in the other place have spent their time profitably in pointing out the very great advances that credit unions have made? Just because something is good, and is supported in a unanimous way, is no reason for a parliamentary body to spend so little time on it as to give very little publicity to its merits. I am afraid that that is what has happened in the other place.

This measure required, in my judgment, not only support but promotion, and an explanation of the wonderful job that credit unions have done, and the tremendous service that they will render to Canada in the years ahead.

I was astounded to read that the membership of credit unions is approaching seven million. I presume there is some overlapping, and—

Hon. Mr. Denis: Seven billion.

Hon. Mr. Argue: No, I am referring to the number of members. Their total assets amount to over $7 billion. It has been a wonder to me, over the years, how the Parliament of Canada could be so unaware of the credit union movement and the cooperative movement.

● (1550)

I have seen governments, from time to time, bring in legislation that allegedly had for its purpose the fair taxation of cooperatives but which, if it had gone through, in my judgment, would have placed an unfair and onerous taxation burden on the cooperatives. The members of Parliament did not understand the cooperative movement. But once representatives of the cooperatives had meetings with members of Parliament and senators, and explained their position, then, to its credit the government brought forward the amending legislation that enabled Senator Denis to say this afternoon that the credit unions are paying their taxes, and so on, as other businesses are doing.

I am pleased to see that there seems to have been a change, and that the government is today becoming aware of the cooperative movement. I give great credit to the present Minister of Agriculture, the Honourable Eugene Whelan, who has been instrumental in having set up amongst the cooperatives, both English and French, a central committee which will advise the government from time to time about the needs and requirements of the cooperative movement. I have also read that the minister has the intention of setting up a branch in his department that will have as its particular job the understanding of the cooperative movement, and the provision of services as requested and as agreed to by cooperatives. I feel this is an example that should also be followed by the Department of Finance.

I read in the business section of this morning's *Globe and Mail* that the Premier of Manitoba, the Honourable Edward Schreyer, is promoting a western bank for the Prairies. I am glad he is doing that. I know him; I consider him to be a personal friend, and I feel that he will do a good job in promoting a bank in Western Canada. But he is not sure what kind of bank it will be in the final analysis. It could be a bank that will have as its main source the credit unions of the Provinces of Manitoba and Saskatchewan. I wish him success in this project.

I think the measure before us today is an important milestone, and I feel it is something that we should all welcome, because it will place the credit unions more and more on equal terms with the banks. It will assist in making them a front-street competitor of the banking system in this country, and God knows that that banking system needs a lot of competition. Since the banks have been able to charge any interest rate that comes to their minds without government control, their profits have gone up by a very large amount.

[Hon. Mr. Denis.]

The Assiniboia Credit Union, of which I spoke earlier, was making loans on long-term mortgages at 9 per cent. There was an escalation clause which allowed it to go to a maximum of 10 per cent. But the Assiniboia Credit Union has been paying to borrowers for a number of years a dividend based on the interest that was paid by the borrowers, and that dividend recently has been 15 per cent. You can work out the mathematics of this yourselves, but a person borrowing money at 9 per cent and getting a 15 per cent dividend would, in fact, be paying less than 8 per cent interest on long-term mortgages on real estate. I suggest that this is the kind of operation that this Parliament, by acting today and by its future actions, should help make available to other sections of Canada.

Honourable senators, I am proud to come from a part of this nation that has shown the way as far as credit unions are concerned. The credit unions of Saskatchewan during this year have been prepared to put some of their resources behind the credit union movement of the Province of Ontario, so that the latter could expand, meet its obligations, and generally do a better job. I think that the competition that comes from credit unions and the kind of service they give will be welcomed and supported by all senators. I am certainly pleased that this bill is before the Senate today, and to give it my enthusiastic support.

On motion of Senator Grosart, debate adjourned.

CUSTOMS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. John J. Connolly moved the second reading of Bill C-189, to amend the Customs Act.

He said: Honourable senators, Bill C-189 provides for a very short amendment to the Customs Act. Some years ago the customs department discovered it had a problem. The problem arose from the fact that goods of foreign origin were found in commerce in Canada, but they had not been processed through customs. Presumably they had been delivered at docks and ports in Canada by sea-going ships. In some areas the loss of duty is estimated to have amounted to $200,000 and in others to $120,000. I am informed by the officials that the average loss of duty per annum over a given number of years amounted to approximately $100,000.

The discovery of the problem resulted from the perusal by the department of bills of lading and reports from masters of ships, which detailed first, the goods laden in those ships at the foreign ports, and secondly, the goods presumed to have been landed at Canadian ports. Those reports showed more merchandise than was reported to have been actually landed and reported to Canadian cus-

toms, and upon which duty was paid. This short-fall of goods or these shortages, in the language of the trade and the department, are called "short-landed goods." I am sure all honourable senators understand what I am talking about. The goods appeared on the ship's inward report or bill of lading, but some of them did not appear at the Custom House at the docks or in the warehouses for assessment of duty.

Before 1960, I am informed, the customs department conducted a detailed check of every inbound ship in every port in Canada. However, I am also informed that this is now impractical for a number of reasons. One of these is the extensive use of mechanized loading and unloading facilities; a second is the growing use of containers; and a third is consequent upon the dictates of the industry that requires a very fast turn-around for ships, particularly cargo ships.

● (1600)

I asked how these shortages could occur, and was informed that they are thought to have occurred as a result of theft or pilfering, which could have taken place before the ship left its port of origin, during the passage of the ship, or after the ship docked in the Canadian port. Theft could occur from the ship itself at the dockside, or from the warehouse. The result is, in the view of the department, that there has been a good deal of smuggling of such goods into Canada.

In 1971 the department engaged in litigation in the then Exchequer Court of Canada in the case of *Regina vs. the Canadian General Insurance Company and Logistec Corporation et al.* The trial was before Mr. Justice Dumoulin, and his decision is to be found in (1971) Insurance Law Reports, at page 1262. The effect of this decision is that a shipping company or its agent, the master, cannot be held *prima facie* responsible for shortages or short-landed cargo under section 11 of the Customs Act. In the result the department decided to approach the minister with a view to overcoming the difficulty created for the department by the deficiency of the section. The amendment which we have before us now purports to correct that deficiency.

Under the amendment the shipping company and its agent, the master, become responsible for duty on goods reported for entry into Canada, with certain exceptions which are outlined in the proposed new subsection (4) of section 11 of the Customs Act, which exonerates the shipping company and the master in respect of goods that are:

(a) destroyed or lost at sea due to stress of weather or casualty on board the vessel,

(b) not laden on board the vessel at the foreign port of exportation,

(c) destroyed after landing but before being formally entered into a customs warehouse or delivered to a bonded carrier,

(d) formally entered into a customs warehouse,

(e) delivered to a bonded carrier for furtherance to destination,

(f) carried over to another port and there accounted for to customs, or

(g) exported from Canada

In any case in which any of these points can be established by the carrier, or its agent, the master, they escape responsibility for duty.

The effect of the section really shifts the onus of proof to the shipping company, or to its agent, the master. The sanction is that the shipping company or the master must prevent thefts of goods while those goods are in their possession, control, and custody.

The situation sought to be reached by this bill is that which obtains under the American law. It is, I am informed, different from the British law, under which the importer is responsible for the duty on all goods shipped in and shown on the manifest.

I may tell honourable senators that the amendment will bring the liability of the master and the shipping company into line with that of carriers by air, rail and road. The reference to the responsibility of those other three types of carriers is sections 16 and 18 of the Customs Act, which is chapter C-40 of the Revised Statutes of Canada, 1970.

If there is a desire on the part of any honourable senator to have this bill referred to a committee, I shall be happy indeed to move such disposition.

Hon. Mr. Grosart: Honourable senators, I wonder if I may ask Senator Connolly a question? Do I understand that the effect of the amendments in the bill before us is to make the shipping company or, specifically, the master of the ship, liable for any theft of goods from the time they are reported and come under the exemptions contained in the proposed section 11(4)? I ask that because in reading the exemptions—which are: destroyed or lost at sea, not laden, destroyed after landing but before being formally entered into a customs warehouse, formally entered into a customs warehouse, delivered to a bonded carrier, carried over to another port, or exported—it seems that there is to be a liability now on the shipping company if these goods are stolen by anyone. Is that correct?

Hon. Mr. Connolly: I believe not. The enactment of the section would shift the onus, and if the master or any other agent of the shipping company is able to establish that in fact there had been theft or pilferage of goods not in its control, the duty would not be assessed. However, as in the case of a sufferance warehouse, a bonded warehouse, or any other form of custody of that type where dutiable goods are kept, there is a very heavy onus upon the warehouseman to insure the goods against theft and pilferage. Normally, warehousemen—and, indeed, this will apply, I am told, in connection with the shipping companies and the masters—will bond themselves against these crimes, and resort would be had to the bond.

Hon. Mr. Grosart: I am aware of that. Of course, once the goods are formally entered into a customs warehouse or delivered to a bonded carrier they come under the exemptions contained in the bill, so there is no problem in that connection. It would seem to me, however, to be subverting a very essential principle of equity if the person from whom goods are stolen is now made liable for the theft, which does seem to me to be the effect of the bill from a superficial reading. I would hope, therefore, that it would be referred to committee, unless the sponsor can assure me that shipping companies have not objected.

Hon. Mr. Connolly: I cannot answer for the shipping companies. It might be desirable to have that question answered in committee. I imagine the answer will be somewhat along the lines of the reply I have given, because I believe in all cases such as this there would be a bond, such as warehousemen obtain.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned until Tuesday, November 13, 1973 at 8 p.m.

THE SENATE

Tuesday, November 13, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

THE HONOURABLE PAUL MARTIN, P.C.

FELICITATIONS ON HONORARY DEGREE

Hon. Keith Laird: Honourable senators, before we commence the business of the evening, might I have permission to draw to your attention an event which happened yesterday and which I think is of importance not only to the individual concerned but to the Senate as a whole. I refer to a ceremony in Windsor at which I had the honour to be in attendance when an honorary Doctorate of Laws degree was conferred upon the Leader of the Government.

Hon. Senators: Hear, hear.

Hon. Mr. Flynn: Another one?

Hon. Mr. Laird: This makes about the twenty-second honorary degree he has received, but I suggest that it is somewhat extraordinary in the sense that this one was conferred by Hanyang University, Seoul, South Korea. I venture to say that no other senator has had an honour of this kind conferred upon him. I would also mention that this honour was offered to him when he visited Seoul in 1971 but he was unable to attend the formal ceremony at that time.

Yesterday's ceremony was a modest one and was held at Senator Martin's residence, and it so happens that I was the only other senator in attendance. I am sure if you had known about it, honourable senators, you would all have been there, particularly since there was a free lunch.

Might I suggest that in view of the number of degrees of this kind already conferred upon our leader, all of them richly deserved, that we should from this time on call him Doctor.

Hon. Mr. Buckwold: How do you say "Doctor" in Korean?

Hon. Mr. Laird: He has a certificate in Korean which, of course, he reads quite well.

Hon. Mr. Walker: Could it be that the leader of the house is becoming popular by degrees?

Hon. Mr. Flynn: It would be exaggerating.

Hon. Mr. Martin: It is the only way he would be.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of Information Canada for the fiscal year ended March 31, 1973.

Report of the Canadian Film Development Corporation, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 20 of the Canadian Film Development Corporation Act, chapter C-8, R.S.C., 1970.

INFORMATION CANADA

DELAY IN MAIL DELIVERY OF HANSARD—QUESTION

Hon. Mr. Molson: Honourable senators, I would like to ask the Leader of the Government, who just alluded to Information Canada, whether he thinks there is any possible way of getting them to send the mailed copies of *Hansard* to honourable senators so that they arrive during the same week in which they are recorded here?

Hon. Mr. Martin: I do not think there is any possibility.

Hon. Mr. Molson: That is what I was afraid of.

Hon. Mr. Martin: But I think that the delay should be corrected through other means, and I am looking into that.

DISTINGUISHED VISITORS IN SENATE GALLERY

PROVINCIAL AND TERRITORIAL REPRESENTATIVES ATTENDING SEMINAR OF COMMONWEALTH PARLIAMENTARY ASSOCIATION

Hon. Allister Grosart: Honourable senators, I have Her Honour's permission at this time to call your attention to the fact that in Her Honour's gallery at the moment are some very distinguished parliamentarians. They are representatives of the legislatures of all the Canadian provinces, and the Councils of the Yukon and the Northwest Territories. They are attending a seminar on parliamentary procedure and practice sponsored by the main federal branch of the Commonwealth Parliamentary Association. The seminar is being conducted through the week, and I am sure honourable senators would wish me on their behalf to welcome them to this look at the proceedings in the Red Chamber.

Hon. Senators: Hear, hear.

Hon. Paul Martin: Honourable senators, I am grateful to Senator Grosart for directing our attention to the presence in the gallery of so many provincial representatives. I should like to say, on behalf of the government and those on this side of the house, how honoured we are that they should be present in the Senate gallery tonight.

It is of significance that they should be welcomed to the Senate, because the Senate of Canada has a particular responsibility toward the provinces. Our visitors represent provincial legislatures operating under section 92 of the British North America Act. Each province has its own

responsibility, as we have. Together we are working toward national unity in this envied country of ours.

I am informed by Senator Croll—and for this I am grateful—that it was Senator Grosart who conceived the idea of this meeting. Senator Grosart therefore deserves our special approbation. I again extend a welcome to our visitors.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, first of all, I join with Senator Grosart and the Leader of the Government in warmly welcoming the representatives, not only of the provincial legislatures but also of the Quebec National Assembly, who are here to attend a seminar on parliamentary procedure.

I know that in that respect the Commonwealth Parliamentary Association plays a very useful part.

I am sure that the parliamentarians of all the legislatures, not to mention those from Quebec, understand what I am saying or can at least guess that I am extending to them a hearty welcome.

I am most happy that the Commonwealth Parliamentary Association has taken this initiative, on the recommendation of Senator Grosart, and I wish all participants a most enlightening week as well as a happy stay in Ottawa, where we will all get along very well, at least as regards the ways of fulfilling our parliamentary duties.

[*English*]

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, November 8, the adjourned debate on the motion of Senator McIlraith for the second reading of Bill C-2, to amend the Criminal Code.

Hon. L. P. Beaubien: Honourable senators, I should like to congratulate the senators who have spoken in the debate so far. Bill C-2 is one of the more important bills with which we have had to deal in the last few years.

The bill, as it stands, is very unsatisfactory. In my opinion, it was not seriously dealt with in the other place. I should like to suggest that following second reading the bill be referred to Committee of the Whole in order that consideration can be given to examining two main points. The first is that since 1962 all those who have been convicted and sentenced to death have had their sentence commuted by Cabinet.

I do not mean to criticize the various administrations, each one of which has followed the same course of action over the years. Those who bear the awesome burden of running this country should not be forced to act as executioners. I do not think it makes sense for someone to slip a piece of paper before the Cabinet saying at the same time, "Sign this document to commute this man's sentence or he hangs tomorrow."

● (2010)

I am not versed in the law, so I do not intend to discuss in depth the sections of the Criminal Code which deal with murder. There are three sections in the Criminal Code concerning this matter. Two deal with pardon, and should not be touched. In other words, if a man is convicted of murder and just before he is to be executed some evidence comes to light which shows that he is obviously innocent, the Governor in Council must be in a position to pardon him. We cannot let an innocent man hang. Section 684 deals with commuting sentences.

Honourable senators, I think we should amend the act, and amend it in such a way that the Cabinet can commute only in a case where the judge and jury recommend or request clemency.

The next point I want to deal with—and the important one, I think—is the big question, which is simply this: Is capital punishment a deterrent? That, really, is the whole question at issue. If after examination we come to the conclusion that capital punishment is not a deterrent, no honest man or woman could possibly vote for its retention. On the other hand, if it can be proven to us that capital punishment is a deterrent, then I find it hard to imagine anyone here voting against it.

Honourable senators, there is no body in Canada that is better able to deal with this question. We have the facilities; we have the talent; and we have the time.

I gather that all criminologists, all social workers, and nearly all editors, commentators, broadcasters, scholars and educationalists say that capital punishment is not a deterrent. Nevertheless, as both Senator Molson and Senator Manning pointed out, every poll that has been taken in the last three or four years has shown that the population at large is overwhelmingly in favour of retaining capital punishment. In other words, they have stated plainly, "Keep the death penalty; it is a deterrent."

I do not pretend that I can contribute very much to that debate, but if we as a body are willing to hold public hearings and to invite people to come before us, if we are willing to receive briefs, and if we work really hard, we can at least say, "It was a very difficult task, but we did our best."

When intelligent people who are interested in criminology, and that sort of thing, talk about crime, they deal in a great many cases with tragedies such as the fire at the Bluebird Café in Montreal, when three stupid drunken young men, who had had an argument with the doorman, went and got a drum of gasoline and poured it on the stairs and set it on fire. The stairs were all-enclosed, leading from the street to the second floor, where 200 people were dancing. The fire roared up the stairs. The exits were jammed and could not be opened, so 37 people were asphyxiated, or trampled and burned to death. I am quite sure that in that case the existence or otherwise of capital punishment would not have influenced their actions.

At about that same time in Montreal a deranged handyman-cum-furnaceman in an old people's home deliberately set the furnace room on fire and burned the place down. Some poor people on the second and third storeys were burned to death. At about the same time a middle-aged man took an axe and killed his father. In another case, a son took a carving knife to his mother. I also remember a case of a person being killed when a husband found another man with his wife. A family quarrel resulted in another death, and there was a case where someone who

had taken drugs started shooting people he had never seen before. In all these tragedies I am sure the death penalty would not have been a deterrent.

When a poll is conducted on this question, I believe the man in the street thinks of the hooded gangsters who go into a bank saying, "Give us your money or we will shoot." Such men are professional killers; they live by murder or the threat of murder. When we were brought up we were all taught that dishonesty does not pay. I doubt if that is as true today as it was. Many of these people live high on the hog; they are in well organized gangs; their operations are like commando raids, and they collect large amounts of money. If they have to, they shoot it out with the police.

If you talk to ordinary people on this subject you discover that they think of the nice old man running the corner store in their neighbourhood whose head was bashed in the other day by a hold-up man. This is the sort of thing they think of, not of crazy people who set fires.

● (2020)

If we have public hearings and go into this question very seriously we can come to some kind of opinion, and then we will be in a position to deal with the question and amend this bill. If we conclude that capital punishment is not a deterrent, we must amend the law in such a way as to abolish capital punishment. On the other hand, if we are convinced that it is a deterrent, I am sure that we will all want to amend the bill so that all convicted murderers should be executed.

Honourable senators, this is a problem on which a body like the Senate can perform a great service to the country. There is a tremendous division of opinion amongst all classes on this matter, and if we make an honest effort we can do something worthwhile in helping to solve the problem.

[*Translation*]

Hon. Léopold Langlois: Honourable senators, in taking part in this debate, my very first words will be words of congratulations to all senators who have participated in this debate so far, more particularly to Senator McIlraith as well as Senator Perrault, our new colleague from British Columbia.

Senator McIlraith has introduced the bill in a masterful way. He made us benefit to a great extent from his long parliamentary experience, considerable legal knowledge, particularly from his experience as a member of the federal Cabinet as Solicitor General of Canada.

Senator Perrault also has had remarkable parliamentary experience as a former member of the legislature of his province where he acted as leader of his party; he was also a member of the House of Commons of Canada.

At the outset of his remarks, he reminded us of the past abuse related to the implementation of capital punishment in Canada and referred to the painful case, I must say, of a girl of 17 who was hanged for petty larceny at the outset of Confederation.

I readily recognize that some abuse took place in the past not only in the implementation of capital punishment, but in the administration of justice as a whole in this country and elsewhere and, when I took part in the 1967 debate on this matter, I personally mentioned the extreme severity not so long ago, of the wording and implementation of the provisions of the Criminal Code in our country and elsewhere.

In this regard, honourable senators might recall that in 1967 I gave the example of a museum exhibit I happened to notice during a visit to the Royal Exchange in London, which showed in a remarkable way the severity of our former criminal law, while emphasizing the substantial relief brought in since then. This museum exhibit, as I said, was a "Notice of Reward" as they called it, dated June 24th 1802, that offered a reward of 100 pounds sterling—it was a lot of money at the time, needless to say—to anyone who would give the group of insurers of the Royal Exchange some information leading to the conviction of anyone guilty of arson. It dealt with the destruction of crops, for there was an epidemic of such acts at that time in England, I was told, and this notice of reward reproduced in part the words of Act 9—George I—Chapter 22, which passage reads as follows:

[*English*]

> —or if any Person or Persons . . . shall unlawfully and maliciously . . . set fire to any House, Barn or Outhouse, or to any Hovel, Cock, Mow, or stack of Corn, Straw, Hay or Wood . . . shall be adjudged guilty of Felony, and shall suffer Death . . . without Benefit of Clergy.

[*Translation*]

I was struck at first by the extreme severity of the penalty compared to the crime, but I was particularly upset by the addition to this penalty of the denial to the culprit of the last rites of the Church before being put to death.

In this regard, I wish to remind this house of the recent and very substantial changes in our criminal law, in our parole and rehabilitation methods. I shall, however, merely underline that our Criminal Code has become less stringent in the twelve years, first of all due to the 1961 amendment which established the categories of capital and non-capital murders. I refer, of course, to the amendment to section 202A of our Criminal Code. I hasten to point out, however, that care was taken in 1961 to maintain in its entirety the wording of section 656 of the same code stipulating that if the Governor in Council so ordered in the commutation decree, a person in respect of whom a sentence of death has been commuted to life imprisonment or a term of imprisonment, shall not, notwithstanding any other act or authority, be released during his life or such term, as the case may be, without the prior approval of the Governor in Council.

This first amendment to our Criminal Code in 1961 was followed by that of 1967 when Bill C-168 deleted the 1961 amendment to section 202A, substituting therefor the amendment reserving the application of the death penalty for the capital murder of a police officer and other peace officers acting in the discharge of their duties.

While Bill C-168 of 1967 amended section 656, it maintained, however, the protection included in the original clause to the effect that a person in respect of whom a sentence of death had been commuted to imprisonment for life or a term of imprisonment, or a person upon whom a sentence of imprisonment for life had been imposed as a minimum punishment, should not be released during his

life, or such term, as the case may be, without the prior approval of the Governor in Council.

In 1967, I objected in this house to the passage of Bill C-168 and I have maintained that position since then.

My position is not based on unduly emotional or humane arguments but on the sole fact that, in my opinion, society must protect itself. I would even add that if I had the assurance of that protection for society against the baneful consequences of the increasing crime rate these days, not only in this country but throughout the world, I would readily and even eagerly agree to the abolition of the death penalty.

● (2030)

Indeed, I have never been impressed by the arguments of sentimentality and alleged barbarism that have, alas, been too often put forward to demand the abolition of capital punishment. Moreover, I have no firm opinion on the alleged deterrent value of the retention of capital punishment. I also wonder how a person, unless one has been able to personally appreciate this deterrent value, could determine its effectiveness, since crime statistics, according to all experts in this field, offer no worthwhile basis.

Reverting to my main argument which is to ensure the protection of our society against crime, I submit that the time is inappropriate for us to destroy or reduce, in any way, such a protection in this age of extreme violence throughout the world. Indeed, hardly a day goes by without one reading or hearing about extreme acts of violence both in our country and abroad. Cold-blooded murders, kidnappings, hijackings and, generally speaking, air piracy, settling of accounts with firearms, acts of all kinds committed daily, do these not require us to make efforts, not in order to further mitigate law enforcement, but rather to take proper steps to ensure a stricter as well as more equitable justice? Is it not true that the experience that we had in the course of the period now known as the October crisis in my province has brought no change to the general behaviour of those who no longer accept the democratic rule of government by the majority and who keep demanding the right to come down into the street every time that an expression of the will of the people is not to their liking? The same phenomenon also occurs much too often, alas, every time a governmental or quasi-governmental body takes a stand that does not happen to please some groups, often minority groups, but always prepared to resort to violence in order to assert the views that they want to foist on others. This phenomenon is the result of the climate of violence which prevails in our country and elsewhere and, once again, I submit that this is no time to be soft, but rather to enforce a fair but firm justice.

For that matter, I had, like several other members of the Senate and of the other place, foreseen in 1967 that the legislation introduced that year, like the one before us today, was only a temporary measure and that it would be followed by increasingly more generous measures for the benefit of those who have no concern for human lives and the welfare of society as a whole.

This bill is in fact more generous than the previous one introduced in 1967 in respect of persons found guilty of murder punishable by life imprisonment; indeed, under subclause 3(2) which amends section 218 of the Criminal Code, any person upon whom a sentence of life imprisonment in respect of murder has been imposed or in respect of whom a sentence of death in respect of murder has been commuted will be eligible for parole after he has completed at least 10 years of his sentence, provided the National Parole Board, by a vote of at least two thirds of its members, decides to grant such parole.

As stated earlier, Bill C-168 in 1967 did not provide for parole under these circumstances, without a previous order from the Governor in Council.

I will surely be told that the same subclause 3(2) of this bill provides that the judge presiding over the court which sentences someone to life imprisonment will be able, in some cases, to change by order the minimum number of years for parole purposes, to a number exceeding ten years but not exceeding twenty. This same judge will also be duly authorized to ask the jury convicting a person of murder punishable by life imprisonment, whether they wish to make a recommendation as to the number of years which the accused will have to serve before becoming eligible for release on parole, adding that he will take into account any such recommendation made by the jury. It is therefore obvious from reading this clause 3 of the bill especially, that when the bill provides for life imprisonment, in the mind of the legislator there is no such sentence but rather a minimum imprisonment of ten years. I think that such an attitude on the legislator's part goes to show the irresponsibility and the absurdity of the legislation now before this house. It is also quite clear that this bill does away with capital punishment in most cases without providing society with any adequate guarantee of protection against murderers' relapses. I would even say that in doing so the legislator is destroying the authority of our courts by giving them the power to sentence a murderer to life imprisonment, even to the gallows, knowing that in most cases such a sentence will be either commuted or reduced to an often ridiculously short imprisonment term. Such inconsistency on the part of the legislator is sufficient, in my opinion, to bring ridicule to the legislation before us.

Moreover, you find such inconsistencies in the distinction made in subclauses 2(2) and 2(3) of the bill between the murder of a police officer, etc., and the murder of any other person. This distinction was obviously made to avoid any reproof from police officers and even awkward protests from them, but I do not think, in spite of the fact that we are living in an era in which protesting is fashionable, that the mere fear of such a reaction from police officers can justify such a false principle, mainly when the protection of society against criminals is at stake. It is so obvious that the only purpose was to avoid criticism from police officers, with or without protests, that the legislator failed in making this distinction to include in the category of police officers and other peace officers the ordinary citizen obliged by a police officer to help prevent the commission of a crime or who, as allowed by law, fulfills his duty as a citizen and arrests an individual to prevent the commission of a crime. In my opinion, it is obvious that if it had been sought to protect anyone, be he a police officer or not, who prevents the commission of a crime, the ordinary citizen acting as an ad hoc police officer or an ad hoc peace officer would have been included.

Still about clause 2, the last subclause of subclause 2 is far from clear. This ambiguity seems to stem from the fact that they have simply used word for word subsection (c) of former section 202A of the Criminal Code, as amended in 1961, while ignoring the changed context. I submit that this subclause 2 of clause 2 of the bill is badly drafted and may lead to confusion when it comes to knowing whether it is dealing with a criminal act involving capital punishment or life imprisonment.

• (2040)

In short, this is poor wording and I think that it should be changed.

Hon. Mr. Flynn: The wording of the whole bill is poor.

Hon. Mr. Langlois: It is to be noted that this bill does not amend in any way section 683 of the Criminal Code, which deals with pardon or royal mercy, or section 684 which deals with commutation of sentence by the Governor in Council

I am taking the position that if we had wanted to abolish capital punishment in all its barbarian aspects, we could have done so while providing society with an adequate guarantee against the murder of any citizen by retaining in an absolute manner imprisonment for life, subject to pardon or royal mercy. I am ready to accept this reservation though I think that pardon or royal mercy represent an anachronism in the present context of our criminal law and our judicial system. As a matter of fact, pardon or royal mercy is only a reminder of a time that has gone by, the passing along of several centuries, of the feudal system, when because of the total lack of a criminal code and a judicial system, monarchs, and even lords, could exercise over their subjects or serfs the power of life and death.

There is not now one single circumstance which could justify at this time the retention of such a measure enabling a remote monarch or his ministers, who often have no legal ability or knowledge of criminal law at all, to act as a Suprme Court laying aside sentences following often complex evidence and long proceedings in our trial and appeal courts, both at the provincial and federal levels.

When I listened last week to the speech of my colleague and friend Senator Lamontagne—

Hon. Mr. Flynn: That is what I thought, you were thinking of him.

Hon. Mr. Langlois: When he took part in this debate, he referred to the tremendous hesitation, not to say the aversion, expressed by Cabinet members every time a case of commutation of sentence or exercise of mercy by the Governor in Council takes place. I could remember an incident which made a definite impression on me just a few years ago. I was indeed taken into the confidence of a former solicitor general, now deceased, whose name I would not like to reveal, who told me one day about the crises of conscience he went through every time he had to consider a recommendation to his colleagues in Cabinet on the commutation of sentence of a death penalty. Although that former solicitor general was a member of the Bar, but never had a great deal of experience in the practice of criminal law, he told me that he felt a very deep reluctance to voice an opinion on death sentences handed down by our courts to the point of often losing sleep over it. That former solicitor general then told me this story that left me very skeptical as to the exercise of sentence commutation.

He told me that one day he had to make a recommendation on a death sentence in a case where the victim died after being struck on the head with an axe by his aggressor. In that case the only defence offered by the accused was that it was not a premeditated murder and there was no criminal intent or—to use the legal term—"mens rea" but simply an accident when the axe left the handle as he was only jokingly threatening the eventual victim. Of course, the jurors did not accept the explanation given by the accused and found him guilty of murder.

That solicitor general added that in his study of the case, before submitting the petition for commutation to the consideration of the Cabinet, he had the instrument of the crime brought to him and simulated in his office the motion of threat that the accused claimed had caused the death of the victim. Much to his surprise, not to say consternation, when he repeated the threatening gesture alleged by the defendant, the axe slipped off the handle and hit with violence a piece of furniture in his office. The former solicitor general was extremely upset by this incident and, after several days of hesitation and several sleepless nights, he could not help recommending the commutation of the sentence to his colleagues in the Cabinet for this reason. When I asked him if he had inquired about the place and particularly about the atmosphere of the place where the instrument of the crime had been stored before being brought to his office, he said no. I pointed out to him that it was quite possible that, when he made this experiment in his office, the axe could have slipped off the handle as a result of the fact that the instrument of the crime had been stored in a very dry place for a long period before he made this experiment in his office. Moreover, I asked him if he had investigated the atmospheric conditions in the place where that same axe had been stored before the perpetration of the alleged crime. Again he said no, adding that he did not even pay attention to these details before presenting a recommendation to his colleagues in the Cabinet, in view of his great nervousness on the eve of presenting his recommendation.

Obviously in that case, the recommendation was superficial and based on an incident that anyone fully aware of the circumstances of the crime of which the person was accused could have easily explained.

Hon. Mr. Flynn: A good lumberjack!

Hon. Mr. Langlois: I do not think it is necessary to list examples comparable with the one I gave to convince everyone that it is dangerous to leave such decision to a layman, even to a member of the profession who would not be sufficiently familiar with all the elements of a criminal act to revise the judgment of our courts of law, a judgment which was rendered after full consideration of all the facts and circumstances of the act being judged.

It must also be considered that the power to commute a sentence gives members of the Cabinet the authority, which not even the judges have, to overrule the verdict of the jury. Indeed we know that the judge of a county court cannot annul the verdict of the jury since he does not control the facts. The power to commute sentence enables

some people, who have not even heard the evidence and who could not see and hear the witnesses and therefore could not verify their credibility, to make a decision contrary to the finding of the accused's peers.

Hon. Mr. Flynn: It is the same for the judges of the Court of Appeal and the Supreme Court.

Hon. Mr. Langlois: The judges of the Court of Appeal do not rely on points of fact, but on points of law, and if there is any doubt about a point of fact, they order a new trial. This is why they do it, as a matter of fact.

Some may argue against the position which I have just taken by pretending that the commutation of a sentence is a safeguard against a possible judicial error. In view of the Canadian legal system as regards criminal law, under which an accused is presumed innocent until found guilty by his peers, I believe that the possibility of a judicial error is reduced to a minimum in Canada. Even to those who argue that the possibility of such an error occurring justifies maintaining the measures concerning the pardon, or royal clemency, or the commutation of sentences, I may reply that the revision of sentences for which there may exist a doubt of judicial error is much preferable to these other measures and ensures a greater protection for our society. Of course, I mean the review of sentences by the courts themselves.

My suggestion in this regard would be to extend the present authority of the Solicitor General as concerns the reference of a sentence to the courts, namely, the Supreme Court of Canada, for review, in order to allow him, on the recommendation of the Cabinet, to refer any sentence for which there exists a doubt of judicial error to the Supreme Court for review, and to point out to this court the aspects of the trial which could give rise to such a doubt, if there is one, while giving the court the authority to order a new trial if it decides that justice may be better served by so doing. I think that this method of reviewing sentences would be greatly superior to the commutation system and would provide as good a guarantee against the eventuality of miscarriages of justice as the present system. For the sake of those who are more apprehensive than I am, I would agree that the royal prerogative of mercy, which is exercised in Canada directly by the Governor General according to the Letters Patent appointing him to this high office, could be maintained even though I consider, as I said earlier, it is presently outdated in practice.

Honourable senators, in conclusion I will say that for all those reasons I have just mentioned, I will vote against the bill; I think I must maintain the position I adopted in 1967—and which remains unchanged—until a bill is tabled which will provide sufficient protection to society against murder and relapse.

● (2050)

[*English*]

Hon. Paul Desruisseaux: Honourable senators, I have read or heard a great many of the arguments presented on Bill C-2 now before us, and I have been impressed by what was said in this debate by the preceding speakers, particularly Senator Molson and Senator Lamontagne. I shall explain why in a moment. However, nothing has changed my personal view. I shall not attempt to sway anyone from his own belief, but I should like to record briefly my own feelings on this subject.

Bill C-2 is a compromise bill if ever one was introduced in the Senate. It does not represent, either now or at any time in the past, the views, desires or judgment of the great majority of Canadians whom we represent. This fact was well established in surveys that were made, and it has been clearly recognized by some speakers who have supported this bill. I am sure there is no doubt in the minds of honourable senators that Canadians strongly support capital punishment. I have the highest respect for their judgment, and I find myself sharing their view.

For a period of five years we tried the amendments that had been passed abolishing capital punishment except in the case of the murder of police officers or prison personnel. That experiment in permissiveness was a total failure, according to available statistical information on its effects and consequences. There were sad cases of police officers being murdered, and the accused were sentenced to hang. I was not particularly disturbed by those death sentences, because I knew that the accused had been tried by 12 of their peers. They were sentenced by learned judges who, more than anyone else, felt the full weight of their responsibilities. The sentences were appealed, and after being reviewed in Ottawa were commuted. Those who imposed the sentences were not sadists. They had a conscience. But they also had a duty to society from which they did not back away.

Senator Lamontagne raised an important point concerning the royal prerogative, which was studied briefly five years ago in connection with a bill to amend section 214 of the Criminal Code, but which was not proceeded with. That subject has not been mentioned so far in connection with the bill now before us. Senator Molson was right in his observation that a distinction has to be made between a possible commutation of sentence after consideration by the Cabinet as required by the penal code, in the case of condemned murderers, and the royal prerogative that can be invoked under another section of the Criminal Code.

The Senate committee that will undoubtedly be required to study the bill should be made aware of all its implications. The committee should carefully examine the provisions of the bill, clarify them and bring forward recommendations.

We are now being asked, in effect, to extend this experiment for another five years. The first five years produced disastrous results. During that period we experienced a record crime rate, including murders. I cannot lightly discard that fact and place the blame on something else. I do not wish to see gangsters settle their accounts by killing, or to see paid killers, murderers, hijackers and kidnappers escape their obligations to society that cheaply. I do not wish to see bandit killers of whole families get away with it. If they value life so cheaply, then their own lives should be considered by society to be equally cheap.

During the last few months almost everything that can be said has been said, in the media and in Parliament, in support or condemnation of the abolition of capital punishment. It is my intention to avoid repeating the arguments that have already been presented on this subject, and which are so well known to honourable senators. Nevertheless, I will note again, as have previous speakers

in this debate, that no one is held to party lines or party discipline with respect to this bill. The decision to allow this freedom was a wise one in the present circumstances.

● (2100)

I shall be voting against Bill C-2 and any amendments thereto that may sway us away from capital punishment, because I cannot accept the permissiveness and the philosophy on which Bill C-2 is based.

[*Translation*]

I cannot accept the idea that with this bill we could, as far as we can do so, provide the society we represent here with the fair and just payment that is due that society for the crime of murder committed against one of its members.

It is too bad but I rather see Bill C-2 as a way of facilitating the disintegration of the real basis of our society. Why should a murderer worry, with the real protection he is provided with in this bill? Should someone want to kill or murder somebody else in cold blood, knowingly and of his own free will, with a very definite intention in perpetrating that murder, why should he worry unduly, sure as he is of the protection provided by the amendment to section 214? Why should he dread such light punitive consequences? That murderer, that aggressor without morals knows very well that the risks of being discovered and punished are not too great, according to the statistics of these last years. He knows very well that if he were to be arrested and eventually convicted by a jury and sentenced to life imprisonment, the maximum punishment would not correspond in any way to his heinous crime of murder. Moreover, should he be found guilty, the release from his life sentence that he would get under this bill is an almost sure and normal thing after a ten-year compulsory jail term, except if he is unlucky, then the compulsory jail term could go to a maximum of twenty years. What we are talking about here really is a ten-year sentence in most cases. I find this most inadequate, considering the seriousness and the gravity of the crime. The usual ten-year jail term cannot be compared, in view of the seriousness of the crime, to the other sentences provided by our Criminal Code for less serious crimes. I cannot support such permissive, slow, weak and toothless legislation which, I think, does not protect honest and law-abiding people and degrades the whole punishment system provided by our Criminal Code.

Five-year trial periods have been more than sufficient to show, in the light of reality, the philosophical error of its design which seems obvious to me in spite of the humanitarian theories put forward by supporters of the bill and the fear of errors which have been mentioned. We can see the unfortunate results of the relaxation in criminal sentences and punishments, regardless of the reasons we find to justify and rationalize our bad record. In my opinion, we have before us a bill which has been a failure for many years, which has a bad record, and which does not protect the honest citizen in the best of ways. This can be demonstrated by recent criminal statistics and many case histories.

Moreover, my conscience refuses to distinguish between the possible conviction for the murder of an armed policeman and the conviction for the murderer of an unarmed solid citizen, since in both cases he is a cold-blooded murderer, armed to kill, who has the obvious intent to kill and who carries out his heinous act.

[*English*]

The price to be paid for everything in life must, in all justice and in order to avoid chaos in our society, be paid. In the case of the criminal aggressor it must be paid by something owned by him, and it must be of reasonable value. That, in my book at least, is an essential rule for a good and just government in a society that respects its law-abiding members.

Today I find no reason why we should support a bill that will make it easier to kill those in authority, those in public service, or any law-abiding citizen. In my estimation, the proposed amendment to section 214 of the Criminal Code, setting aside and suspending capital punishment, is an injustice and an iniquity to Canadian society. Without disregarding the arguments advanced to the contrary, I shall be voting against Bill C-2, and against any amendment that would not reinstate capital punishment as it was five years ago.

Hon. Richard J. Stanbury: Honourable senators, I should like to begin by welcoming the three new senators. I know they have been welcomed many times, but I should like to add my own personal greetings, on behalf of all honourable senators.

Senator Perrault is an orator of great strength, and one who articulates beautifully. We have already had an example of his speaking in this house. He is not one who simply talks; he is one of the most hard-working and conscientious people I know. All honourable senators will soon know that Senator Ray Perrault is a member of this house, as will all the people of Canada.

[*Translation*]

I am very pleased to welcome here Senator Maurice Riel. I have known Senator Riel since 1968 and my admiration for him is continuously increasing.

[*English*]

I am delighted, also, to welcome my good friend John Godfrey into this house. I had the honour of escorting him, with the assistance of the Deputy Leader of the Government, to Her Honour the Speaker, but this is my first opportunity to formally welcome him. Senator Godfrey is not only a man of ability, whose very presence here will be of great benefit to this house, but he is also a great democrat, a real liberal in the non-partisan sense, and a really warm human being. It is a pleasure to me to see that these people have joined us here in this house.

● (2110)

I now enter, with some trepidation, the debate on capital punishment. I have listened to and read the speeches that have gone before. They have been excellent speeches, and have demonstrated just how strongly feelings are held by honourable senators on this subject, and how completely opposed those feelings are in many respects.

I am cognizant of the fact that there is really no clear moral guide in our religious background. Some people interpret their religious teachings to say that we must retain capital punishment; others interpret their religious teachings to say that we must not retain capital punishment, and so it becomes a matter of one's own personal

approach to humanity, which makes it a very difficult thing for us to deal with in this house.

The one thing that does bother me is to hear some honourable senators describe this bill as being hypocritical. It is, as Senator Desruisseaux said, a compromise. Compromise and hypocrisy are not one and the same thing. It they were we would be in great difficulty as a country, because our country is based upon compromise, compromise of every kind to satisfy the people across this great 6,000-mile wide country, people with different interests of all kinds, religious, ethnic, regional, and so on.

I say that there is nothing hypocritical about this bill. If you show me a nation that is able to deal with all its problems in a consistent and uncompromising way, then I will show you a dictatorship. We live together here in a democracy. We live here because we have been willing to compromise. Those compromises often do not satisfy anyone, but they nevertheless serve the common interest. For that reason I see no hypocrisy in this bill.

I see acceptance of the fact that probably at this time in this country no other solution is possible. Certainly our colleagues in the other place struggled long and hard to find one, and they failed to come together with any measure but the one that is before us. They are the elected representatives of the people, and they fully understand the weight of the responsibility they have taken. They have voted freely and openly in favour of the best compromise they could find.

Surely it is not for us, just because we have the duty to review their decision, to upset the result they have so laboriously fashioned, unless we have some reason to believe that we have some superior wisdom that impels us to override their best judgment. I believe it is not enough for us simply to disagree with our colleagues in the other place. If we are going to meddle with their handiwork, it must only be in the belief that their action will do substantial harm to the body politic of Canada, or that our solution is much better than the one they have adopted. Such a case cannot be made in this situation.

We have lived under a similar law for the last five years, and there is no evidence that serious consequences have resulted. If we refuse to enact this legislation we throw our law back to what it was five years ago. I submit that there is no clear indication that such law would serve the Canadian people better.

The suggestion that we amend the bill to abolish capital punishment once and for all is, I realize, a very attractive one. It polarizes thinking; it makes everything nice and neat and tidy. But the closeness of the vote in the other place says clearly to me that we are not yet ready for that black and white decision in Canada. Where is the virtue of forcing it if our elected representatives, answerable to the people, have agreed in a free and open vote to keep our options open for a little longer?

I confess to you frankly that I personally would love to see that matter resolved in favour of my own opinion, but I love even more the democratic process which allows the Canadian people to reach difficult and emotional decisions after due consideration, in due time, by as many steps as they wish to take. I will support this bill.

On motion of Senator Hastings, debate adjourned.

[Hon. Mr. Stanbury.]

COOPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, November 8, the adjourned debate on the motion of Senator Denis for the second reading of Bill C-183, to amend the Cooperative Credit Associations Act.

Hon. Mr. Grosart: Honourable senators, this debate is adjourned in my name, but I would like to yield to Senator John M. Macdonald, who wishes to speak on it tomorrow.

Hon. David A. Croll: Honourable senators, I have a few words I should like to say on this bill. May I take the honourable senator's place?

Hon. Mr. Grosart: Of course.

The Hon. the Speaker: Is it agreed that the honourable Senator Croll speak in place of the honourable Senator Grosart?

Hon. Senators: Agreed.

Hon. Mr. Croll: Honourable senators, I rise to say a very few words in connection with the motion for the second reading of this bill, an act to amend the Cooperative Credit Associations Act. This bill would permit cooperative credit societies to exercise the functions of a trust company, which would presumably be competitive in some degree with existing trust companies.

I believe I should bring to the attention of the Senate a fact that is and has been public knowledge. I am the chairman of the board of an existing trust company. It might be thought by some that because of that association I would have an interest in opposing this bill.

Under the present law and practice relating to conflict of interest, which I have often stated in this chamber is in many respects completely outmoded, I am not precluded from participating in the debate on this bill, nor from voting thereon. However, I do wish at this time to make it quite clear that, despite my association with a trust company, I support this bill in principle, and I intend to vote for its second reading.

On motion of Senator Grosart, for Senator Macdonald, debate adjourned.

• (2120)

CUSTOMS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Thursday, November 8, the adjourned debate on the motion of Senator Connolly (Ottawa West) for the second reading of Bill C-189, to amend the Customs Act.

Hon. Allister Grosart: Honourable senators, we have had an excellent explanation of this bill from Senator Connolly (Ottawa West), but I regret to say that his explanation did not clear up in my mind the matter of the validity or otherwise of a principle which appears to be embodied in this bill. That principle is the placing of legal responsibility on a person from whom goods are stolen, instead of on those who have the responsibility for preventing this kind of theft.

Senator Connolly gave us the background of the bill. There was a decision of Mr. Justice Dumoulin of the Exchequer Court of Canada which in effect declared, as a matter of judicial decision, that the master of a ship is not responsible for the declaration of goods entering the country and particularly, of course, goods that have been stolen from his custody.

Honourable senators, I think we are all naturally suspicious of any bill that attempts to overturn, overrule or change a decision of the Exchequer Court or any court in Canada, but such is clearly the intent of this bill. The reason given by the minister, in introducing the bill, was the need to protect the revenue. He gave figures as to the kind of revenue that might be lost as a result of this decision by Mr. Justice Dumoulin. Of course, we all agree that it is a highly laudable exercise in responsibility by a minister or a department to collect all the revenue that is legally due to the public treasury.

This raises the question whether this money is legally due. It raises the question whether the responsibility for theft of goods originally declared by the master of a ship, goods in his custody, or goods released from his custody but not yet in a customs warehouse or in the possession of a bonded carrier, should not be on those—on the Government of Canada—who have the responsibility of making our docks safe from pilfering.

What we are saying here is that the authorities are unable to prevent theft on the dock in this interim period. The master from whom the goods are stolen, from whose custody the goods are stolen, is to be responsible and will be required under this bill to pay duty on those stolen goods.

Honourable senators, I suggest that this is reversing a very fundamental principle of responsibility. I am quite sure that no honourable senator here would like to be put in the position of having to pay duty, tax or a penalty because goods were stolen from him. Yet this seems to be the effect that this bill will have.

To make it quite clear, the minister in introducing this bill said:

> Mr. Speaker, the purpose of this bill is to amend the Customs Act to permit more effective control over goods landed in Canada by ships, thus protecting the revenue.

Of course, that is a very laudable purpose. Then he explained that this will make the master of a vessel responsible "for the accuracy of his report inwards, or accountable for duty and taxes owing on goods which are reported as having been landed in Canada and are later incapable of being produced for customs clearance, due to pilferage, irregular delivery, or for any other reason." I suggest again that the necessary requirement of collecting revenue is not, in my mind, unless there are circumstances of which I am unaware, adequate reason for changing the basic principle of responsibility.

Senator Connolly has stated that this is similar to the responsibility that is laid on an airline captain, or in relation to goods with any other carrier. But just because this kind of responsibility may already be imposed on others does not convince me that the principle is right.

Surely the responsibility is on the Canadian authority to protect the goods when they are in this apparently vulnerable position.

We are also told that this has something to do with the fact of containerization, which apparently lends itself to pilfering and to problems of detection greater than those that were in effect before containerization.

We are told, of course, that the captain of a ship can get a bond, and that the cost of the bond is not very much; that it is negligible. That may be so, but again this to me does not affect the principle of which I am speaking, that someone from whom goods are stolen should not be held responsible for taxes on those goods.

I asked Senator Connolly if the shipping companies were aware of this bill or if they had made any complaint. I do not know. He has not had an opportunity to give me an answer, but I believe he will do so.

Honourable senators, the reason I raised that question is that this bill went through the other place in less than an hour. It was introduced by the minister, and there were two comments on it. It went immediately to Committee of the Whole, and in less than an hour this bill was passed. I believe we have a responsibility here to protect corporations as well as individuals who may be affected by a bill such as this. I suggest that perhaps the bill should go to committee so that we can inquire into these aspects.

However, I have said to Senator Connolly, and I repeat, that if he can assure me that the shipping companies are aware of this bill and that they make no objection to it, or there are other reasons behind this decision—this strange decision suggested by the bill—that I do not know of, or if there is some reason why matters might be expedited if the bill does not go to committee, I would be prepared to accept Senator Connolly's word. I am unaware of these things because there is no mention of them anywhere in the discussions that have taken place, so as a senator I have no information about them. All I have is the superficial information that I put before the Senate, from which it appears that the principle here is a bad principle, and one which, in my opinion, should not have the consent of this chamber.

On motion of Senator Buckwold, for Senator Connolly (Ottawa West), debate adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Martin: Honourable senators, before we adjourn, I should like to indicate that, as I had told the Leader of the Opposition earlier in this evening's session, the Secretary of State for External Affairs proposes tomorrow to present the resolution regarding the decision to participate in the United Nations Peacekeeping Force in the Middle East Operation. On the assumption that we will be in a position to deal with it, I would propose that we deal with it first thing on Thursday.

Hon. Mr. Grosart: Would the Leader of the Government be good enough to inform the chamber as to the present status of that resolution?

Hon. Mr. Martin: There has been no resolution placed before the other house yet, but I anticipate that it will be so placed tomorrow.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 14, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator McIlraith for the second reading of Bill C-2, to amend the Criminal Code.

Hon. Earl A. Hastings: Honourable senators, in addressing myself to Bill C-2, my first duty is to extend congratulations to Senator McIlraith, the mover, for the succinct and clear manner in which he presented an otherwise complex and difficult bill for our consideration. I should like also to commend those who have preceded me in the debate for their fine efforts, observations and remarks. I shall attempt to maintain the high standard of discussion in my speech this afternoon.

The problem of capital punishment and the treatment dictated by society towards offenders is not new. One need only read the speeches made by Clarence Darrow 50 years ago, or those made at various other times, in an effort to abolish capital punishment, to realize that although many years have passed, the issue remains the same.

In essence the speeches made in the current debate are almost the same as those made in years gone by when the subject was under discussion. Statistics and polls have changed, of course, but in the final analysis it becomes a matter of a man's personal conscience and, I believe, his attitude toward his fellow men.

In reaching my own conclusion, I have the advantage—some may regard it as a disadvantage—of knowing, as friends, approximately 30 men who are the subject matter of the bill; that is to say, 30 men who have been convicted of capital and non-capital murder and who are in custody or out of custody at the present time.

I think perhaps it is in this area, leaving all other considerations aside, that my best contribution can be made to our deliberations. In addition, over the past three years I have had the opportunity to visit penitentiaries from Nova Scotia to British Columbia and discuss with the inmates in those institutions this difficult matter of human behaviour. I think I have gained some limited knowledge from sharing many hours of discussion with the men in these institutions. Misplaced sympathy? Perhaps. Bleeding heart and sentimentality? Perhaps. On the other hand, perhaps a sincere desire to contribute what I can as one human being to another human in less fortunate circumstances than myself. In any event, I leave the final judgment as to what label is placed on me with those men in our institutions, and in particular the wardens and correctional staffs of those institutions. I assure you I do not join in any crying session over the past. My one main objective is to assist in any way I can in urging men to face the circumstances in which they find themselves, thereby facing reality. I contribute what I can in that respect.

In addition, I have the honour—some may regard it as a dishonour—to be Honorary President of the Hopewell Club of Drumheller Institution. The Hopewell Club is composed of 22 members serving life sentences for non-capital and capital murder. We meet regularly at least once a week in sessions of constructive self help. Each man assists the other to face up to his problem. It is not a crying session nor a paranoid meeting but men facing up to the difficult problems they have and trying to find solutions.

I recently took three members of this group to Calgary to attend a group encounter session with the Calgary Jaycees. It was held in the party room of a high-rise apartment building where the Calgary Jaycees usually hold their meetings. What did we do? We did just exactly as we are doing here today. The Jaycees had invited the "lifers" to participate in this group encounter, and to discuss the problem which we are discussing today. It was a great benefit to the three inmates, and it was of great benefit to the 60 members of the Calgary Jaycees and their wives.

● (1410)

The following Monday I received a telephone call from a large Eastern Canadian newspaper asking me if I had taken three convicted murderers to Calgary for a Saturday night party. I replied that I had taken three men to a group encounter session in Calgary on the Saturday night. I was asked if they were convicted murderers and I said they were. When asked where the meeting was held I replied that it was held in the party room of a high-rise apartment, which happened to be the regular meeting place of the Calgary Jaycees. I was then asked if liquor was served, and I said that it had been. The next question was, "Did the inmates drink?" To which I replied, "No. They happen to have more respect for the terms of their temporary absence than to drink." Finally I was asked if I had been escorted, and when I said no the reporter mumbled something to the effect that he thought I was utterly out of my mind.

Honourable senators, in working with these men I can only say that at any time I will take to such functions a man who has been convicted of murder, who knows he is a murderer and is doing something about it, rather than the many hundreds who are wandering around unaware of the fact that in certain circumstances they are capable of murder.

I now wish to deal briefly, if I may, with some of what I feel are inconsistencies that have cropped up during the debate. The first concerns the act of commutation. There

seems to be great concern about this act of commutation. There has been a great deal of misrepresentative information, to the point where it would seem that the Governor in Council is actually violating the law when the act of commutation is fulfilled and obeying the law if we have a few hangings. The fact is that the law specifically states—and it is the will of the people—that when a man is sentenced to be hanged the judge shall inquire of the jury if they have any recommendation to make with respect to mercy; he shall convey that recommendation, if any, together with any recommendation he may care to make, to the Minister of Justice, for final determination by the Governor in Council. That is the will of Parliament.

The Cabinet, in considering whether or not a sentence of death should be carried out or commuted, do not, I believe, adopt the procedure outlined by Senator Beaubien last night of passing a piece of paper around and having people sign it, because I have some knowledge of the input into making this decision. In addition to all the information and the transcripts of court proceedings, the Council are at liberty to seek any other information they wish to secure on which to base their final decision. I am sure that every member of Council, in fulfilling his duty, gives a great deal of consideration as to whether to send a man swinging off to eternity or commute the death sentence.

I asked a prisoner in Saskatchewan Penitentiary at Prince Albert last Friday if I could bring his case to your attention. He is one of those whose sentence was commuted but who received no recommendation for mercy from the presiding judge. Some members of Council who considered his case—and probably sit in this chamber—have been unable, because of their oath of secrecy, to give you the information I now intend to place on *Hansard*.

When I asked Cliff Lurvey for permission to use his name and to explain the circumstances of his commutation, he replied that to have this matter continually brought up created difficulties, particularly for his wife and family, but that if it would assist me to open the eyes of one senator, it would be worth it.

What are the facts here? Cliff Lurvey was found guilty of capital murder in the death of a policeman in Winnipeg and he was sentenced to hang. There was no recommendation for mercy from the judge, and as required by law the sentence was placed before the Cabinet for consideration. By way of additional information, the Cabinet requested three independent psychiatric reports and an independent medical examination of Cliff Lurvey. The medical examination disclosed that he is suffering from terminal emphysema and will probably spend his last days in custody. I ask honourable senators, had they been members of the Cabinet at that time, fulfilling that responsibility, could they have done otherwise than commute this man's sentence and give him at least the dignity of dying in custody rather than dropping him through the trap door to his death?

Hon. Mr. Molson: Could the honourable senator give the date of the murder for which he was convicted?

Hon. Mr. Hastings: It was after 1969. I can give the exact date and name. He is one of four in the last four years.

[Hon. Mr. Hastings.]

Hon. Mr. Laird: The honourable senator mentioned a recommendation for mercy. He says there are four cases. Was mercy recommended in the case of the other three?

Hon. Mr. Hastings: Mercy was recommended in the case of three, but there was no recommendation from the judge in the case of Cliff Lurvey.

Hon. Mr. Everett: Could the honourable senator give the facts of the murder?

Hon. Mr. Hastings: I believe the facts are that, along with three other men, Lurvey participated in the holdup of a supermarket in Winnipeg. The police closed in and a gun battle ensued with Lurvey, which resulted in the death of a policeman.

Honourable senators, it seems to me that all of the considerations, which the public are unaware of, and which the Cabinet is unable to explain, are brought into play in the act of commutation. It is simply not a matter that the law is disregarded when the act of commutation is invoked.

Hon. Mr. Flynn: Even if during the period of twelve years all sentences have been commuted? Even if not one person has been executed?

● (1420)

Hon. Mr. Hastings: In each one of those cases certain factors were obviously brought into play, and obviously given great consideration and importance, prior to commutation being granted.

Hon. Mr. Flynn: May I say to the honourable senator that it is much easier for a Cabinet minister to say, "I am going to commute the sentence." There is always one factor or another that will influence you to commute a sentence. I mean, you are on the safe side.

Hon. Mr. Smith: If there has been a mistake, you are on the safe side.

Hon. Mr. Hastings: Senator Molson posed a very interesting and relevant question the other night, which I hope I can answer to his satisfaction. He was discussing the matter of deterrents and he asked whether prisons are a deterrent and should they be abolished?

From what experience I have had, I would say that prisons are not a deterrent to the vast majority of men who have the misfortune to go through prison doors, and I can only say that the present form of custodial treatment should be abolished. It has been found, not only by myself but by many studies that have been made—for example, the Fauteux Commission and the Ouimet Commission—that prisons are a total failure. As far as the deterrent effect, or the protection of society is concerned—the very purpose for which they have been created—it must give us little comfort to know the number of our fellow men who are going through these institutions and coming out worse than they went in.

Prison gives society some short-term protection, while the prisoner is locked up in his cage, but of what value is it to society when we release him, perhaps a more violent, vicious individual, ready to take out his viciousness on society and cause even greater problems? It does not deter.

In regard to that, I can only quote a recent report by Judge Hugessen:

> Prison is an undesirable method of ensuring that society is protected against its own failures. On empirical, as well as on humane and economic grounds, it is far from the ideal solution and the search for more acceptable and more efficient means must go on.

That is not a bleeding heart speaking; it is a hard-nosed judge of the Superior Court of Quebec.

As recently as November 7, 1973, Dr. Kenneth A. Carlson, an assessor of prisoners at the Guelph Correctional Centre's neuropsychiatric clinic, wrote a report, basing his conclusions on a study of 1,070 adult first offenders admitted to the medium-security institution in 1965. The study shows that of the 1,070 prisoners he followed after their release, 686 had been reconvicted by 1971; almost a third of that number were back in jail within six months; more than half were serving new sentences within a year of their release; two-thirds had been reconvicted within 18 months, and within two years, three-quarters had been found guilty of a new offence.

This may not impress you, and you may not agree with me, but I can only say that punishment, whether it is imprisonment or at the end of a rope, is no deterrent to the act of lawlessness.

Hon. Mr. Flynn: What should we do, then?

Hon. Mr. Hastings: We sent 790 men dangling to their death in the vain hope that the next half-crazed killer would stop and take notice, that he would check out his sentence and decide whether he would serve ten years or twenty years, and decide whether or when he would be eligible for parole.

Murder is an insane act, performed by insane, irrational people.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Hastings: And no consideration whatever is given by them to the deterrent that may follow.

Hon. Mr. Flynn: Not in all cases.

Hon. Mr. Hastings: Now, if I may deal with the Parole Board, I don't think there has been a board, commission or agency of government that has been more maligned and vilified these last two years than the National Parole Board, through inaccurate and misleading information. In this connection let me deal first with the remarks and observations made by Senator Deschatelets, which I know were made in good faith.

Hon. Mr. Flynn: So are yours.

Hon. Mr. Hastings: Well, I hope they are.

Hon. Mr. Flynn: But they are so naïve.

Hon. Mr. Hastings: But I should be able to express them. From page 1105 of Senate *Hansard* of Thursday last, November 8, I quote Senator Deschatelets as follows:

> As regards parole—I refer to that now because we are discussing murder cases—I have yet to hear a federal official try to justify and make the public understand that a few years ago, an accused found guilty of first degree murder and condemned to death could have his sentence commuted and be allowed to get out after six or seven years.

I too would like to have an explanation, because the fact is that since 1968 the act demands that no man whose sentence has been commuted may be released in under ten years.

Hon. Mr. Deschatelets: There might be a mistake there of a few years. I think the first murder I had in mind took place about 1957 or 1958, and the sentence was commuted and the convicted person came back into circulation and was subsequently arrested for another murder. If my honourable friend would like me to check the year, I shall be pleased to do so.

Hon. Mr. Hastings: The fact is that under the Criminal Code and the Parole Act no man committed on a death-commuted sentence of life imprisonment may be released before the expiry of a period of ten years. The average sentence served between 1961 and 1968 was 12 years, and between 1968 and 1973 the average sentence served was 13.5 years. Let us be perfectly clear that that is not the average life sentence being served in prison; it is the average sentence being served by those paroled. There are still many, many in institutions serving life sentences, and their number would increase that average to a great degree. I point out that it is only an average. But the accusation is made that they are "letting them out to kill again." What are the facts?

The National Parole Board has released 152 men with death-commuted sentences, and 56 men for non-capital murder, making a total of 208. Of that number 21 have had to be returned to custody, not for murder or for any act occasioning loss of life but for violation of their parole, which carries with it many restrictions. It is well to remember that these men released on parole are, in fact, on parole for life and can be returned to the institution at any time. As I have said, 21 were returned to custody, and that amounts to about 10 per cent of the total, which is a far better average than that of any other area of inmate parole. Seventeen died on parole. That makes a total of 38, which means that in Canada 170 men remain on parole who have served their sentences for murder or non-capital murder, and not one, let me repeat, not one, has inflicted any injury or caused loss of life since. Where is the basis for the statement, "Let them out to kill again"? I know some of those men. I know what they are doing and what they have gone through. If I may, I should like to describe a few of their cases. I shall not use names and I shall disguise their places of residence, because I have great respect for the men and the anonymity which they wish to maintain.

● (1430)

The first man I shall call Boyd. He was sentenced to capital punishment for murder, and spent 13 months on death row. There was no recommendation from the jury for mercy. His sentence was commuted, and he served 13 years in Prince Albert Penitentiary. He was paroled and is presently living with his mother. He is attending a western Canadian university and will graduate next June with a master's degree in engineering. He plans to be married on graduation.

The next case is that of Troy, who was convicted of murder and spent nine months on death row. He spent 11 years in Stony Mountain Penitentiary and Saskatchewan Penitentiary. His sentence was commuted, and there was

no recommendation for mercy from the judge. This man lives quietly in a western Canadian city and is working as a caretaker of an apartment block. Is he prowling at night looking for a victim? No. All his extra time has been, and is, spent at self-help meetings in the local penal institution and psychiatric hospital.

Another case is that of Barry, who was convicted of non-capital murder and spent eight years in Prince Albert Penitentiary. He was paroled in 1971 and is now superintendent of a large construction company. He did so well with his company that his salary was increased from $600 a month, at the time he was first paroled, to $1,200 a month. He rose so high with his company that it was necessary for him to be bonded, and when he applied for a bond it was denied because of his criminal record. I had to explain to the president of the bonding company that this man had never stolen a nickel in his life. Following my representation to the company, the man was bonded. He is now earning approximately $1,200 a month as superintendent of a large construction company.

Another case is that of Hank, who was sentenced for capital murder. Under the provisions of the present act, this man would be put to death. There would be no consideration for commutation because his victim was a prison guard. There could be no recommendation for mercy. He spent 12 years in Prince Albert Penitentiary. Hank went as far as he could with correspondence courses and, on his release on parole, completed his education and obtained a degree. He was for a short time a professor. Honourable senators will understand that I am trying to disguise the details as much as possible. This man now has his own business, is married and has two sons.

Those are the types of men released by the Parole Board. They are men who, in a moment of time, under circumstances which none of us has experienced, took another's life.

From my limited worthwhile experience—and I confess that it is limited—I believe that no matter how low a man may fall, no matter how depraved or degenerate his conduct may be in a given time and under certain circumstances, there is within him that elusive something which urges him to reach out beyond the sordidness and deceit of his circumstances and to grasp that which spells kinship and harmony with his fellow men and his Creator. From the depth of my conscience I can place no man beyond the reach of that redemption. I support the bill.

Hon. John J. Connolly (Ottawa West): Honourable senators, the quality of the debate on this issue has been as high as any I have heard in this chamber over a good many years. The speeches have been both objective and reasoned.

Hon. Mr. Flynn: But not all the conclusions.

Hon. Mr. Connolly (Ottawa West): Certainly the speeches have been informed and sincere. One could expect no less in a chamber such as this on an issue as basic as the one under discussion, because it involves questions of life and death, of foul murder, and the social consequences of imposing the traditional penalty. There is also the broader question of crime and punishment and the still broader question of sin, penance, and, indeed, repentance. For many of us in Parliament, the decision is an agonizing one.

I do not propose to generalize or to discuss the various theories involved in deciding the issue of capital punishment. Rather I propose to deal with a single point. It may be simplistic or narrow, but I hope it will be looked upon as being practical.

As honourable senators know, I was a member of the government in 1967 when the original provisional legislation was passed, and I assumed my share of the responsibility for that legislation. At that time I was deeply concerned about the extended use of section 684 of the Criminal Code, particularly subsection (1) of that section, whereby the government was empowered to reprieve a convicted person or to commute a sentence.

As there has been some discussion on this section of the code, I should perhaps read the subsection into the record. It says:

> The Governor in Council may commute a sentence of death to imprisonment in the penitentiary for life, or for any term of years not less than two years, or to imprisonment in a prison other than a penitentiary for a period of less than two years.

Section 686 says:

> Nothing in this Act in any manner limits or affects Her Majesty's royal prerogative of mercy.

The effect of section 684 can be achieved, of course, by using the royal prerogative of mercy. Again, I should like to place on record the authority for the use of the royal prerogative. It is found in the *Revised Statutes of Canada* 1970, in the volume entitled Appendices, at page 445.

I do not propose to read it, but I would ask permission of the Senate to have incorporated in my speech at this point article XII of the Letters Patent constituting the Office of Governor General of Canada.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

(*Article XII follows*)

> And We do further authorize and empower Our Governor General, as he shall see occasion, Our name and on Our behalf, when any crime or offence against the laws of Canada has been committed for which the offender may be tried thereunder, to grant a pardon to any accomplice, in such crime or offence, who shall give such information as shall lead to the conviction of the principal offender, or of any one of such offenders if more than one; and further to grant to any offender convicted of any such crime or offence in any court, or before any Judge, Justice, or Magistrate, administering the laws of Canada, a pardon, either free or subject to lawful conditions, or any respite of the execution of the sentence of any such offender, for such period as to Our Governor General may seem fit, and to remit any fines, penalties or forfeitures which may become due and payable to Us. And We do hereby direct and enjoin that Our Governor General shall not pardon or reprieve any such offender without first receiving in capital cases the advice of Our Privy Council for Canada and, in other cases, the advice of one at least, of his Ministers.

• (1440)

Hon. Mr. Connolly (Ottawa West): Honourable senators, in my own humble opinion, on the general issue of capital punishment the statistics are singularly inconclusive.

Hon. Mr. Flynn: Right.

Hon. Mr. Connolly (Ottawa West): However, on the question of commutation there are some figures which might prove useful to this chamber. The year of significance in my view was 1956, during which year there were five executions and five reprieves. Prior to that time, from 1950 to 1955, there were 58 executions and 33 reprieves. After 1956, from 1957 to 1966, there were 14 executions and 76 reprieves. There have been no executions since 1962, as has already been mentioned a number of times.

I have said that bare statistics on the general issue of capital punishment are not too helpful, but those that I have given I think confirm an understanding, a consensus that was abroad in the country and which most people, both in Parliament and out of Parliament, recognized. That understanding was the reluctance in Canada on the part of governments to allow the death sentence to be carried out, even though the law provided for the carrying out of the death sentences and the courts were complying with that law.

May I file and have incorporated in my remarks at this point a table, which I have compiled from information obtained for the 1967 debate and which I have now brought up to date, setting out the number of executions and reprieves from 1950 to date?

The Hon. the Speaker: Is it agreed, honourable senators, that this table be incorporated in the proceedings?

Hon. Senators: Agreed.

Year	Executions	Reprieves
1950	10	3
1951	11	3
1952	10	8
1953	10	6
1954	11	4
1955	6	9
1956	5	5
1957	3	5
1958	3	16
1959	3	11
1960	2	6
1961	1	10
1962	2	8
1963	—	8
1964	—	3
1965	—	9
1966	—	3
In 1967	—	18*
Since 1967	4 capital murders	4

* After passage of Bill C-168 in December 1967, there were 18 persons in penitentiaries who had been convicted of murder under the old law and were awaiting execution. Had they been tried under the 1967 law, the charge would have been one of non-capital murder. All were reprieved after the 1967 law was passed.

Hon. Mr. Flynn: You have just filed a table of statistics after having said they do not prove anything.

Hon. Mr. Connolly (Ottawa West): No; I said statistics with respect to commutations and reprieves were rather more helpful than those in connection with capital punishment generally. I must say these have been helpful to me.

Hon. Mr. Flynn: You said the contrary.

Hon. Mr. McIlraith: May I ask a question in relation to these statistics? Do they show separately in the list of commutations the group of commutations that were granted by reason of the change in the law in 1967 and applicable to those persons who were under sentence of death before the 1967 change but on whom the sentence had not been carried out by reason of the change of law and the limiting of capital punishment?

Hon. Mr. Connolly (Ottawa West): Yes, they do. The table which I filed contains the following note:

> After passage of Bill C-168 in December 1967, there were 18 persons in penitentiaries who had been convicted of murder under the old law and were awaiting execution. Had they been tried under the 1967 law, the charge would have been one of non-capital murder. All were reprieved after the 1967 law was passed.

Hon. Mr. Flynn: That is obvious.

Hon. Mr. Connolly (Ottawa West): Yes.

Hon. Mr. Flynn: They had been reprieved until then.

Hon. Mr. Connolly (Ottawa West): Honourable senators, in 1967 the situation in respect of commutation was most unsatisfactory for the public, for the courts, for parliamentarians and, believe me, for members of the government. Convinced proponents of capital punishment were openly and vehemently critical of the increasing use of the power of commutation by governments. Each time a new murder was committed a louder outburst of outrage was heard. Again, many felt—and I am quite sure that this included sincere and distinguished jurists—that a mockery was being made of the prescribed judicial process. The courts, although doing their duty meticulously, were being brought into what was virtually contempt. This was especially true in cases where there was no recommendation from a jury for mercy, and where there had been no successful appeal against the sentence.

In addition, there were some members of Parliament, some members of the government and certainly members of the public, who said that either the law should be applied or it should be changed.

Hon. Mr. Flynn: They still say that.

Hon. Mr. Connolly (Ottawa West): Therefore, it was no surprise, especially in view of the numbers of reprieves which had been granted since 1956, that the decision was made to change the law; that that was the course chosen and that the use of the death penalty would be severely restricted. Some who were in the Cabinet in 1967 would have had the Code omit the death penalty for murder completely. They urged outright abolition. I do not believe

I am opening the doors of the Privy Council when I speak in this manner. This was the view expressed in discussions which took place outside the Cabinet room.

Others insisted upon retention of the death penalty, at least in a limited class of cases, namely murders or killings of policemen and of prison guards, for the reasons we all know. There were still others who emphasized the importance of a trial period, regardless of the provisions of the bill to be submitted to Parliament. This latter group were concerned with the social implications which might flow from virtually dispensing with capital punishment as the penalty for murder.

In my view, this concern stemmed from the unprovable proposition that a prospective killer might be deterred by the prospect of facing death after trial. Personally, I believe that if the value of deterrence can be proved, then the death penalty may very well be warranted. However, if the value of the death penalty as a deterrent cannot be proved, then capital punishment may not be justified.

The bill which came finally to Parliament for a free vote provided for the abolition of capital punishment except in the two specific cases prescribed in this bill, namely, the killings of policemen and of prison guards. It provided also that a five-year trial period be established.

If this reasoning was wrong, honourable senators, the least that can be said for it is that it sinned on the side of mercy. I say that the governments which applied the policy of reprieve from 1956 on were composed of men of mercy. They were neither men of vengeance, nor men of blood. They were, however, dissatisfied with the existing state of the law. The 1967 legislation may not have been the best solution to the problem, but it was certainly an improvement over the old order which had prevailed since 1956.

● (1450)

Governments of any stripe do not relish the accusation that they change the law by executive decree, even when their motives are humanitarian. I note that all of the four convictions for capital murder that have been handed down in the past five years have been commuted, although in only two cases was there a recommendation for mercy. So, in my view, the trend for the continuation of the policy is still there.

Hon. Mr. Flynn: The situation has not changed.

Hon. Mr. Connolly (Ottawa West): Honourable senators, in 1967 I had in my own mind no definitive solution to the problem posed by the use of the death penalty for murder. In 1973, I confess, I am in the same position. Six years ago I could not assess its value as a deterrent; today I am really no better off. If I did know I would not vote to approve another trial period of virtual abolition. It may be that five years hence I shall have developed more wisdom on this most agonizing issue.

Perhaps all of us will be wiser in five years. If we are not, and there is no better solution recommended after an additional five-year trial period, the law now proposed without the five-year provisional period and as a permanent element or feature of the Criminal Code might well be a desirable step to take at that time. Parliament could take that step knowing that Parliaments thereafter could change the law at any time.

[Hon. Mr. Connolly (Ottawa West).]

Hon. Mr. Molson: Honourable senators, I wonder if Senator Connolly would also care to read section 683, which seems to have some bearing on this discussion as it deals with commutation, pardons and the royal prerogative.

Hon. Mr. Connolly (Ottawa West): I regret to say that I do not have section 683 with me. I brought only section 684. I did say originally that I would be simplistic. I was trying simply to beam in on section 684(1), section 686 and article XII, of the Letters Patent constituting the Office of Governor General. I will look up section 683, and perhaps I can speak to it at a later stage.

Hon. Mr. Flynn: May I ask the honourable senator why he thinks he will be in a better position to assess the situation five years from now in light of a policy of virtual abolition continuing for the next five years? After all, we have already had this partial ban on capital punishment for a period of five years for experimentation purposes, but we did not enforce it.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I did say one thing and that was that governments since 1956, both Progressive Conservative and Liberal, have perhaps not done everything that could or should have been done. However, if they sinned, they sinned on the side of mercy. This, I think, is something for which they should be commended. But during the next five years there may be developments—perhaps not in the Canadian jurisdiction, but in other jurisdictions—which will help us at that time.

I did refresh my memory on this matter and I recall a somewhat similar point being raised by Senator Flynn during the debate on this question in 1967. I said to him at that time—and I think I can say it again—that when the question of the trial period was discussed a two-year period, a five-year period, a seven-year period, and a ten-year period were considered. Senator Flynn will perhaps remember that. I said at that time that I thought we could decide on the five-year period, but we could just as well decide on the ten-year period.

Hon. Mr. Croll: We will next time.

Hon. Mr. Connolly (Ottawa West): Who knows? I am afraid no one can be too specific or definite about this.

Hon. Mr. Flynn: Clause 10 of the bill would help, too. No one has referred to it yet.

Hon. Joan Neiman: Honourable senators, in rising to address this house for the first time I want to state that I did not delay my debut for lack of kindness or encouragement on the part of our gracious Speaker and other honourable senators, or, I must add, some gentle prodding from our leader. Rather, I listened to the many eloquent and informed speeches which have been made on a wide range of topics and became convinced that I should not speak until I had something worthwhile to say. That criterion might have sentenced me to a life of silence. However, I have managed to overcome my initial modesty because of the importance to me, and I believe to all of us, of the principal subject we are discussing in Bill C-2, that being capital punishment.

In the meantime, however, I have tried to learn something of the processes of Parliament, and particularly of

this house. I hope I shall be able to make some effective contribution to my province and to my country through this chamber, of which I am proud to be a member.

I had only to read the debates which have taken place in this house and in the other place since the introduction of Bill C-2 to realize that every cogent argument in support of either the retention or the abolition of the death penalty, or the compromise position which this bill proposes, has been advanced. Nothing I can say will illuminate the subject any more, nor, I believe, will I move any fixed opinion. But our right to adjudicate upon the life or death of another human being, however indirect that right may be, obliges us to bend our minds to the consequences of what our decision might be, and be prepared, in so far as we are able, to justify our convictions.

I believe that is what all honourable senators who have taken part in this debate have tried to do, even though I cannot agree with many of the arguments which have been advanced. I am deeply grateful for the contributions which have been made today by both Senator Hastings and Senator Connolly.

I am a total abolitionist. I say that without sentimentality and without apology. I say it with the same honest conviction with which Senator Desruisseaux gave us his views to the contrary last night. My belief is equally founded on a deep respect for the sanctity of human life, and a desire for the optimum protection of our society.

I agree with the view expressed by Ramsey Clark, a former Attorney General of the United States of America, who, in voicing his opposition to the death penalty in the District of Columbia, said:

> Society pays a heavy price for the penalty of death it imposes. Our emotions may cry vengeance in the wake of a horrible crime. But reason and experience tell us that killing the criminal will not undo the crime, prevent other crimes or bring justice to the victim, the criminal or society. Executions cheapen life. We must cherish life.

My interest in penal reform—of which the question of capital punishment is only one problem, and in perhaps every sense except its finality a minor one—began when I was a law student many years ago. At the outset I did not think too deeply about that particular aspect of criminal justice. Later, in about 1966, as counsel for the Elizabeth Fry Society in Toronto I was asked to prepare for its members an exposition of the arguments for and against capital punishment, including data and statistics that might support the views of both the abolitionists and the retentionists. As you know, this was when the government was again studying the question very earnestly, and hearing briefs from various interested citizens and groups of citizens, with a view to proposing amendments to the Criminal Code. My own opinions crystallized as I studied and prepared material for the report.

● (1500)

The Elizabeth Fry Society eventually submitted a brief to the government recommending total abolition of the death penalty.

I do not need to remind honourable senators that the bill which passed and took effect in 1967 did not go that far. As has been so ably explained by Senator McIlraith in his introduction, that bill, Bill C-168, was the precursor of the one presently before us. Both restrict the imposition of the death penalty to a limited and comparatively infrequent type of homicide, and in each case the restriction applied or applies for only a period of five years. Although Bill C-168 was surely an improvement over the status of our criminal law prior to the time it was passed, it was nevertheless a disappointment to me. So is the present one, for reasons I shall explain later.

In preparing the paper on capital punishment for the Elizabeth Fry Society, I had to begin with a study of murder, of the varieties of homicide, the social factors which appear to beget that extreme form of violence, and the types of people usually convicted of murder. One of the first non-technical but very compelling books that influenced my thinking was the late Lewis Lawes' personal history of his more than twenty years as warden of Sing Sing Prison.

Warden Lawes more than compensated for his lack of judicial and legal expertise by a compassionate sensitivity which excluded sentimentality towards that miserable stream of humanity which came under his supervision, and particularly towards those hundreds he got to know personally on death row. He had to walk those last agonizing steps with more than a hundred murderers and, like Ramsey Clark, he was never persuaded that their execution meant justice for either the victims, their next of kin, or society as a whole. With his years of experience he remained convinced that it was almost always the poor and the outcast who ended on death row. He wrote:

> Not only does capital punishment fail in its justification, but no punishment could be invented with so many inherent defects. It is an unequal punishment in the way it is applied to the rich and the poor.

That observation is equally valid here in Canada. It is true that some people are more capable and able to defend themselves, or can afford to hire experienced counsel to plead their cases. Those unfortunate others who come in contact with the law often do not have the means or the ability to enforce or even insist upon their rights as citizens, and so they suffer inequities in the handling and disposition of charges laid against them. The petty thief who is poor usually goes to jail; the petty thief with money usually pays a fine. What happens at that most elementary level of justice can and does occur right up through a series of increasingly serious offenses, with equally serious consequences to the convicted offender, to the type of charge with which we are concerned in Bill C-2, that of culpable homicide.

Can we be certain that every man charged with murder, the conviction for which might carry the forfeiture of his life, has been accorded complete and impartial justice, without prejudice, and with every competent legal argument and proper defence provided for him as for every other person charged with a similar offence? I think not. It is humanly impossible to ensure such equitable treatment for all persons charged in our courts across Canada.

If there ever is a possibility that one man might be condemned to die in circumstances where another would be permitted to live, we cannot allow justice to be blind. I have never liked that concept, because the theory of the

impartiality of justice often tends to do just the opposite in practice.

I might add another example of the uneven application of justice. A recent study in the United States has found that of several hundred persons who were executed in that country since 1930, 53 per cent were black. I believe the blacks comprise about 10 per cent of the entire United States' population.

It follows that I am not in accord with those who argue that capital punishment is necessary to provide justice for those who suffer loss of their own lives or those of their next of kin through wanton murder. It is obvious that even today many good and well-meaning people cannot agree on what, if anything, would justify legal homicide on the part of the state. While we are agonizingly searching for answers on how to curb violence in our society, we must not tamper with the lives of a selected few, only to realize later on that the final solution we chose was not necessarily the last or the best one.

To those who argue that we must uphold the sanctity of life I say that we must be concerned with the sanctity of all life, not just of those we decide are worthy to live.

I need hardly add that I totally reject the archaic exhortation of "an eye for an eye and a tooth for a tooth" as being completely inconsistent with modern concepts of law and justice, however imperfect they may be.

The most commonly held argument advanced by persons who advocate the retention of the death penalty is that it has a possible, and even a probable, deterrent value. This argument must be substantiated to a reasonable degree in order to be considered valid. I do not believe this can be done at the moment, any more than I could successfully argue the opposing point of view.

Warden Lawes did, however, have strong convictions on this matter. He said unequivocally in his book that his personal conversations with inmate murderers led him inescapably to the conclusion that the vast majority of them, if not all, simply did not think of the possibility of being sentenced to death, or in fact of being executed, before committing the crime for which they were convicted. The question of whether the death penalty might or might not be imposed simply did not influence their thinking or their actions. This could be because of man's apparent inability to conceive of his own death. Nevertheless, deterrence was apparently not a relevant factor.

We can, however, consider the question of deterrence on a more scientific basis. Professor Thorsten Sellin of the University of Pennsylvania has for many years been considered the world's foremost authority on all aspects of capital punishment. His exhaustive studies have covered not only all states in the United States but many of the European and Asian countries, under varying conditions: in jurisdictions where there has always been some type of capital punishment, in some where there has been none, and in many where it has been in force and has been abolished and, in some of those, again reinstated.

● (1510)

The statistics and data Professor Sellin has compiled are staggering. He has presented his findings to almost every important commission and committee set up in the last twenty years to study the problem—the British royal commission, the United Nations committee, and our own royal commission among them. His views on the deterrent effect of the death penalty were generally accepted by all those bodies and, indeed, were incorporated into the findings made by the British royal commission. His conclusion was that the presence or absence of the death penalty is not a determining factor in the fluctuation of the homicide rate in the jurisdictions he studied.

In another context, Professor Sellin said:

> Few people who discuss the deterrent effect of the death penalty realize that a criminal exposes himself to a much greater risk of being killed while committing a crime or while being arrested than of being executed.

Dr. Ezzat Fattah, with the Department of Criminology at the University of Montreal, recently completed "A Study of the Deterrent Effect of Capital Punishment with Special Reference to the Canadian Situation," already mentioned by Senator Graham in his recent address. This was commissioned by the then Solicitor General in order to complement previous studies and bring our thinking up to date. It takes us statistically to the end of 1970 and, although all forms of violence appear to have increased slightly in recent years, Dr. Fattah's conclusions in no way invalidate those previously drawn by Professor Sellin. A far more significant view held by those as well as other experts in the field is that the realization by the would-be criminal, that punishment for his intended crime will be swift and certain, acts as a much more effective deterrent than the threat of capital punishment.

Another important finding made by Dr. Fattah—and here I refer to page 47 and following of his study—is that capital punishment does not act as a deterrent for the protection of policemen and prison guards. He refers to analyses made by Professor Sellin who had arrived at the same conclusion. This does not mean that we should not be as properly concerned with the protection of these public officers as they are with our protection, but apparently the death penalty is not the answer. Indeed, I have read several times that it was the police force of Austria which petitioned its government to abolish the death penalty in order to lessen the risk of danger to themselves while trying to apprehend desperate criminals who might otherwise feel they had nothing to lose in killing their way to freedom.

This brings me to a consideration of the bill before us and my reasons for being dissatisfied with it. Bill C-2 is undoubtedly a compromise, but that in itself is not bad. It is the best consensus which could be achieved in the other place, but I still consider it an unsatisfactory one. If we are to have the death penalty at all, there are far more heinous crimes which deserve the ultimate punishment than the occasional killing of a policeman or prison guard—and I say that with the greatest respect and admiration for those officers. We are illogical in choosing this particular form of homicide to punish most severely because we are in fact not certain that what we are doing is right.

A necessary component of the Criminal Code as it now stands is the legal right of the Governor General in Council to commute any sentence of death, as it deems proper. That right I shall defend as long as capital punishment is

part of our judicial system. Senator Connolly spoke comprehensively to this point today. But there again the possibility of the exercise of this right creates uncertainty in the minds of the public, the police and, of course, the criminal. It has been stated in many ways by many people who have studied the problem of crime and punishment that the certainty of a small punishment will make a stronger impression than the fear of one which is more severe, if there is a reasonable chance of escaping the latter. In countenancing and continuing this period of uncertainty, we are not working effectively towards the goal which I am sure we all want—the diminution of violence in our society.

I hope, therefore, honourable senators, that we shall at least consider the feasibility and the legality of amending this bill in committee. I listened with great attention and respect to what Senator Stanbury had to say on this matter last night. I cannot agree that, simply because the honourable members in the other place arrived at this compromise after so much painful soul-searching, we should refrain from attempting to amend it, if our conscience and our reason so dictate.

Almost every bill which comes to us from the other place is in effect a compromise, fashioned by pragmatic, political reality, tested and turned on the wheel of public opinion—or what the honourable members in the other place conceive to be public opinion. Nevertheless, I understand it to be not only the function but the duty of honourable senators to exercise their independent judgment, to examine each bill presented to them on its merits, and at least to attempt to amend it if they deem it necessary and proper to do so.

As I further understand our parliamentary rules of procedure—and I am surely no expert in that field—if this chamber amends any bill presented to it the heavens will not fall nor, on a lesser scale of celestial intervention, will we have thwarted the expressed will of the people. We too are the people. All that will happen is that only the amendments we make, however insignificant or important they may be, are referred back to the other place for consideration. If they are approved and passed, so be it; if they are struck down, we must then deal with the bill as it was originally presented to us. Nothing is lost except time, but much may be gained. If amendments in committee are deemed improper or impractical, I shall support this bill as it stands.

I also listened last evening to the views which Senator Langlois so eloquently expressed. His fundamental concern was to ensure the protection of the individual and society against criminality, and particularly all types of violence. As I understood him, Senator Langlois did say that he might be prepared to support total abolition if the violence in our society could first be eradicated. I am afraid he is seeking a Utopia we all want, but shall never find.

Man is unfortunately the most violent of all animals. When we find the reason why this is so, we might also begin to learn how to modify his behaviour. At present we are curbed by sanctions imposed by law, by public opinion, by our neighbours and friends, and sometimes by our religious beliefs. Most of these are necessary and beneficial, but to state that the ultimate sanction of death is necessary to deter violence is to repeat an oft-told but, I believe, a factually discredited tale.

When Sir Samuel Romilly introduced a bill in the British House of Commons in 1810 to abolish capital punishment for theft of five shillings or over from a shop, this is part of what Lord Chief Justice Ellenborough had to say:

> I trust Your Lordships will pause before you assent to an experiment pregnant with danger to the security of property, and before you repeal a Statute which has so long been held necessary for public security... Such will be the consequences of the repeal of this Statute that I am certain depredations to an unlimited extent would be immediately committed.

● (1520)

Lord Ellenborough's fearsome forebodings helped prevent immediate passage of the bill, but when it was passed in due course none of his dire predictions became a reality.

Violence begets violence. The Roman Catholic Church in Canada long held the view that, in certain circumstances, capital punishment was morally and ethically justified. That view has changed. In considering this problem again, the following statement was made by the Canadian Catholic Conference, which is the administrative body of the Roman Catholic Church in Canada:

> The question of the death penalty, in our opinion, ought not to focus on whether a convicted murderer, no matter how wanton, deserves to die. The focus should be on us: should Canadians, as a community, try to break the escalating spiral of violence by refraining from violence even as a deterrent?

It concluded that we should.

Finally, I should like to mention that a few months ago I wrote the chiefs of police of four of our Canadian metropolitan centres—Halifax, Montreal, Toronto and Vancouver—to obtain some figures on culpable homicides committed in their area during 1972 and to the end of June, 1973. This is the period for which the government has not been able to furnish us with any statistics to assist our consideration of this bill.

The information I received makes interesting reading, although I shall not burden you with all the details. It is clear that only a small percentage of all the homicides committed were planned or premeditated. These usually involved some type of gang warfare, and drug trafficking was often a factor. Both alcohol and drugs figured very prominently in a large percentage of the cases and these usually related to sudden, violent quarrels, very often between relatives and friends. The percentage of policemen and prison guards killed was extremely low—in fact, no prison guards were listed. Toronto had the highest percentage by a small margin, but there one of the policemen died at the hands of two youths who were heavily under the influence of drugs at the time, and both of whom committed suicide shortly afterwards.

In all the crimes of murder which were committed in those four cities during that 18-month period, I would hesitate to look at one case and say with certainty that if that criminal knew beyond a doubt that he would die on the gallows for his crime, he would not have committed it. I wonder if anyone else could do otherwise.

Hon. Mr. Molson: Will the honourable senator permit a question?

Hon. Mrs. Neiman: Yes, certainly.

Hon. Mr. Molson: Are you aware of the figures from the City of Montreal for this year, that 33 out of 35 voluntary homicides were assessed as planned, premeditated gangland types? That is 94 per cent.

Hon. Mrs. Neiman: Senator Molson, the only thing I can say is that I have a letter in my possession with information that does not coincide with yours. We perhaps should compare the figures.

Hon. Mr. Molson: I think perhaps your figures are a little earlier than mine. Mine are up to the end of October, 1973.

Hon. Mrs. Neiman: Mine are up to the end of June. I do not think the figures should be all that greatly different, but we could compare them.

Hon. Mr. Flynn: Summer is a better season.

Hon. Mr. Langlois: Summer is an open season.

An Hon. Senator: A long, hot summer is the answer.

Hon. Mrs. Neiman: If Bill C-2 passes in its present form, then there is a heavy responsibility upon us to use every resource at our command, and the command of this government, to study the causes of violence to try to find solutions that are practical, meaningful and just, keeping in mind at all times the protection and security of society. I am prepared to accept that there are certain types of violent aggressors for whom no present-day medical knowledge is available, and that these types should be segregated for their natural lives, or until they can be helped.

We must begin to know why some men live violently and die violently. What are the reasons for these murders, and have we ever achieved anything by the executions which often follow them?

Honourable senators, I should like to conclude these overly long comments by reading you a passage from a booklet entitled "The Unexamined Death," which was written by Hans W. Mattick when the state of Illinois was considering the abolition of the death penalty. Mr. Mattick had many years' experience in the fields of penology and criminology having, among other duties, served as Assistant Warden of the Cook County jail and later on the Illinois Parole and Pardon Board, as well as a lecturer in criminology at the University of Chicago. He concludes his observations in this way:

> The venerable Socrates, who was executed in 399 B.C., maintained to the bitter end that "the unexamined life is not worth living." Our examination of capital punishment has led to the conclusion that the unexamined death is not worth dying.

If I may interject, I believe that within each one of us there is a reluctance to face death; but since we must, we all want it at least to be meaningful.

> Jesus Christ, who was executed at the beginning of our era, said, at the end, "Father, forgive them, for they know not what they do." We are still executing people in 1962, and there is still no evidence that we know what we are doing when we inflict the death penalty. Every rational inquiry into the relation between the death penalty and murder has demonstrated that capital punishment is irrelevant to the homicide rate. It is, however, a cruel, expensive, and demoralizing irrelevancy to maintain. Since capital punishment is indefensible on any rational grounds, and since the only purpose it can serve is that of an irrational vengeance that is no better than the original homicide to which it answers in kind, it is high time that the death penalty be abolished.

On motion of Senator O'Leary, debate adjourned.

COOPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Denis for the second reading of Bill C-183, to amend the Cooperative Credit Associations Act.

Hon. John M. Macdonald: It is not my intention to speak at this time on this bill. I understand there is some urgency in bringing it before the committee for a closer and more detailed examination. I did not have the opportunity of listening to the sponsor, but I have read his speech, and after doing so I think that we on this side can say that we are in general agreement with everything he said. As usual, he made an excellent presentation.

Consequently, any one from this side who wishes to comment on this bill will wait until it is before the committee or until third reading, so there is no objection to second reading at this time.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Denis, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

● (1530)

CUSTOMS ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Connolly (Ottawa West) for the second reading of Bill C-189, to amend the Customs Act.

Hon. John J. Connolly (Ottawa West): Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if the Honourable Senator Connolly speaks now on this subject his speech will have the effect of closing the debate.

Hon. Mr. Walker: Honourable senators, before my honourable friend closes the debate, may I be permitted to ask him a question in connection with this legislation. He is a former leader of this house for whom I have the greatest respect, not only for his probity but for his efforts, and he was criticized in the *Globe and Mail* last week. It was suggested that he, as sponsor of this bill, had a conflict of interest which should have been declared. My question is

a very simple one, and I ask it because I think this matter should be cleared up for the record. Does the sponsor consider that he has a conflict of interest in respect of this bill?

Hon. Mr. Connolly (Ottawa West): Honourable senators, let me deal first with the question asked by Senator Walker. The possible conflict of interest to which he refers would arise from the fact that, as the article in question stated, I happen to be a director of Scott Misener Steamships Limited. I should have thought that not only would this not involve a conflict of interest, but would in fact be just the reverse.

When I explained the bill last week on second reading, I said it was designed primarily to deal with theft and smuggling so far as goods coming into Canada on ocean carriers are concerned. The Scott Misener Steamships Company does not operate on the high seas. It operates in the Seaway system, in the lakes and on the rivers. There are, however, times when Scott Misener Steamships touch upon American ports, and then proceed to Canadian ports. Let me point out that they do not carry packaged goods, although they could do so. They carry bulk cargoes because they are in the grain and iron ore trades.

Quite apart from that, honourable senators, I have no hesitation in saying that if this is good law for the protection of the revenue of Canada, and if it is in the public interest for ocean carriers to have the responsibility of accounting to customs for the goods that they carry, then I think it is equally proper that lake carriers should be bound in the same manner. I had no hesitation whatever in sponsoring this bill, even if it should place an additional onus on lake carriers, including Scott Misener Steamships. I hope that that answers Senator Walker's question.

Hon. Mr. Walker: Yes, it does.

Hon. Mr. Connolly (Ottawa West): Honourable senators, I should like at this time to thank Senator Grosart for his attention to this bill last evening. He described it as "a highly laudable exercise in responsibility by a minister or a department to collect all the revenue that is legally due to the public treasury." I think it is more than a laudable exercise. One of the basic responsibilities of the Minister of National Revenue is to see that every penny that is due to the Treasury and that can be collected should be collected. He should exert every ounce of energy he has to see that this is done.

Senator Grosart also said that, in the case of theft, the placing of legal responsibility on the person from whom the goods are stolen instead of on those who have the responsibility of preventing this kind of theft, is one of the problems arising out of this bill. In this connection I should like to say that goods which are laden upon a carrier abroad for delivery in Canada must, when they come to Canadian ports, be reported to Canadian customs and must pass through customs. The carrier therefore has the responsibility, once the goods are laden and brought to their destination in Canada, to deliver them either directly into customs custody, into a sufferance warehouse, into a bonded warehouse or to a bonded inland carrier to take them from whatever port they may arrive at to their ultimate destination. The ocean carrier and all these other people, including the warehousemen and inland carriers, have the responsibility of safeguarding the goods in their custody and control until they are dealt with by customs. This includes the duty to prevent theft. I am informed that theft in many cases has led to the avoidance of duty because the stolen goods have eventually found their way into commerce in Canada, without passing through customs.

Honourable senators, I feel the principle of this bill is a good one. A loophole existed in the law as it was, and in this connection I referred to a specific case when I explained the bill on moving its second reading. It has been suggested that the average loss of duty on goods that have been stolen and subsequently smuggled into Canada has been in the region of $100,000 per year. The law is that all goods entering Canada are subject to customs appraisal, and there should be no exception for goods smuggled into Canada. The people who have custody of those goods destined for Canada, or in Canada, some of which eventually go through customs, should have the responsibility of safeguarding those goods against theft. If this were not the case, the situation could exist where certain segments of the Canadian population could buy the smuggled goods at a cheaper rate while the rest of the population of the country would be paying higher prices for the duty-paid goods.

Senator Grosart also asked if the shipping companies were aware of this legislation. I was rather glad that I was not required to deal with this question last evening, but in the interval I have had the opportunity of discussing it with the deputy minister who has informed me that the shipping companies are aware of this legislation and none of them has raised any objection. He has further informed me that the normal way of dealing with the industry is to deal with the industry association.

● (1540)

The secretary of the industry association has been aware of this legislation since it was introduced, and was probably aware of it before that time. The views of the department have been fully put forward, and in fact the industry's understanding is that the law now proposed was always believed to be the law until the Exchequer Court case in question. That case raised the problem only in connection with the carriage of goods by water. The law applying to goods carried by rail, truck or aircraft is hereafter to be the same as that applicable to the carriage of goods by water.

In the event honourable senators desire this bill to be referred to committee, I will have no hesitation in so moving.

Hon. Mr. Grosart: I wonder if I may ask the honourable senator a question? I preface my question by saying that I accept immediately, of course, his statement that the shipping companies are aware of the bill, and have made no protest. However, may I ask him to use his influence with the chairman of the committee to which this bill will be referred to make sure that representatives of the companies are invited to appear before the committee? Again I say it is not that I doubt the fact, but I would like to find out why they have not complained.

Hon. Mr. Connolly (Ottawa West): I shall suggest to the chairman of the committee that officers of the committees branch advise the industry, and give them an oppor-

tunity to make representations. That is, I take it, the sum and substance of the honourable senator's wishes.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Connolly (Ottawa West), bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

[*Translation*]

SCIENCE POLICY

CONSIDERATION OF VOLUME 3 OF REPORT OF SENATE SPECIAL COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of Volume 3 of the Report of the Special Committee on Science Policy, tabled in the Senate on Tuesday, September 11, 1973.

Hon. Maurice Lamontagne: Honourable senators, the final edition of the third and last volume of the report of the Senate Special Committee on Science Policy was published barely a month ago. Therefore it is too early, I think, to know the response it will bring about in scientific circles and to assess its impact on government policies.

However, I am happy to note that it has attracted unexpected attention from the press across this country and that editorials on it were on the whole favourable. Among those written in French, I shall quote only the article by Mr. Claude Ryan published in *Le Devoir*, on September 13.

Mr. Ryan, as one would expect, does not approve of the role assigned to the provinces by the committee, in the field of science policy. He says that the committee—

> —is led to a perception which, while originating from an obvious feeling of goodwill towards the provinces, prompts it to consider them as minor partners in the science policy effort.

I do not accept that interpretation of the report but I do not wish at the present time to disprove it.

Hon. Mr. Martin: What was Mr. Ryan's position as to the other two reports?

Hon. Mr. Lamontagne: I do not believe he commented on the other two volumes. The editor of *Le Devoir* also states, and I quote:

> When the Lamontagne committee affirms the indisputable responsibility of the central government in the field of scientific research... it stands on solid ground.

Concerning the committee, Mr. Ryan admits that it has shown—

> —until the end a remarkable perseverance and a care for detail quite uncommon in bodies of that nature.

As for the third volume, Mr. Ryan suggests:

> —one can hardly foresee the catastrophic results, predicted by people who have found nothing but faults in the Lamontagne report. That document shows indeed a care for rationality which is related to concerns felt just as keenly in other industrialized countries. Inasmuch as—

—Mr. Ryan adds—

> —this report expresses poorly the fact of the two societies which constitute Canada, it provides, however, except for this factor, an interesting model of development for government action.

This testimony, in spite of its reservations, is comforting.

[*English*]

As I have just said, the third volume of the report of the Special Committee of the Senate on Science Policy has received wide coverage by the press throughout the country. More than a hundred pages have been written about it. I hope that my colleagues who will participate in this debate will refer to the most significant comments which have been made.

Volume 3 deals with government organization for science policy. It presents an overall plan for action, divided into three main parts. The first one defines the nature and role of an effective central machinery responsible for the formulation and implementation of an overall coherent science policy. The second part is devoted to the reorganization of departments and agencies responsible for specific or sectorial science policies. The third part deals with the interfaces of science policy, and covers federal-provincial relations, international relations, relations between the Canadian government and Parliament and, finally, relations between the government and the Canadian scientific and engineering community. I intend to concentrate my remarks today on the first part of the proposed overall plan.

The opening chapter reviews the four basic organizational models or systems which can be envisaged for science policy. In a decentralized or pluralistic model, government decisions related to science and technology are taken in isolation by individual departments and agencies under the broad supervision and control of the treasury. All countries which have been interested in developing a policy for science and in using science for policy in order to promote industrial and social innovations and growth have universally rejected this model or system. Two main factors account for the basic weakness of a pluralistic model. First, individual departments and agencies working in isolation cannot produce a balanced and coherent scientific effort capable of responding quickly and effectively to national problems and opportunities. Secondly, the treasury, or the Treasury Board in our country, is not equipped to correct the inherent deficiencies of a diffuse and disjointed decision-making process, or to provide overall planning and co-ordination which are essential to an efficient research and development effort.

● (1550)

These two observations are basic to the whole issue of government organization for science policy, and, for this reason, they deserve further elaboration. The extensive inquiry, conducted by the committee on the scientific activities of individual departments and agencies, has led us to the following six conclusions which we have listed in our report:

1. Government agencies with important policy and regulatory missions generally tend to neglect their research missions. On the other hand, agencies with small

policy missions tend to overemphasize their research functions.

2. In a system relying exclusively on specific and isolated policies, the inevitable divisions of the federal administration produce gaps. New problems or opportunities do not always fit neatly into existing departments or agencies, which are often monuments to the past.

3. Research organizations, like others, seek to accomplish their missions completely by themselves. The striving for self-perpetuation leads to growth and an attempt at autonomy, not a move toward co-operation and co-ordination.

4. This natural inclination to self-sufficiency also leads to undesirable duplication, both internationally and domestically.

5. Like all organizations, government research agencies tend to be defensive rather than self-critical. This, combined with the tendency toward autonomy, produces paralysis rather than a capacity for creative adaptation to outside change.

6. Another weakness of isolated science policies is that they can unconsciously conflict, particularly in the sector of public support for industrial research and innovation.

These are some of the reasons why individual departments and agencies cannot produce in isolation a balanced and coherent scientific effort. The treasury is not in a position to correct these deficiencies. Mr. Simon Reisman, when Secretary of the Treasury Board, told the committee that government departments and agencies should be left free to determine their own specific science policies within the financial constraints of overall budgetary considerations. Mr. William Carey, who was for many years Assistant Director of the American Bureau of the Budget, with special responsibility for science and technology, has described the review process in this area as follows:

> To a large extent, the Bureau has to have confidence in the quality and responsibility of planning and project selection at the level of the supporting agencies.

His successor, Mr. Young, accepts this description of the review process of the bureau and admits that it is too superficial and negative. When I asked him why the United States bureau did not acquire the expertise to improve its review process of government scientific activities, he told me that it would not be possible to attract people of the highest calibre since they would be at the lower levels of the administrative structure, and that such a staff would constitute a rather unmanageable appendix to the main mission of the bureau, which is to exercise overall rather than detailed control over government expenditures.

The inevitable result of this pluralistic or decentralized model, as I have described it, is to produce a science policy by accident. This is certainly not good enough in an area which is so vital to the quantitative and qualitative well-being of our society, and which involved government expenditures exceeding $1.1 billion in 1972-73.

At the other extreme, we can envisage a centralized model which provides for a big department of science, designed to integrate and concentrate the bulk of government scientific activities under a single and powerful management. The United Kingdom is probably the best example of a country that initially adopted a centralized model. The Department of Scientific and Industrial Research, set up in 1916, was composed of research councils responsible for the support of academic research and of research labs, that were expected to serve the needs of ministries and industry.

The OECD examiners, in their report on Canada, firmly rejected this second organizational concept. They stated:

> We feel that it is important that large governmental research programs should be as close as possible to departments responsible for operational economic and regulatory policies for subjects such as agriculture, fisheries, forestry, mineral resources and defence. As already stressed, general allocation decisions with regard to research in such areas are essentially political rather than scientific, and the closest relationship must be sought between the creators and users of new knowledge. A central science ministry would inevitably tend to be operational rather than policy-oriented, and its necessary size could well hold bureaucratic dangers which can make creative research extremely difficult. Sound research divisions under strong scientific leadership within the mission-departments seem to us to be inherently more sound.

The experience of the United Kingdom confirms those views, and there has been in Great Britain, especially since 1964, a steady drift away from the first attempt to concentrate the bulk of government R & D activities in a single department. With the implementation of the Rothschild report, the British government is reverting to the old pluralism. Our committee is convinced, however, that this swing of the pendulum in the United Kingdom from extreme centralization to excessive pluralism is only temporary because, as I mentioned before, a decentralized system cannot properly deal with modern issues raised by science, technology and innovation.

A number of countries like Canada and the United States have selected a third approach, which we have described as the co-ordination model, to formulate and implement their science policies. This system, like the pluralistic model, relies mainly on the individual initiatives of departments and agencies, and on the overall control and supervision of the treasury; but it also involves a special central machinery composed of various advisory bodies intended to serve as a link between operating agencies, and between them and the treasury.

The central advisory machineries which gradually developed in the United States and Canada were remarkably similar. The President's Science Advisory Committee, set up to look after general science policy matters, had a role somewhat like that of the Science Council of Canada. The federal Council for Science and Technology was a group of government officials responsible for co-ordinating the R & D activities of government agencies, as the Advisory Panel on Scientific Policy was supposed to do in Canada. Finally, the Special Assistant to the President for Science and Technology, and the Office of Science and Technology, had a role similar to our Ministry of State for Science and Technology.

The Office of Science and Technology established in 1962 in the United States has had a longer life than our own Ministry of State, which was set up in the fall of 1971.

For this reason, the committee decided to report the views of impartial observers of the American scene. In spite of the complex advisory central machinery set up in the United States, Dr. Harvey Brooks of Harvard University wrote in 1968:

> There has never been any general theory of the relations of government and science which could be called a national science policy. Rather there was a series of science policies framed in the context of particular agencies in a manner largely incidental to their principal missions.

The clear implication here is that the central machinery set up in the United States was rather useless.

William Carey, with his long administrative experience in dealing with science and technology, observed that the United States organizational system for science policy "is managed as a network which is held together loosely, by the White House science office." He continued:

> It does not have a prime mover. Its decision-making patterns are pluralistic. As an institutional process, it is not responsive to standards of balance, purpose or priorities.

In 1970, the Subcommittee on Science, Research and Development of the United States Congress reported that "neither the National Science Foundation nor the Office of Science and Technology has occupied a position, within the Federal structure, of sufficient authority to make its actions and/or directives effective on a governmentwide basis." The report noted, "that the Office of Science and Technology is frequently used for tackling immediate crisis—or in a brush fire operation."

The frustration induced by the co-ordination approach in the United States has fallen heavily on science advisers to the President. Most of them, once they had left their posts, were so disenchanted with a purely advisory central organization that they went to the other extreme and publicly advocated a big department of science along the lines of the centralized model which I discussed earlier. One of them, Dr. Jerome B. Wiesner, stated:

> There is no single entity of government, that even has the responsibility for planning and monitoring the broad range of R & D activities, that are required to support the national goals. No wonder there is so little understanding of the purpose of the country's research efforts.

In January 1973, the President of the United States decided to dismantle the central advisory machinery which had been developed since 1950 and to replace it by a still weaker one which, according to Herbert Holloman, could bring the United States "back to the pre-World II period—when few agencies knew how to use science successfully."

On the basis of the American experience and of other evidence, our committee has concluded that the co-ordination model was largely ineffective and unstable, and that its poor results gradually led governments to take the easy solution and revert to the pluralistic system. While we recognize that wealthy superpowers may be able to sustain the great waste resulting from such an organization, we are convinced that countries such as Canada can ill afford an obviously inefficient system with their modest scientific and technological resources.

The Ministry of State for Science and Technology was set up primarily, according to its terms of reference, to "assist departments and agencies of the Government of Canada in the formulation and development of advice to the Governor in Council." When Mr. Drury announced its creation, he said that its "policy-formulating roles will be characterized by activities such as advising, monitoring, forecasting and co-ordinating." It is clear, therefore, that the ministry is expected to work as an advisory agency within the framework of the co-ordination model.

The committee has expressed its deep conviction that the ministry is being placed on a side road, and that it cannot participate in any significant and meaningful manner in the decision-making process.

Hon. Mr. Martin: Who said that?

Hon. Mr. Lamontagne: The committee has expressed that view.

As I said before, operating departments and agencies have an understandable inclination to accomplish their scientific missions unaided by others, to seek self-sufficiency and to be defensive rather than self-critical. They already resent the supervision and control Treasury Board is able to exert. When they see another outside agency trying to assist them and realize they have the right to refuse its assistance, they are likely to exercise that right.

Faced with this inimical environment, the ministry is bound to become more timid in its initiatives, to think twice before offering assistance that is not wanted, and to become frustrated and demoralized. As this process goes on, the organization is likely to lose its best people and fail to attract able replacements so that the quality of its services will decay. Departments and agencies will then be in a position to show that the ministry is useless. It will retire within itself and eventually disappear. The process will then be completed and the government will be back where it started 50 years ago. That is exactly what happened in the United States.

We are being told that an alternative procedure is being developed in Canada and that the staff of the Treasury Board is seeking, more and more, the advice of the ministry on scientific programs proposed by departments and agencies. This ad hoc arrangement may appear to be an improvement and succeed in extending the useful life of the ministry for a while. It should be noted, however, that the Bureau of the Budget in the United States was also seeking the advice of the Office of Science and Technology, but this informal process did not prevent the destruction of the office after 10 years of existence.

In this context, the improvement provided by this new ad hoc relationship between Treasury Board and the ministry may be quite misleading. It is a relationship between master and servant, based on an informal arrangement and on the goodwill of the board's staff. The board keeps complete control over the size of the ministry's budget and establishment, and consults the ministry only when it so wishes. This means that the process of consultation is bound to be arbitrary, piecemeal and very likely to be limited to the scientific merit of new major budgetary proposals. Under such conditions, how can the ministry

operate efficiently as a useful and reliable adviser when it has to appraise specific new proposals without having a detailed knowledge of the total picture, including the merits of existing programs, without a set of scientific and financial priorities and without having the opportunity to put forward alternative proposals in other areas which are competing for funds? Finally, the board quite naturally keeps its freedom to accept or reject the ministry's advice, and to consult again with departments which have put forward proposals that have not received the support of the ministry.

As it can be readily seen, this informal relationship between the Treasury Board and the ministry cannot work properly or for long. It makes the ministry a mere adjunct and a fire brigade of the board. It even prevents the ministry from performing its advisory function efficiently and independently. If that relationship is maintained, the ministry will soon look like a futile nuisance to everyone involved, and the Canadian government will be looking again for a new organizational system for science policy, or it may revert in desperation and by default to the pluralistic model, which would be a tragedy for Canada.

There is a better alternative to this informal arrangement within the framework of the co-ordination models. It would be possible to formalize this ad hoc arrangement and to require the board to consult the ministry, not only on a piecemeal basis when departments and agencies submit specific scientific programs and projects but also on the total government involvement with science and technology, at the beginning of the budgetary review procedure when departmental estimates and forecasts are first submitted. The board would then separate scientific activities from other programs and send them to the ministry for review and advice. Under this alternative, the government would arrive at a science budget, total scientific activities could be systematically reviewed and assessed in detail and as a package, and the ministry could make its input at an early and decisive stage of the preparation of the budget.

● (1610)

I readily agree that this alternative proposal would be an improvement over the past and present situation. I do not believe, however, that this formula can provide a stable, satisfactory and final solution to the problem of government organization for science policy. It would still leave the ministry as a mere adjunct to the Treasury Board, which would keep the authority to approve the science budget not only as a package but also in its detailed components.

Let us look at this proposal more closely. Ministers who are members of Treasury Board usually represent regional interests and may give a low priority to science policy and activities. Moreover, they are already too busy in the exercise of their responsibility for controlling and supervising overall government expenditures and staff management to have the time to examine carefully and in detail the content of the science budget. This means that even under this more formal arrangement the Ministry of State for Science and Technology would be, for all practical purposes, under the complete control of the board's staff. This staff is also very busy, and it would tend almost inevitably to appraise the detailed assessment submitted by the ministry in purely financial terms, which would bring us back to the present situation.

The ministry could play a meaningful decision-making role if Treasury Board were to accept its advice automatically. But then the board would have given up its specific responsibility and become the rubber stamp of the ministry—an unlikely role for any agency. It is more likely that Treasury Board would decide to discharge its obligation in a fully responsible manner, which would mean it would have to review and re-assess the assessment submitted by the ministry. To do that, it would have to employ its own science policy advisers and seek the reaction of departments and agencies to the ministry's assessment. The whole review process would then start all over again, merely adding another link to an already long and frustrating decision-making process. In effect, there would be two treasury boards for science and technology, one advisory, the other with authority.

Some people might be satisfied with this alternative proposal, not so much because they feel it would work, but because they are afraid to rock the boat if they insist on obtaining a more meaningful role for the ministry. They feel that this compromise would be more easily acceptable, and they hope that if it proves unworkable after a trial period it would still be possible to change the system again and to directly involve the ministry in the decision-making process.

Our committee takes the opposite view. We feel that, even under this improved version of the advisory system, the ministry will not be able for long to survive as a useful, credible and viable entity, and that after the trial period its reputation and credibility will be so low that nobody will want to give it a more meaningful role and more authority. To be useful in this vital policy area, it is urgent to give to the ministry a really challenging role to enable it to attract and retain competent people.

The time has come to face the situation frankly and realistically. Since 1916, the Canadian government has been experimenting with various modifications of the co-ordination model. They have not worked, and our country's innovative performance has remained poor. Are we going to try another variation of the same model to find, five years from now, that we have failed again? I hope not. I feel that the best way to rock the boat is to try to improve the status quo, while preserving its basic features. When Mr. Drury announced the creation of the Ministry of State for Science and Technology in 1971, he presented it as "the necessary first step." The committee is convinced that the next step, which should be taken now, is to abandon the co-ordination model with its basic and unworkable advisory feature, and to give real authority to the central machinery for science policy.

Having rejected the decentralized, the centralized and the co-ordination systems, the committee has put forward a fourth approach, described as the concerted action model which, in our view, retains the main advantages of the three other systems without their shortcomings. On the basis of our inquiry, and of numerous consultations with experts in this area, we came to the conclusion that the ideal organizational system for science policy had to meet two basic requirements.

First, it should maintain a diffuse government organization for science, technology and innovation. If science and technology are to respond to national needs and opportunities, the functional responsibility of individual departments and agencies must be preserved. This requirement is met by pluralism and the co-ordination model, but this is precisely where a centralized system fails.

Secondly, the ideal organization also requires a strong and effective central machinery with specific authority to review, assess and approve the scientific activities of departments and agencies within the broad guidelines determined by Treasury Board. Without such a strong central machinery, the diffuse effort of departments and agencies is likely to be unco-ordinated, to lead to duplication and gaps, and to neglect important areas involving multi-disciplinary and inter-agency programs. This second requirement is met by a centralized system, but this is precisely where pluralism and the co-ordination model fail.

In our view, only the concerted action model fully meets these two requirements. It would involve a new budgetary procedure for government expenditures devoted to scientific activities. Since this new procedure constitutes the most important recommendation of our whole report, honourable senators will allow me, I am sure, although it is late, to describe it in detail, as we outlined it in Volume 3. It will take about two minutes. The new approach would involve the following six steps:

1. Departments and agencies would continue to prepare their budgetary proposals as they do now, except that they would separate their scientific activities from their operational programs. This would not mean a significant departure from present practice, because departments and agencies already have to isolate their scientific activities at a later stage to report them to Statistics Canada. Putting them in a separate package while they are still in the form of proposals or estimates would bring the obvious advantage of enabling heads of departments and agencies to look at their respective scientific programs more closely, and to exercise more effective scrutiny and control before they decided to continue current activities or initiate new programs.

2. The science budget or the estimates related to scientific activities prepared by departments and agencies would be submitted to the Ministry of State for Science and Technology for review and assessment, instead of being presented to the staff of Treasury Board. For the government as a whole and for Treasury Board in particular, this procedure would represent a significant improvement over the present situation. Supervision by an impartial group of science policy advisers and managers would offer a better guarantee that waste and undesirable duplication were minimized, and that new opportunities were not missed. For heads of departments and agencies, who are often too busy with their operational programs and not adequately trained in evaluating scientific activities, the proposed procedure would provide a safeguard and a protection. They would know that their own appraisal of a specialized area to which they could not devote much of their time would be checked by skilled people whose only interest would be in maximizing the value of the R & D input to the policy objectives of their department or agency. For competent and motivated scientists and engineers in government establishments, the new system would guarantee a fair hearing, which would naturally give preference to promising programs and projects over those with a lower priority.

[Hon. Mr. Lamontagne.]

• (1620)

3. Once the science budget of individual departments and agencies had been reviewed and assessed by the Ministry of State for Science and Technology, it would be submitted for approval to a special interministerial committee presided over by the Minister of State for Science and Technology. The President of Treasury Board would be an ex officio member of this new cabinet committee, and its other members should be ministers responsible for important science budgets. This would give the ministers the opportunity to become better acquainted with the scientific activities for which they are directly responsible, and see them in the perspective of the overall government involvement with science and technology. This would undoubtedly lead to a significant improvement in the contribution of science to policy. In the course of its examination, the Cabinet committee would determine the overall government science budget, including the R & D activities.

4. The science budget approved by the interministerial committee on science, technology and innovation would be presented as a package, or as if it were the estimates of an ordinary department, for Treasury Board's consideration. If the board were to find the science budget was too high in the light of the overall government priorities and budgetary constraints, it would be expected to use its "pair of scissors" as it does for the estimates of an ordinary department. If the Minister of State for Science and Technology, who should be an ex officio member of the board, were to disagree with the board's decision, he should have the right, in his capacity as chairman of the interministerial committee, to appeal before the full Cabinet.

5. If the final decision was to cut the science budget, it would be the responsibility of the Cabinet committee on science and technology to determine how and where the cuts should be made. The advice of the ministry and its overall knowledge of government priorities and programs in science and technology would put the Cabinet committee in a better position than individual departments and agencies or Treasury Board to cut the least desirable programs.

6. The approved estimates of departments and agencies consolidated in the overall science budget would be published separately, as is now done in some countries. This would give Parliament and the public a better idea than they now have of the size and distribution of the government's scientific activities.

This procedure is not as revolutionary as it may appear. On the one hand, it would not reduce Treasury Board's normal control over the whole expenditure budget under the planning, programming and budgeting system, which would leave departments and agencies the freedom to determine their priorities within the constraints of general budgetary considerations. On the other hand, it would give the Ministry of State for Science and Technology an effective leverage to supervise and assess the formulation

and execution of sectoral science policies and give it general oversight of scientific activities, thus ensuring the macroscopic view needed to complement the microscopic approach that departments and agencies have to take.

In addition, the new procedure would be relatively easy to introduce. It would not even require new legislation. The proposed interministerial committee on science and technology can be created by a Cabinet decision. Its establishment would certainly represent a substantial improvement over the present situation. It is rather surprising indeed that policy issues raised by science, technology and innovation are now being considered by a Cabinet committee which has to deal also with culture, information and communications.

The change in the role of the Ministry of State for Science and Technology could be made by a simple modification of the order in council defining its terms of reference. At present, the minister is expected to "assist departments and agencies of the Government of Canada in the formulation and development of advice to the Governor in Council." This wording should be changed to require the minister to "review and assess the formulation and development of advice by departments and agencies of the Government of Canada to the Governor in Council."

The system which I have just described fully meets the two basic requirements of the ideal organization that I mentioned before. It leaves the main initiative to individual departments and agencies. It provides a meaningful role to the central machinery and enables it to contribute a direct and necessary input of impartial and general oversight to the decision-making process. Moreover, it does not weaken the overall control of Treasury Board over government expenditures. It does not make the budgetary review procedure more lengthy.

The special examination of the science budget could be done in parallel with the review of other government expenditures, because the two assessments would not involve the same people. On the whole, the proposed special procedure would be the best way to ensure that Canadians will derive the maximum benefits from an optimum investment in science, technology and innovation. Our committee has strongly recommended this new approach for the formulation and implementation of science policy.

The government now has a unique opportunity to be bold, imaginative and realistic. This occasion may not present itself again before another ten years, when it may be too late. Professor Miles of Princeton University stated a few years ago:

> Reorganizations are not usually imaginative and drastic to cope with tomorrow's problems—only with the worst of today's problems. Rarely is a major reorganization pattern developed and installed in a federal department or agency which is based on meeting future needs instead of merely alleviating yesterday's and today's pains. In consequence, by the time the typical reorganization is put into effect, it is already out of date.

The committee has presented an overall organization plan for science policy "to cope with tomorrow's problems." We hope that the government will not resort to the typical reorganization designed to alleviate yesterday's pains and which will be out of date as soon as it is put into effect.

Hon. Mr. Macdonald: Honourable senators, on behalf of Senator Grosart, I move the adjournment of this debate. At the same time, Senator Grosart asked me to express to Senator Lamontagne his deep regret that he was unable to remain in the chamber to hear him, due to the fact that he has another meeting which he must attend.

On motion of Senator Macdonald, for Senator Grosart, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, November 15, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the National Film Board of Canada, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 20(2) of the National Film Act, chapter N-7, R.S.C., 1970.

COOPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-183, to amend the Cooperative Credit Associations Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, November 19, 1973, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to add a word of explanation. To my mind this adjournment is justified by the fact that on Monday evening we will have to suspend debate on Bill C-2 in order to consider the joint resolution on the participation of a Canadian peacekeeping force in the Middle East.

It is important and expedient that our debate on Bill C-2 be disposed of next week, if at all possible, and in order to achieve that end I think we will need this additional day of sitting.

Hon. Mr. Grosart: Might I ask Senator Langlois a question? What is the basis of your assurance that we will have the resolution on Monday night?

Hon. Mr. Langlois: We are fairly safe in assuming that we will get this joint resolution by Monday evening. It is an assessment, of course. I have already warned the house on previous occasions about my bad record in prophesying what will happen in the other place. With that reservation, it is fairly safe to say that this joint resolution will be before us on Monday evening.

Hon. Mr. Grosart: I thought perhaps the honourable senator had some inside information or some influence on the other side. That is why I asked the question.

Hon. Mr. Langlois: As my honourable friend knows, influence on the other side is shared by quite a few groups. It is pretty hard to be in the confidence of any majority group on the other side.

Hon. Mr. Beaubien: I should like to ask Senator Langlois about the following week. Are we changing our pattern all of a sudden so that we will be sitting on Monday evenings?

Hon. Mr. Langlois: No, we are not changing our pattern. It all depends on what comes to us from the other place. We will make our decision in the light of events as they take place next week.

Hon. Mr. Beaubien: Well, the peacekeeping force is going to go forward whether we sit Monday night or not. So what else is new!

Hon. Mr. Molson: If we sit Monday evening is it proposed that we sit Tuesday evening as well?

Hon. Mr. Langlois: There again it will depend on the progress made. I hope we will not have to sit next Thursday night, but we will be sitting on Tuesday, Wednesday and Thursday, until the usual adjournment time on Thursday. We hope we will have concluded this debate by that time.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Flynn: On division.

Motion agreed to, on division.

ENERGY RESOURCES

EXPORT OF CANADIAN CRUDE OIL TO THE UNITED STATES—QUESTION AND ANSWER

Hon. Mr. Molson: Honourable senators, I should like to direct a question to the Leader of the Government. I wonder if he could inform the Senate of the volumes of crude oil presently being shipped to the United States, and possibly what changes have occurred since the shortages or the crisis created by the Middle East situation?

This house does not permit preambles to questions, but I think honourable senators will forgive me if I say that the reason I ask this question is that there have been such conflicting statements, both here and in the United States, within the last few days. There have been some very strong expressions of dissatisfaction in the House of Representatives and/or the Senate of the United States, and we have had different statements in this country. If the

leader could clarify the situation, I think he would be performing a great service.

Hon. Mr. Flynn: I doubt that he can.

Hon. Mr. Martin: Honourable senators, Senator Molson spoke to me earlier this morning about this and I called the Minister of Energy, Mines and Resources, Mr. Macdonald. As a result I am in a position to provide a table that will show the exports for the various months of 1972 up to the end of December.

To explain this latter statement, I should point out that each month the National Energy Board makes a determination of Canadian crude oil production, of the requirements by Canadian refineries from this production, and, as a residual, the amount which is surplus to Canadian requirements. This surplus is then available for the United States export market, and the board normally grants licences for this amount.

The table, which I ask leave to have printed in today's *Hansard* in answer to the question, shows the amount of crude oil that has been licensed for export to the United States. The figures shown are the figures month by month for 1973 and 1972, together with the percentage increase, or decrease when shown on the table, over 1972. For comparison, the average monthly figures for 1971 and 1970 are also shown.

Hon. Mr. Molson: I wonder if the honourable senator would indicate to us, so that we know today, whether there has been any substantial decrease indicated in more recent months?

Hon. Mr. Martin: The estimate for instance, for December 1973, a licence for which has already been provided, shows a decrease over December of 1972. Likewise, for November there is shown a slight decrease over November of last year. In some cases it is up. However, rather than take up the time of the Senate now, I would ask leave to have the table printed in today's *Hansard.*

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For table see appendix A, p. 1154.*)

Hon. Mr. Martin: Although Senator Molson has not asked for this information, I think it would help to get a clearer picture if there were also printed to today's *Hansard* the "Current Canadian Oil Supply and Demand Fact Sheet," which I think was printed in *Hansard* in the other place, and likewise a document on oil stocks on hand. I think this might be a helpful supplementary.

Hon. Mr. Molson: Thank you.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

(*For text of fact sheet see appendix B, p. 1154.*)

OIL SHIPMENTS—NAVIGATION AND POLLUTION HAZARDS—QUESTIONS

Hon. Mr. Lang: Honourable senators, I have several questions I should like to direct to the Leader of the Government on this subject of oil. I did not reach him this morning in time to speak to him; he had gone to a Cabinet meeting. He will probably want to take these questions as notice. I hope honourable senators will be indulgent if I elaborate the background to these questions.

● (1410)

In July of this year the Canada-United States Interparliamentary Group met in Washington, D.C. in emergency meeting, called at the behest of Canadian parliamentarians concerned with potential pollution in the event that ships were damaged or wrecked in the Strait of Juan de Fuca while carrying oil from Valdez in Alaska, when the Alaskan pipeline is completed, to Cherry Point in the State of Washington. Deep concern was shown at that meeting particularly by members of the House of Commons from the West Coast. Following upon that meeting, the Minister of Energy, Mines and Resources even suggested that if the Americans would haul that oil farther south and not bring it into the Strait of Juan de Fuca, we might be able to bring oil to the Cherry Point refineries.

In the last few days the government has announced that it will attempt to move Canadian oil from the West Coast through the Strait of Juan de Fuca, through the Panama Canal, to points in Eastern Canada. In the light of that, I should like to ask the Leader of the Government the following questions:

1. What quantity of oil does the government expect will be shipped during the next six months through the Strait of Juan de Fuca and destined for Eastern Canadian ports?

2. Under what flag or flags are those ships likely to be sailing?

3. Will those ships be by design or installation less vulnerable to oil spill hazards than the average single-hulled tanker?

4. What steps, if any, is the government taking or contemplating to minimize the navigational dangers involved in the passage of those ships through the Strait of Juan de Fuca?

That is my first question.

Hon. Mr. Flynn: Your first group of questions.

Hon. Mr. Lang: My second question arises from the same meeting held in Washington. After we returned, I was one of several senators who spoke here on what had transpired. Among other things, I referred to a speech made by Congressman McEwen on the crisis situation created in Northern New York State by the refusal of our National Energy Board to grant a licence to re-export or transship Venezuelan oil into the Ogdensburg, New York, area.

After speaking about that, I learned that such a licence or permit had been granted and I assumed that the matter had been satisfactorily resolved. I was satisfied at the time that the refusal of such a permit was bureaucratic nonsense because it was not Canadian oil that was involved but Venezuelan oil. It was not oil we would otherwise have to use ourselves, it was really transshipped, purely for geographical logistics, through Canada. Much to my dismay I read in the Toronto *Globe and Mail* this morning, "Congressman 'troubled' by refusal of Canadian permit for tanker." I would ask honourable senators to have a look at that article, reporting on Mr. McEwen's appearance

before the American Congressional Subcommittee on Inter-American Affairs. Evidently the ship is now being diverted at sea, although it originally was going to Montreal. Permits were refused by our National Energy Board to transship the oil at Montreal. The problem seems to be as bad as when first raised last August. In view of that situation, I ask the Leader of the Government the following questions:

(1) Has the National Energy Board denied permits which would allow the transshipment at Montreal of Venezuelan oil to be used for domestic heating in Northern New York State, such transshipments to be effected either by

(a) transfer from oceanic tanker to seaway draft vessels,

(b) landing in Canada for temporary storage pending forwarding,

(c) landing in Canada for temporary storage in bond pending forwarding?

(2) If so, for each instance under (a), (b) and (c) above, under what authority, how often, under what circumstances and for what reasons?

(3) If so, to what extent, if any, has each or all such denials ameliorated the heating oil shortage in Canada?

Hon. Mr. Martin: Honourable senators, I am going to take Senator Lang's question, or his series of questions, or his chapters, as notice.

CRIMINAL CODE (CONTROL OF WEAPONS AND FIREARMS)

BILL TO AMEND—POINT OF ORDER

Hon. Mr. Lang: Honourable senators, I rise now on a point of order. Some months ago a bill dealing with the control of weapons and firearms was introduced in the Senate by Senator Cameron. My recollection is that this bill received second reading and was referred to committee, but it seems to have disappeared from view. Could the leader give us any intimation as to what stage the bill is at now and when it might receive further consideration?

Hon. Mr. Walker: You are safe. The bill did not go through.

Hon. Mr. Laird: Honourable senators, in the absence of the Chairman of the Legal and Constitutional Committee, Senator Goldenberg, I can tell you that the committee has been very, very occupied, to put it mildly, with the preparation of its report on the parole system. For that reason we have not been able to deal further, up to now, with the weapons and firearms bill.

THE SENATE

PATROL OF PARKING AREA—QUESTION

Hon. Mr. Argue: Honourable senators, I have a question I should like to put to the Honourable Senator Smith as Chairman of the Internal Economy, Budgets and Administration Committee. It has to do with the constable who looks after our Senate parking space. It has been brought to my attention by a number of people in this building that that particular constable stays outside continuously for the whole of his shift, which I understand lasts for eight hours or more, depending on the sitting of the Senate. I should think that it is a hardship for any person to carry on that work without relief during inclement weather. I am wondering if consideration might be given to having some relief provided, or having these parking duties shared.

So that there is no misunderstanding, I want to make it perfectly clear that the constable in question, Cst. Martel, has not protested, but others have felt that this is not a humane way to treat one of our staff.

Hon. Mr. Smith: Honourable senators, the question having been raised, it is hardly necessary for me to say that this will be attended to by our staff; I can assure the honourable senator that the matter will be investigated, and when we come back next week he will be informed about what is being done about the situation. I thank him for bringing this matter up.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator McIlraith for second reading of Bill C-2, to amend the Criminal Code.

Hon. Mr. Deschatelets: Honourable senators, before Senator O'Leary, who adjourned this debate, proceeds, may I be permitted to speak for just one minute on a question of privilege, to answer a point raised by Senator Hastings yesterday? Senator Hastings referred to a part of my speech of last Thursday, having to do with the case of a convicted murderer who had been released and who had committed a second murder. I should like to refer to Senator Hastings' remarks as reported at page 1127 of Senate *Hansard*. He said it is unfortunate that inaccurate and misleading information has reflected on the Parole Board.

• (1420)

I knew that there was at least one case when I made that statement last Thursday, but I was speaking without notes at the time. I now refer Senator Hastings to a speech in the House of Commons by the Solicitor General, the Honourable Warren Allmand reported at page 7013 of the Commons *Hansard*, part of which reads as follows:

> The recidivism rate of murderers is among the lowest of all types of crime. Indeed, in the entire history of Canada there have been only three individuals who have ever been convicted a second time of murder.

I checked this morning with an officer of the Parole Board, and this statement is accurate. If Senator Hastings is interested, the names of the accused involved, and also the dates on which the first murder and the second murder were committed, could be obtained.

Hon. Mr. Hastings: Honourable senators, I should like to make a brief reply to Senator Deschatelets. If Senator Deschatelets reads my remarks he will see that I said—I know I am accurate in this—that no man who has committed murder, and has subsequently been released by the National Parole Board, has committed murder again.

There have been incidents such as the Solicitor General mentioned involving people not released by the National Parole Board but by other agencies—there are other government agencies that have power to do this. My point was that no man having been convicted on a charge of murder, and subsequently released by the National Parole Board, has been found guilty of a subsequent offence of murder.

Hon. M. Grattan O'Leary: Honourable senators, in rising to speak to Bill C-2, I am well aware that nothing that I can say here or will say here can or will affect the consciences, the convictions or the votes of the members of this house. But I did feel it incumbent upon me to rise and say that I shall vote against the bill, and to try to tell you, with a permissible economy of words, why I shall do so.

I am an abolitionist; I am a total abolitionist without qualification whatsoever, and, honourable senators, this bill does not abolish capital punishment. This bill, in fact, entrenches capital punishment, to a limited extent at all events. I cannot make house with that.

As one grows older, as one wistfully watches a setting sun, with the serenity of the evening star an only consolation, one is bound to reflect more and more upon the sanctity of human life. I do not believe that the state should drag itself down to the level of the murderer regardless of that sanctity. I know that I shall be told—and I am sure my distinguished deskmate will be one of the first to tell me—that in voting against this bill I shall be voting against the wishes of public opinion of Canada. My answer to that is that I refuse to surrender my conscience to the Gallup Poll. If we are going to take the views of pollsters, or the alleged findings of pollsters, to determine what we shall do and say here, then I see no reason at all for the existence of this Senate.

I shall be asked, I am sure, if this house should vote against this bill, should reject it *in toto*, what would happen then? I have no clear answer to that, but I suspect that that would result in Parliament's having to enact a new bill doing away with capital punishment altogether. Speaking of what is known as public opinion, I remember Lord Grey, the former Sir Edward Grey, who, when he retired from Parliament after nearly half a century there, wrote in his memoirs that looking back on his parliamentary career he had to come to the conclusion that all the mistakes he had made were due to his belief that public opinion was a great statesman, subsequently finding out that this was not so at all. In any event, whether there is public opinion against this or not—I am not sure I can take the words of pollsters—I would still vote as I intend.

I repeat, the sanctity of life to me means that it must be observed by the state as well as by the murderer. It is one thing for a man to commit a murder in passion, or with a deranged mind, or under some other terrible circumstances, but surely it is a different thing when the state coldly and deliberately decides to put the hangman's noose on a man. Surely this is a relic of barbarism.

I recall that in her memoirs Lady Haldane, the wife of the great and distinguished Lord Chancellor of Great Britain, wrote that she remembered that when she was a girl an eight-year old boy in her district was hanged for stealing a turnip. I have no doubt at all that those who advocated hanging or tried to justify it said that it was a deterrent for those who might go on stealing turnips. Surely that was a relic of barbarism, and there is not one iota of evidence to show or prove that hanging, or capital punishment by some other means, is a deterrent. I know it can be attempted to prove almost anything by quoting statistics or the Scriptures, but those events took place in a different day and era and mean nothing at all.

I am sorry to have to take the position I am taking, because I feel that many in this house do not believe what I am saying and have other convictions, which I respect. However, honourable senators, in my opinion it is an awesome responsibility for Parliament at this time to say that in this age and generation, in this society of ours, a man or a woman may be hanged if he or she commits a certain crime.

● (1430)

In my view there can be no degrees of murder; there can be no categories of punishment for murder. You ask me what is my alternative, and there again I have no easy answer. I am not dealing with certainties. I do not know. But I do believe that it is not beyond the wit and competence of the Parliament of Canada to devise some more humane punishment or deterrent, call it what you will, than the use of the noose.

There is the fallibility of human beings, the fallibility of judges, and the fallibility of juries. Even now, 100 years after the assassination of D'Arcy McGee, the experts say they are not sure, they cannot determine with any accuracy whether the bullet that killed McGee was actually fired by Whelan. If all the forensic experts, if all the legal experts, say they are not sure what happened in that particular case, how can we be sure at any time that a man convicted of murder and hanged for it really has not been hanged unjustly. A terrible responsibility hinges upon what we call capital punishment.

I am sorry, honourable senators, to have to speak in this way. However, I must say—I am not speaking as an authority—that the debate in this house on this bill reflects tremendous credit on the Senate. I have read the debates on capital punishment in the British House of Commons and House of Lords. I am sure that in skill, sincerity and ability, and clear and forceful expression, none of those debates exceeded the speeches we have heard in this house during the past week.

I know that comparisons are odious—perhaps I should use the word "odorous"—but I should like especially to mention the first speech delivered in this house on this question by Senator Molson. It was an excellent example of what is meant by debate. I refer to his economy of words, logic, lucidity and moderation.

I should like also to mention the speech delivered yesterday by Senator Hastings, which was deeply moving, and the speech of Senator Neiman, which was one of the finest speeches I have heard in the house for years.

I cannot myself add to the quality of speeches of that kind, but I cannot refrain from saying, as an abolitionist, who believes sincerely in the abolition of capital punishment without any qualification whatsoever, that I must oppose the bill. I do so because it does not abolish capital punishment. It entrenches capital punishment. I oppose it also because I believe the bill is inconsistent, illogical and

a relic of the past. For those reasons I shall vote against Bill C-2.

Hon. Paul Martin: Honourable senators, I agree with Senator O'Leary on some points. As he said, this has been a very responsible debate, reflecting the convictions and consciences of honourable senators. I am sure we all agree that the speakers to whom he referred have maintained a high standard of debate on this important issue.

I have followed the debate in both houses. I carefully studied the speech of Senator McIlraith, the sponsor of this bill. I consider it to be well worth reading. For content it will take its place among the most comprehensive and succinct speeches made on this subject, certainly from the point of view of the law and of one who had the responsibility, as Solicitor General, of administering the law.

I should like also to compliment those who have taken part in the debate, regardless of their point of view. Of course, I include in that tribute the speech made on Tuesday by Senator Langlois, the deputy leader. The fact that we, sitting together, can take different positions on this matter clearly indicates the independence of each honourable senator on this issue.

Admittedly capital punishment is a difficult question for each of us to resolve in our conscience. It is an issue which has occupied the attention of Canadians particularly since 1962. From then until 1967, when the forerunner of the present bill was passed, it was evident that opinions were divided, that there was support for both abolition and retention of the death penalty. There is still a division on this issue, a division which is found in other countries where, with zeal and passion, the subject has been considered.

The question to be resolved in our minds is that of a balance between public safety and execution of a criminal. Does capital punishment serve society by affording greater protection? That is the question asked by proponents of the bill and by those who are against it. I support the bill—

Hon. Mr. Flynn: Surprise.

Hon. Mr. Martin: —not merely because I am a member of the government, but because I do not believe in capital punishment. In that respect I agree with Senator O'Leary. I do not support the principle of a life for a life. Here I take issue with Senator Manning. We agree that measures must be taken to protect society against acts of murder or violence. Those who support capital punishment, who are opposed to this bill, will recognize that all who support it appreciate the fact that measures are required to punish murderers and those who cause violence and create disorder. That is not the issue before us.

Honourable senators have affirmed that society must be protected. Of course society must be protected. An abolitionist like Senator O'Leary, even though not a proponent of the bill, wishes to protect society. I, as a supporter of the bill, am no less interested in protecting society. Some improvements in that regard have already been taken and are embodied in the bill. I refer to section 3, and to some of its subsections, to which Senator Hastings has taken exception.

Those who advocate the abolition of capital punishment in the form provided by the bill are as concerned—let this be clear—that measures be taken to provide protection against persons who cause violence, or who take a life through a criminal act, as are those who favour retention of capital punishment.

[Hon. Mr. O'Leary.]

● (1440)

My colleague, Senator Langlois, an able lawyer, strongly advocated the need for opposing this bill, and among his grounds was the need for protecting society. I am sure if I recognize the sincerity and the depth of his conviction in that regard he will not deny the same to me. He and I and all civilized men want steps to be taken to protect society and to punish those who commit the act of murder.

The question is as to the kind of punishment. I believe that the death penalty, as a measure for the prevention of crime, failed in its objective even in the days when it received its strongest support. I was impressed with what Senator McIlraith said, especially since he is a former Solicitor General, regarding the deterrent value of capital punishment. I do not overlook what he said as to the deterrent value in so far as prison guards and policemen are concerned, even though I might find difficulty in agreeing with him on the retention of capital punishment regarding these two exceptions which are in the bill. Senator McIlraith has administered this act. He has said that statistics do not help us. This is my view, and always has been.

Most speakers in this debate, I feel, are of the view that the statistics do not prove the deterrent value of capital punishment. Even the royal commission in England which examined the question was not inclined to believe that statistics would be helpful.

David Hume, the nineteenth century historian, records that in sixteenth century England over 100,000 persons were sent to the gallows. The criminal, when he planned and executed a crime, knew full well in those days that the sure result of detection, arrest and conviction was dangling at the end of a rope. He had no illusions and still, as I emphasized, there is no record that criminal activity diminished. In Britain in the early nineteenth century the law was no less severe. Almost all crimes were punishable by death. If a man stole five shillings or more from a shop he was hanged. If he damaged Westminster Bridge, or took a fish from a pond, he was hanged. And what was accomplished by this excessive severity? Other than the determination of juries not to convict those brought to trial, nothing.

I agree with Senator McIlraith. I do not believe statistics really help us in coming to a conclusion on this question. I do not believe that you can prove the deterrent effect statistically. It is not obvious that in the past capital punishment reduced crime. I do not think it is any more so today.

One senator referred to the increase in murder in one of our provinces. I believe it was Senator Molson. I live next to the American border, next to one of the largest cities in the United States where last year just fewer than 700 murders took place. Let no one tell me that I am not concerned as to the consequences of murder. Anyone who has had that experience and who comes from my home city, seeing this across the border, could not help but feel very concerned about this problem.

But I am not convinced that the form of punishment proposed by those who are opposed to this bill, or who are opposed to abolition, is a remedy for the situation that exists across the border not far from my home city. I believe, however, that there should be punishment, and adequate punishment. But what I am arguing, and what this bill provides, is that capital punishment is not the kind of punishment that will fit this situation. I do not believe that the death penalty is more effective in deterring would-be murderers than the prospect of life imprisonment. While we seemingly cannot measure the deterrent value of either penalty, I believe that changes in our parole regulations, providing for a longer prison term, would have as much deterrent effect as the death penalty.

For capital punishment to be warranted, the cost of imposing it would have to be offset by an additional increment in deterrence. Those costs, in my estimation, are the risk of executing an innocent person, the opportunity for judicial discrimination as between charged persons in imposing the penalty, and the possibility of rehabilitating the murderer.

I do not overlook, let me say again, the danger to society, to the community. These dangers can be guarded against just as effectively, however, as is argued by those supporting the death penalty. No convincing proof has been offered that the death penalty markedly reduces the number of murders. How, then, can we justify retaining this form of punishment?

What this bill does, honourable senators, in its admittedly imperfect way, is to continue the work done in the nineteenth century by Sir Samuel Romilly in England and Anatole Leroy-Beaulieu in France to humanize the criminal law. Of course, society must be protected against murderers and other criminals. Of course, the state has an obligation to assume that responsibility. My position is that there are other ways of protecting society than that advocated by Senator Manning, who the other day espoused the philosophy of an eye for an eye. There are other ways, ways which are neither as irreversible nor as final as carrying out a sentence of death. Let me repeat again, we should make sure that the public is protected by keeping criminals in jail as long as necessary.

On February 3, 1973, in Kitchener, the Prime Minister of Canada had this to say:

> We should make sure that the public is protected, if necessary by keeping people in jail until we are reasonably sure that they will no longer be a menace to society, but I don't believe in destroying a life except ... in self-defence.

In debates of this nature we are inclined to neglect the fact that while the state has an obligation to society, it also has an obligation to those members of society who commit criminal acts. We have, however, marched a long way since the days of the Inquisition, and the cold and black treatment of the eighteenth and nineteenth centuries. We have made progress in rehabilitation, no matter what the current criticisms may be. Yet we know that rehabilitation sometimes takes a long time and, in some cases, may even prove to be impossible.

I think I am right in saying that since 1962 a total of 51 commutations of the death sentence have been granted on Her Majesty's behalf by the Governor in Council. Sixteen of these cases respecting capital murder were tried under the law in existence in 1962, and were not concluded until after the partial ban on capital punishment was passed and put into law in 1967. Since 1963 a total of 35 commutations have been granted, and only four of these have been granted since the new law came into force in 1967.

● (1450)

There are those who have railed against and criticized this application of clemency, stating that the government maintains a double standard and a policy of ignoring the law by commuting sentences imposed under the law. I do not agree with that criticism, and I am in a position at least to argue it, because I have participated, along with others in the Cabinet, in whatever disposition was made by the Cabinet. As the Prime Minister said:

> I cannot emphasize too strongly that these commutations are carried out in accordance with the law, not in defiance of it ... The Criminal Code of Canada expressly states that nothing therein in any manner limits or affects Her Majesty's royal prerogative of mercy.

I agree with that statement. It reflects the position of all in the present administration, and I am sure in other administrations, including that in which the Leader of the Opposition was a distinguished member. I do not think any member of the Cabinet, any Cabinet, regardless of its political complexion, approaches any problem with greater concern or more meaningfully than they do this question. I can say that these commutations were carried out in complete accordance with the law and not in defiance of it.

Senator Lamontagne dealt with the matter of executive clemency, with the royal prerogative of mercy in, I thought, a helpful statement. The prerogative of executive clemency exists under different names, let it be noted, in almost every country of the world. I agree with Senator Lamontagne that there must reside in the state authority to exercise the right to grant commutation. To think that there would not exist in the state power to accord mercy certainly does not fit in with my conception of the kind of state that I believe we want, and the kind of governments that I think should have the management of the affairs of such a state.

Should it not be, as it is, the ultimate responsibility of the executive in the nation to decide in each particular case whether it will exercise the right to grant a commutation or not? I say that, fully remembering the implications of the Report of the Royal Commission on Capital Punishment in 1949-53 in Britain, where the proper parameters and limitations of the exercise of this right of clemency are carefully outlined.

In Canada we exercise the right to grant a commutation by exercising the prerogative of mercy. As I said, I have participated in this Cabinet process, and I have done so for a long time, as have a good number of honourable senators sitting on both sides of Madam Speaker. I am sure that Senator Flynn himself, as I said a moment ago, a member of a former administration, would agree that the exercise of the prerogative of mercy is reached only after long and thorough consideration. The concern in such circum-

stances is to carry out the law justly, wisely and, when required, compassionately.

I do not wish to imply now that commutation should be granted in all cases; nor do I wish to hypothesize cases. But the prerogative of mercy has not been abolished in Canada. I hope that it never will be. It is the responsibility of the Cabinet, as it is of each member of Parliament and every citizen of Canada, to uphold the law. We do not seek to shirk this responsibility, or the additional responsibility incumbent on us as members of Parliament of making difficult legislative decisions.

It was suggested, admittedly not in the Senate, that the whole question of capital punishment should be referred to the Supreme Court of Canada. In my judgment, to do so would have been to abrogate our responsibilities as legislators. Parliament has difficult decisions to make. I do not believe we would be doing our duty if we shirked our responsibility. Of course, as I say, no honourable senator has suggested that.

The intention of Bill C-2 is to extend the five-year moratorium on capital punishment except for the killing of police officers and prison guards. That is the principle of this bill. This prolongs the principle of the act passed in 1967, as Senator McIlraith reminded us. This bill may not be completely in the form that I would like, holding the views on capital punishment that I do, but that is not the point. I say to Senator O'Leary, who affirms himself to be an abolitionist, that I am not satisfied with every aspect of this bill, but it does push us on from the days of no recognition of the desirability to abolish capital punishment. This bill is, in my judgment, better than that which allowed for complete retention of the death penalty. This bill is in the form that it is because of the desire to see some progress made in this matter.

What we must consider now is not so much whether capital punishment prevents crime, but whether it is a justifiable penalty. The answer depends, in my view, on the value we attach to human life. I personally do not think it is a justifiable penalty. Our support for the bill before us will extend the trial period for the suspension of capital punishment in Canada, and it affords us the opportunity to better assess the merits or the demerits of the steps that were taken in 1967, which I continue to support.

When we reach the committee stage we will have an opportunity to deal with some of the arguments made here, but I felt, as Leader of the Government in the Senate, that I owed it to the house to state my position on the bill.

Hon. Mr. O'Leary: Will the honourable Leader of the Government permit a question?

Hon. Mr. Martin: Yes.

Hon. Mr. O'Leary: If, as you say—and I do not doubt it at all—you do not believe in capital punishment or that it is a deterrent, how do you justify extending capital punishment to someone who shoots a policeman?

Hon. Mr. Martin: I thought I dealt with that argument, as other honourable senators have. I say that I would like a bill that provides for the abolition of capital punishment.

Hon. Mr. O'Leary: Completely?

[Hon. Mr. Martin.]

Hon. Mr. Martin: Yes. But we would not get such a bill if that position were taken. If the exceptions were not in this bill we would not now be dealing with a bill to provide for the partial abolition of capital punishment. It was for that reason that I made an appeal to Senator O'Leary, because of his views on capital punishment, to ask whether he would not join with those who wanted to see progress made in bringing about abolition.

● (1500)

Hon. Mr. Argue: May I ask the honourable leader a question? Would he tell the Senate whether or not it was in fact government policy to provide total abolition and an amendment was prepared and brought forward by the Solicitor General?

Hon. Mr. Martin: I do not think I can usefully say anything in answer to that, right off the cuff. I will take that question and deal with it later.

Hon. Mr. Argue: I would think it was government policy to provide total abolition.

Hon. Mr. McIlraith: No.

Hon. Mr. Hastings: If it is believed that hanging is not a deterrent, how does he explain the provisions in the bill that increase the time served before qualifying for parole?

Hon. Mr. Martin: As I have said, I firmly believe that those who are in favour of capital punishment and those who are against it equally have the responsibility of affirming, as they do, that steps must be taken to punish a criminal who commits murder.

What we are objecting to in this bill is the form of punishment. Senator Hastings does not agree with the additional provision in the proposed subsection (8), nevertheless this is in fulfilment of the objective to provide adequate protection for society against those who commit murder. Senator Hastings does not agree, I know, with the proposed subsection. He made that clear to me privately. I do believe that it is an advance. I believe that the criminal must be punished but I do not believe he should be punished by taking his life.

Hon. Mr. O'Leary: May I ask one more question? Perhaps it is unfair. If the honourable leader in the Senate had been preparing this bill and had the power to determine the full character of this bill, would he have included hanging for those who shoot policemen?

Hon. Mr. Langlois: That is hypothetical.

Hon. Mr. Martin: That is a hypothetical question.

Hon. Mr. Argue: I understand he would have prepared that type of bill.

Hon. Mr. O'Leary: I do not think he would. Surely he would not.

Hon. Keith Laird: Honourable senators, it might be refreshing to hear a backbencher explaining the stand he takes on this bill. This will be a brief speech. As the sponsor succinctly and ably presented the bill and the quality of the speeches has been so high, there is nothing much I can add.

I would emphasize my reasons for voting for the bill. This has been expressed in other language by various speakers, including Senator McIlraith, the sponsor. Funda-

mentally and philosophically I am really an abolitionist, but we live in a democracy and, living in a democracy, we have to compromise on many occasions. I am voting for this bill because it is a compromise between two extreme points of view. There are abolitionists, like Senator O'Leary, and those who take another point of view, that everybody should be hanged.

Hon. Mr. Langlois: Oh, now, everybody?

Hon. Mr. Laird: Those people say that every murderer should be hanged. I did not mean "everyone"—but, after all, this might not be a bad idea: it might save a nuclear bomb effort.

In any event, it is essential to compromise in a democratic society and therefore the bill deserves support. No pressure was put on me by anyone to vote in a particular way. I have had many discussions. My good friend Senator Hastings and I have discussed this question many times. We have different points of view on certain things. There is one point I should like to make about that. Senator Hastings admits to me that he did not make it clear in his speech that he was not for letting criminals simply wander away after a crime. Of course, he wants them held in custody.

An Hon. Senator: He wants to give them a reward.

Hon. Mr. Laird: That was the impression he was afraid he had left, so he wants to make it very clear. Having discussed this with him, I know I speak for him when I say that he certainly wants them taken into custody. How else could one deal with the matter of rehabilitation?

There is another point which should be made plain. I make bold to mention that I discussed this privately with Senator Hastings. He failed to get this point across, that there are certain incorrigibles who can never be let out of custody and who must be incarcerated for an indefinite period. I do not need to go into details as to the type of person who falls into that category, but I point out that in many instances murders are committed by psychopaths. When we were examining the parole system we received some interesting information by way of evidence. It became very clear in that committee that some prisons are in such a state that they create a worse criminal than the one who goes in. This is the fault of the penitentiary system—but that is another problem.

As a corollary to that proposition, it emerged very clearly from the evidence that many murderers should not be kept in penitentiaries but in mental hospitals, indefinitely. I recall defending a murderer who was found to be mentally incompetent and who, unless he has since died, is currently in the Penetanguishene hospital for the criminally insane. He is the type that should be kept in forever. This is being done in some cases, but not in enough.

Honourable senators, another interesting aspect of this bill is that while it does not satisfy the two groups I mentioned, it does constitute something moving towards satisfying both sides. It retains capital punishment for the two categories we have heard so much about. While philosophically I am an abolitionist, I realize as a realist that the millennium has not yet arrived and that we should retain capital punishment at least for those crimes. That provides protection to those who, as policemen, are trying to maintain law and order. It also provides protection for those individuals, the prison guards, who take responsibility when a person is incarcerated.

In that connection, it has been rightly stated that this is not a case of anybody being hanged, that there is almost automatic commutation. I suggest to the member of the government who is with us today that more careful consideration should be given to the exercise of the royal prerogative of commutation, bearing in mind the obviously expressed opinion of the majority of the people.

Whenever a sentence is commuted, it is important, in my opinion, though it may not always be possible, that the government give formal written reasons, no matter how brief, as to why there has been commutation. This would go a long way towards meeting public demand. For example, take the case of that fellow Lurvey mentioned by Senator Hastings yesterday. You will recall Senator Hastings saying that in that case the man had terminal emphysema. Under those circumstances, if the public had been informed at that time, I think there would have been better understanding as to why there was a commutation of the death sentence. So I respectfully submit—not that I expect it to have too much force—that it might be a reasonable suggestion that the Privy Council should give reasons in such special circumstances.

• (1510)

Really, everything has been said on this subject. Originally, I had intended to say more, but the quality of the debate, the facts brought out, and the able way in which so many senators have dealt with this matter, leave one with nothing much to add. As a result, I can only reiterate—and I suppose that it will not hurt to reiterate it—how at least one senator feels, namely, that it is a reasonable compromise between two extreme points of view. As such, I am going to support the bill.

Hon. Guy Williams: Honourable senators, in rising to say a few words on this bill, I fully realize that a great deal of research has gone into the debate, not only in this chamber but also in the other house; but I rise to express to you, honourable senators, my personal feelings and experience with regard to capital punishment, and on the matter of victims who have died at the hands of murderers.

In my 40 years of participation in Indian work and Indian leadership I have had two friends who became victims at the hands of murderers. The first was a young man who, possibly, was destined for a life of hardship. He was born into this world by accident, of course, and out of wedlock. From that day on into his childhood, he had some very difficult moments with regard to being accepted by his people and by society. This young man overcame these obstacles, however, and eventually became quite successful. He was on the road to becoming an example to his people, and had already amassed a fair amount of money. One morning, however, he was found in his house, his head bludgeoned.

This young man was a close friend. In fact, he was a crew member of mine in a fishing vessel. I was the last man to spend any time with him, from 11 p.m. to 12 p.m., at which time he left my hotel room. I left that city early that morning and travelled about 250 miles. The police were looking for me as being the last person to see him alive, but this I did not know until I heard it on the radio the

next day. The accused was finally picked up in the United States and was found not guilty.

This young man, this victim, would have contributed a great deal to his people—my people—in our particular part of British Columbia.

The second murder also involved a friend who was emerging and becoming a very useful and, in fact, clever man, and who was working towards being an Indian leader. He and his wife were murdered one night in their sleep. They had nine children—nine children! Of course, the nine children were split up by the welfare department, in its wisdom, and under its care. There you had a home broken up, and an emerging leader lost to my people.

The murderer, of course, was sentenced to life. One day last June I received a seven-page letter in my office here from an inmate. It took me a little while to realize who that inmate was. Later I learned that a member of Parliament had received a 50-page letter from the same inmate. A few days ago I had an opportunity to go to see this inmate, and I spent nearly an hour with him. He had been sentenced to life imprisonment for the murder of my friend, the emerging leader, and father of nine children.

I cannot make up my mind as to my conclusions or viewpoints, or what my thoughts were, after I left him. It is a very difficult matter to make your mind up about, when a personal friend is involved. It leads me to think that I may be a bit prejudiced in this case.

But what are the answers? What is this bill trying to do, in this day and age, when science has advanced so far that this civilization can do almost anything? Can this civilization—can this country—find a deterrent that will be more effective than the judge's words when he sentences the murderer and says, "You will hang by your neck until you are dead. May God have mercy on your soul"?

That part of capital punishment, in my opinion, is the only deterrent. Even if it only deters one potential murderer, it has served its purpose.

I know this is a difficult age and a difficult civilization in which we live. There are many roads and by-roads for criminals to follow. This involves even young people. Our organization has an office at the corner of Main and Hastings in the city of Vancouver, and our members have jokingly said, "We are the cornerpost of skid row!"

In the last three years we have observed eight-year-old children in an alley right across from our window. They have been sitting in that alley—Indian children, and children of other nationalities—sniffing. This is the beginning of the road that leads to the criminal way of life.

● (1520)

How do we overcome that? This is the problem of this civilization; this is the problem of this government. Ways and means must be found by which to replace that kind of life and that kind of element.

In the old days the sentence for murder was definite, but nowadays the sentence could be carried out much more swiftly and humanely by the methods at our disposal.

Riel was hanged for treason; but then, honourable senators, not too long ago they erected a monument to him. What does this indicate? It indicates a grave mistake. I realize that there can be victims of mistakes where capital punishment is involved but, again, the rope is the only deterrent available to us. Until this civilization, until this country, until this government finds something that will adequately protect the public, I must take the position I have taken. When a bill to that effect is introduced, then I shall vote for that bill on that day. I am voting against this bill.

I have spoken!

On motion of Senator Macdonald, for Senator Grosart, debate adjourned.

TRANSPORTATION

FREIGHT RATES AND NEW TECHNOLOGY—DEBATE CONCLUDED

The Senate resumed from Wednesday, April 11, the adjourned debate on the inquiry of Senator Cameron, calling the attention of the Senate to the need to re-examine the structure of freight rates in Canada and the importance of new technology to the economics of transportation.

Hon. George McIlraith: Honourable senators, since I adjourned the debate on this inquiry the position of the subject matter has not materially changed, and the arbitration of the railway labour dispute is still proceeding. In these circumstances I do not wish to speak on this subject at this time, and unless some other senator has something to say I presume the usual consequences will follow and the inquiry will disappear from the Order Paper. I should add that Senator Cameron, who was responsible for this inquiry, is not here but he is fully aware of what I am saying today and that it has his concurrence.

The Hon. the Speaker: Honourable senators, if no other honourable senator wishes to participate in this debate, the inquiry will be considered as having been debated.

COMMONWEALTH PARLIAMENTARY ASSOCIATION

CONFERENCE HELD AT LONDON, ENGLAND—DEBATE ADJOURNED

Hon. John J. Connolly (Ottawa West) rose pursuant to notice:

> That he will call the attention of the Senate to the Nineteenth General Conference of the Commonwealth Parliamentary Association, held at London, England, in September, 1973, and in particular to the discussions and the proceedings of the Conference and the participation therein of the delegation from Canada.

He said: Honourable senators, the Nineteenth Commonwealth Parliamentary Conference was opened in London by Her Majesty the Queen in Westminster Hall on September 7 last. I need not emphasize that this was a splendid, colourful ceremony in superbly historic surroundings which provide abiding inspiration on the value of the parliamentary system. The Chairman of the General Council, Sir Alec Douglas-Home, who is also British Foreign Secretary, reminded the audience that the Commonwealth Parliamentary Association began in 1911 at the

coronation of George V. At that time there were five dominions in the organization. At this meeting, 62 years later, 94 legislatures from 33 countries were represented.

Her Majesty interrupted her holiday to preside at the opening function. She spoke about the association of free peoples in the Commonwealth spanning five oceans and six continents—peoples and groupings of people that transcend all barriers of race, religion and culture. She spoke further of the importance of the Commonwealth as a vehicle to promote lines of communication between many peoples in all parts of the world.

Her Majesty also referred to the meeting of the first ministers of Commonwealth countries held in Ottawa the previous August. She said it was an outstanding example of the value of the Commonwealth Conference as a forum for discussion of many things which affect the daily lives of people who live in the 33 Commonwealth countries.

The British Prime Minister, Mr. Edward Heath, in his speech referred to the fact that generations of British statesmen believed that the parliamentary institutions, along the lines of the model provided by Westminster, was their most precious possession and the strongest safeguard for liberty, independence and prosperity that they had to offer to the newly independent Commonwealth countries over the years as they negotiated the transfer of power from Britain to those countries.

I propose to deal very briefly, since the hour is late, with the debate that took place at this meeting. I do not propose to talk about the major portion of that debate, which had to do with economic matters. As you are aware, Senator Grosart was also a delegate from this house, and he took a very active part in the work of the plenary session which dealt with the effects of the British entry into the European Common Market. He also participated in one of the panel discussions in the committee which dealt with the same problems. In the circumstances I think it would be more appropriate, and I have spoken to him about this, if he should deal with that part of the discussion. I do want to say, however, that the debates conducted during the plenary session at Church House were most unusual. They were reasoned, responsible and of a very high order. I propose to deal with one or two of the issues which were on the agenda.

● (1530)

The first has to do with Commonwealth immigration policies. Let me say at the beginning that none of the major problems of the developing countries of the Commonwealth, whether they are overcrowded or underpopulated, will be solved by immigration, and the representatives of these peoples know that. The debate itself was concerned with current policies for immigration in the more developed parts of the Commonwealth—the United Kingdom, Canada, Australia, and New Zealand—and mainly the effects of these policies on developing Commonwealth countries.

The burden of criticism offered was that the immigration laws in the four main developed Commonwealth countries discriminated in law and in administration against citizens of the developing countries on grounds of race or colour. In addition, the United Kingdom was criticized because the rules for entry into the United Kingdom under the Immigration Act are more liberal for citizens of the European Economic Community than for citizens of Commonwealth countries. The criticism in connection with these issues came from speakers on behalf of Sri Lanka, Malaysia, the Bahamas and India. The United Kingdom reply was given by Lord Balniel, M.P., who spoke for the government, by Lord Wade, Baroness White and Mr. Sydney Bidwell, M.P. Lord Balniel restricted himself to an explanation of the United Kingdom policy, especially of the acts of 1962 and 1971. He said that the laws limiting entry to the United Kingdom of Commonwealth citizens were in fact laws required in that country. He also said that at this time it was impracticable to think that large-scale, permanent immigration to the United Kingdom could be a policy of any United Kingdom government, because it placed unacceptable strains on social services, housing and educational facilities in that country.

Lord Wade, who is one of the few Liberals in the House of Lords, is an effective, informed and humanitarian man. He criticized many features of United Kingdom policy and advocated more liberal approaches with respect, particularly, to family units and stateless persons. He criticized also the preferences enjoyed by citizens of the European Community. Baroness White and Mr. Bidwell ably supported the views expressed by Lord Wade. However, I believe all of them recognize the practical impossibility of an open-door policy for Commonwealth citizens entering the United Kingdom.

For Australia, Dr. A. J. Forbes and Mr. J. A. Clough spoke regarding the Australian position. Both spoke with great authority. They described new Liberal policies that have been in place in Australia for a number of years. They informed us, for example, that there have been three million new immigrants to Australia since 1940, 50 per cent having come from South East Asia, Asia, the Pacific and Southern Europe. Dr. Forbes particularly stressed one fact, his view that it is fundamental to a nation's sovereignty that it should control the level of its own immigration and the composition of its peoples. The assimilation of immigrants was to him a very important aspect of immigration policy.

For Canada, the Honourable Allan MacEachen, who was the leader of the delegation, laid out the Canadian policy, with which I am sure honourable senators are extremely familiar. Mr. MacEachen's presentation was of a high order, and he was one of the most distinguished and best speakers who addressed that assembly. This he did on a number of occasions.

Hon. Mr. Martin: Did you say that he was chairman of the delegation?

Hon. Mr. Connolly (Ottawa West): He was the leader of the delegation, yes.

Hon. Mr. Deschatelets: Before Senator Connolly leaves this problem of immigration, would he tell us whether there were any criticisms expressed by any of the delegates, particularly those from the southeastern countries, in connection with Canada's immigration policy?

Hon. Mr. Connolly (Ottawa West): I believe there was some general criticism of Canadian immigration policy along the lines I mentioned earlier. There was a feeling on the part of some of these Commonwealth people that on

the basis of race or colour, Canadians may, either in policy or in administration, discourage immigration from Commonwealth countries. By the time Mr. MacEachen was finished, I believe it had become clear that the policy of Canadian immigration, although selective, was based rather upon the test of skills than the test of colour or race. I do not know whether that is completely acceptable to these people, but I think that is the announced policy and it is the manner in which the officials endeavour to administer the Immigration Act. I cannot say much more on that point.

One of the topics discussed in the plenary session was the question "Parliamentary government, where is it heading?" Some believed that the answer is, "Straight in front of the television cameras." Others, to use a colloquial expression, were saying "Over my dead body." There was a concern, expressed by almost all the speakers, related to the effect of the media upon the image of Parliament. There was concern about the emphasis by the media on sensationalism with regard to the personal foibles of members. They felt that in some cases the media influence was usurping the position of the Houses of Parliament. They felt that in other cases the media was critical of the institutions of Parliament and of the methods of Parliament without an adequate understanding of parliamentary institutions, without adequate respect for parliamentary traditions and without regard in some cases for the social consequences of downgrading Parliament and its members. I would say that their conclusion in connection with this branch of the argument was that an informed, constructive criticism of Parliament is needed, but not such uninformed criticism.

Curiously, honourable senators, in the background of the political problems in the United States arising out of Watergate, there was no attempt made by any speaker to institute a comparison between the parliamentary system on the one hand and the congressional system on the other. On the positive side, there were speeches recommending that parliaments modernize their parliamentary institutions, make them more efficient to respond to new social, economic, military and political requirements.

● (1540)

The chief area of reform to which parliamentarians pointed most often was that of the committee system. They advocated wider use of standing and select committees for legislative work and for the investigation of matters of national importance.

The Honourable Mr. MacEachen, in opening the debate, gave a comprehensive review of the changes made in the Canadian House of Commons during the last half decade. He was joined by Sir Robin Turton, an outstanding authority on parliamentary institutions in the United Kingdom. Sir Robin emphasized the fact that members of Parliament should not be overburdened with work, that they should not be required to run between house and committee, thereby finding themselves unable to do justice to their work in either place. He suggested a device which has been used in this chamber, namely, that of adjourning the house from time to time to allow committees to function.

Sir Stephen McAdden spoke from the depth of his wide experience of the committee system in the United Kingdom Parliament and made some practical proposals, which appear in the official record of the conference.

Mr. André Harvey, of the Quebec National Assembly, spoke of innovations in the committee system as it operates in that chamber.

As no one else referred to the use of second chambers, or to the work of our own committees, I undertook to tell the conference about the considerable achievement of this chamber in its use of both standing and select committees.

Other points raised by speakers at the conference included traditional, time-honoured claims and complaints. There were pleas for better facilities, better allowances, and better pay for members of Parliament. They urged that the role of backbenchers and their importance be emphasized in order to relieve backbenchers of their frustrations. Some, however, disagreed on that point. They maintained that backbenchers, especially those in elective chambers, should concentrate on looking after the welfare of their people, attending to local issues and cultivating the press, and that they should leave the great policy issues to ministers.

The debate on the use of committees was, in my opinion, very useful, but as a debate on parliamentary government it left much to be desired.

Contrary to my original intention, I do not propose to talk at length on the subject of world security. The debate on this subject was opened by the Honourable G. S. Dhillon, M.P., Speaker of the Lok Sabha of India and one of the most distinguished and respected members of the Commonwealth and of the Commonwealth Parliamentary Association.

A number of distinguished persons spoke in this debate. Senator Fulbright, from Washington, encouraged smaller countries to take a more active part in the work of the United Nations and to influence to a larger degree the great powers in the direction of peace. He impressed upon them the fact that from the point of view of sheer numbers in the membership of the United Nations, the smaller countries could be most effective.

Senator Dr. Mahathir bin Mohamad of Malaysia explained the concept of regional neutrality for Southeast Asia now being developed in that area. He advocated small country power blocs, not for defence but for peace.

There was no call for a Commonwealth arrangement for defence. Nor could there be, because most Commonwealth countries lack effective establishments for defence purposes, and many have very little interest in military matters.

Great credit is due to the United Kingdom branch, to its members and officials, particularly Mr. Peter Molloy, and Mr. James Batten, his erudite assistant. They arranged most interesting and informative visits for all of the delegates. They staged a dinner at Grosvener House, which was addressed by the British Prime Minister. It was splendid and most informative. They arranged the impressive opening of the conference held in Westminster Hall, and many opportunities for informal talks among the delegates. The Queen Mother attended one of the social functions. All delegates appreciated the friendliness and hospitality of the United Kingdom parliamentarians.

Much of the success of the conference is due to the General Secretariat under the leadership of Sir Robin Vanderfelt, and his senior assistants, Mr. Grey, Mr. Fowler, and Miss May.

I should point out that of those elected to the Executive Committee of the CPA, Premier Regan of Nova Scotia was elected Chairman, and our colleague Senator Grosart was elected member for the Canadian region. He is to be congratulated on his election. Mr. James Walker, M.P., was elected a member of the Executive Committee under clause 19.

Honourable senators, it would appear that Canada enjoys the respect and confidence of all Commonwealth countries. This is particularly true of the developing countries. They seemed to understand Canada, and to feel that we were sympathetically aware of their particular problems.

Our relations with the larger countries of the Commonwealth—the United Kingdom, India, Australia, and New Zealand—should be a source of pride to all of us. However, there is no reason for Canadians to feel smug about the fact that we are respected in the Commonwealth. If we are to maintain that respect, we must work positively and continuously in the development of an organization which has great potential for the development of Commonwealth prosperity and world peace.

The Hon. the Speaker: As no other honourable senator wishes to participate in the debate,—

Hon. Mr. Macdonald: I have not had the opportunity of ascertaining whether other Senate members of the delegation wish to participate in this debate. In order that I might have that opportunity, I move the adjournment of the debate.

On motion of Senator Macdonald, debate adjourned.

The Senate adjourned until Monday, November 19, 1973, at 8 p.m.

25862—73

APPENDIX "A"

(*See p. 1143.*)

EXPORTS OF CRUDE OIL AND EQUIVALENT TO UNITED STATES (1,000's BARRELS PER DAY)

January to December	1973	Percent Increase	1972
January	1,173	27	927
February	1,215	27	960
March	1,243	31	948
April	1,282	48	867
May	1,143	23	927
June	1,121	24	907
July	1,063	21	881
August	1,104	16	953
September	1,138	14	999
October	1,119	10	1,012
November	1,005	(2)	1,027
December	978	(8)	1,072
Average	1,132	18	956
Average for 1971 749			
Average for 1970 665			

APPENDIX "B"

(*See p. 1143.*)

CURRENT CANADIAN OIL SUPPLY AND DEMAND FACT SHEET

CANADIAN CRUDE OIL

Production of crude oil and equivalent: 2,000,000 barrels daily b/d (85% from Alberta, 11% from Saskatchewan, 3% from B.C. and 1% from Manitoba.)

Consumption in Canada of domestic crude: 960,000 b/d (45% in western provinces, 50% in Ontario and 5% in Quebec).

Exports (all to U.S.A. under N.E.B. licensing) 1,000,000 b/d (23% to U.S. Pacific Northwest and 77% to U.S. east of Rockies) (Difference between sum of Canadian consumption and exports reflects inventory build and pipeline fill).

IMPORTED OIL

Programmed Imports of crude oil and products to all parts of Canada: 1,000,000 b/d.

Sourcing of programmed crude oil imports (all to Québec and Atlantic Provinces): Western Hemisphere 45%, Eastern Hemisphere 55%, "OPEC" Countries 94%, other South American and African Countries 6%.

PETROLEUM PRODUCTS

Consumption in Canada: 1,750,000 b/d (22% western provinces: 28% central & western Ont, 50% eastern Ontario, Québec and Atlantic Provinces.)

Exports: The export of most grades of petroleum products requires a licence from the National Energy Board. It is not possible in the current uncertain international situation to indicate what quantities are likely to be licensed for export. In the year 1972, exports, mostly to the U.S.A. and mostly from eastern Canada, were in excess of 100,000 b/d.

COMPONENTS OF CANADIAN PETROLEUM PRODUCTS CONSUMPTION (*Approximate*): Aviation Fuels 3%, Motor Gasoline 31%, Light Heating Oils 22%, Diesel Fuel 9%, Heavy Fuel Oils 20%, Other Products 8% and Oil Industry's Own Consumption 7%. Total: 100%.

OIL STOCKS

Stocks of crude and oil products held at refineries and bulk terminals in the import-dependent areas of Canada—eastern Ontario, Québec and the Atlantic Provinces—are equivalent to about 70 days' of average local consumption. This does *not* mean that consumption could be sustained for 70 days in circumstances of a total loss of supply. Constraints such as product quality maintenance, distribution patterns and the unavailability of some oil in tank bottoms mean that the effective stock coverage is about 45 days.

The planned 4th quarter 1973 imports of oil to Canada show the following breakdown: 44% Venezuela, 30% Arab countries, 16% Iran, 5% Angola, 4% Nigeria and 1% Colombia. Total: 100%.

Of the Arab countries' 30% input, the 4th quarter breakdown shows: 40% Saudi Arabia, 36% Trucial states (mainly Abu Dhabi and Oman), 16% Lybia and 8% Iraq. Total: 100%.

(It should be noted that the above figures represented the planned 4th quarter 1973 imports and could be affected by the current international situation.)

THE SENATE

Monday, November 19, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

MIDDLE EAST

RESOLUTION APPROVING PARTICIPATION OF CANADIAN FORCES IN UNITED NATIONS EMERGENCY FORCE

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons as follows:

> That it is expedient that the Houses of Parliament do approve the Government's decision that Canadian Forces participate in the United Nations Emergency Force in the Middle East, and that this House do approve the same;
>
> Ordered: That a message be sent to the Senate informing Their Honours that this House has adopted a resolution approving of the participation of Canadian Forces in the United Nations Emergency Force in the Middle East, and requesting Their Honours to unite with this House in the approval of the same by filling up the blanks in the resolution with the words "Senate and".
>
> Alistair Fraser
> Clerk of the House of Commons

Honourable senators, when shall this message be taken into consideration?

Hon. Paul Martin: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(h), I move, seconded by the Honourable Senator Buckwold:

> That it is expedient that the Houses of Parliament do approve the Government's decision that Canadian Forces participate in the United Nations Emergency Force in the Middle East, and that this House do approve the same; and
>
> That a message be sent to the House of Commons to inform that House that the Senate has adopted a resolution approving the Government's decision that Canadian Forces participate in the United Nations Emergency Force in the Middle East and has filled up the blanks therein with the words "Senate and".

Hon. Mr. Choquette: It is a fait accompli.

Hon. Mr. Martin: Honourable senators, it may be helpful if I review briefly the events which have led the government to submit this resolution seeking approval for Canadian participation in this United Nations peacekeeping role.

There is now, as we all know, an uneasy cease-fire, made even more tenuous by the fierce fighting which preceded it. Along two fronts which from October 6 until October 26 saw some of the most bloody fighting in the Middle East, some semblance of order now prevails. There were land battles, sea and air battles; the loss of life which resulted on both sides is perhaps not even now fully known.

The international situation caused by the war could have involved even the great powers. As we are only too well aware, there was concern when the Soviet Union and the United States took measures that might well have led to a serious expansion of the conflict although that may not have been their intention—the former by a reported desire to intervene unilaterally, while the latter, the United States, placed its own forces on a state of alert.

It was at this point that the Security Council met to consider a proposal of the non-aligned powers, supported by the United States and the Soviet Union. It was at this stage that the Security Council reaffirmed the call for a cease-fire and established the United Nations Emergency Force, No. 2.

Honourable senators, there is much yet to be resolved before a certain peace emerges. The new United Nations Emergency Force establishes an international presence which, like the predecessor force, could contribute to peace between the Arab countries and Israel. The prospects for successful negotiation are not negative, but will not easily be achieved. Eventual negotiations could lead to peace and towards this the force could make a special contribution.

Canadian governments in the past, regardless of political complexion, have recognized their obligations to their United Nations commitments. I call to witness Korea, the Congo, Kashmir, Cyprus, Yemen. They all testify to this. I remember when, in October 1946, the leader of the Canadian delegation at the second part of the first assembly in New York, Mr. St. Laurent, then Minister of Justice, pleaded for the creation of an enforcement organization under Article 43 of the Charter of the United Nations, an article which provides for such procedures through the Security Council. Such an organization, as we know, did not result because of the refusal of certain member states to recognize the plea. As a consequence, these ad hoc arrangements have been substituted for what was intended by the provision in the Charter.

I am sure none of us regard this question in any way as a political one. This matter, I think, is above politics.

I remember, as Mr. Pearson pointed out in 1956, that the former Prime Minister, Mr. Diefenbaker, in January of 1956 had suggested a limited international force in the Israeli-Egyptian situation.

Peacekeeping or peace observation, for the crystalization of which we are indebted to Prime Minister Pearson, has been supported, as I say, by all governments. Of course, it continues to be supported by the present government, but this does not mean that the present government accepted the invitation to join the present UNEF without careful consideration.

On October 27, well before the Secretary of State for External Affairs went to New York to clarify issues relating to the precise role Canada would play in the United Nations Emergency Force, and to confirm that Canadian participation was indeed acceptable to all parties, the request for Canadian troops by the Secretary General of the United Nations had been received in Ottawa. Actually, he made an oral representation followed by two communications.

It has been said by some that Mr. Sharp went begging for Canadian participation in this second United Nations Emergency Force. This is not the fact. I for one, however, would take the position, and I am speaking now only for myself, that Canada, among the smaller powers traditionally interested in peacekeeping, has an experience in these matters among members of the force second to none. Among the smaller powers we have logistic capacities which apparently other smaller powers do not possess to the same extent, and we have had an experience in their use in other peacekeeping enterprises. I see nothing wrong in a country dedicated to the United Nations and its principles, as we are, wanting to do its utmost to make effective a United Nations peace force.

I commend fully what Mr. Sharp has done. In my judgment he could not have done anything less, and I believe we could do nothing less than give support to our participation in a force which may be able to help maintain the peace in this troubled area.

The first request from Secretary General Waldheim for Canadian participation in the United Nations Emergency Force was for the supply of logistic components for the force. This was, indeed, in keeping with our first peacekeeping mission in the Middle East in 1956 when Canadian forces were in charge of essential support services. Our men performed this arduous and often dangerous task with great success. And so it is not surprising, I believe, that the Secretary General had asked Canada to contribute the expertise which it had acquired in 11 years of service in the first United Nations Emergency Force between 1956 and 1967. No other force in the present UNEF is as well prepared to carry out these workmanlike duties more quickly or more efficiently than we are.

● (2010)

It was subsequent to the original request for our participation that the Security Council decided that the logistic role should be shared between Canada and Poland. We have no objection to this arrangement, nor to working with Poland, for we do not consider our participation in the force as being in any way a political or ideological representation. What we are concerned with, essentially, is a clear definition of our role, and performing a function which will aid the successful operation of this mission, and performing it well. While a clear and practical division of technical responsibility remains still to be finalized, so that efficiency will be assured, considerable progress has already been made in organizing this joint arrangement.

In discussions between our ambassador, Mr. Rae, at the United Nations, officials from the United Nations Secretariat and Polish officials, it was agreed that initially Canada would provide a signals unit. The first unit arrived in Cairo on November 10. Poland, on the other hand, will provide an engineering unit. In the meantime, the government is considering a proposal from the Secretary General that we provide an air unit, while Poland has been asked to furnish and staff a field hospital.

There is no doubt that the prospect of Canada being approached had been foreseen by the government from the outset.

"I think we in Canada can take some pride," Mr. Pearson once observed, "in the fact that whenever the United Nations is required to intervene in a situation where peace and security are threatened, the United Nations has nearly always called on Canada for assistance."

We wanted to ensure that if we took part in the operation, however, certain criteria—conditions, if you will—would have to be met, that we would at least have the assurance of being able to discharge our undertaking. The criteria Canada sought in New York, and which we have succeeded in establishing, lie in two distinctly different areas—the political and the technical. The government, and, I know, Canadians generally, want a lasting peace and a just settlement in the Middle East. It might be borne in mind that it is not the responsibility of the United Nations Emergency Force, however, to promote a settlement. This is a political responsibility shared by all members of the United Nations.

The specific functions of the force are, first, to supervise the implementation of the cease-fire; second, to bring about the return of the parties to their positions on October 22; and third, to use its best efforts to prevent a recurrence of fighting.

Canada has consistently stressed a number of conditions before its acceptance of this role in the peacekeeping operation. A basic condition is met by the fact that the United Nations will be the continuing political authority to which the force reports.

The Secretary General himself has listed the following essential conditions for the force:

(a) It must have the full confidence and backing of the Security Council. It has.

(b) It must operate with the full co-operation of the parties concerned. This has been assured.

(c) It must function as an integrated and efficient military unit.

(d) It must enjoy freedom of movement, communications, and any other facilities that are necessary for the efficient performance of its function.

(e) It should be granted all relevent privileges and immunities provided by the United Nations Convention on Privileges and Immunities.

The cost of the force is estimated at $30 million per year, and this will be borne by compulsory obligations on all state members of the organization.

It is of further satisfaction to us in Canada that one of the conditions for which Canada strove so energetically prior to, and even during, our participation in the International Commission of Control and Supervision in Vietnam—specifically that a peacekeeping force must be responsible to a political authority, preferably the United Nations—is an integral part of the existing structure under which Canada will operate. The new UNEF, with

superpower co-operation, is under the command of the United Nations, vested in the Secretary General, and under the authority of the Security Council.

Moreover, the cease-fire is linked to negotiations on the basic problems of the Middle East. We have learned from 25 years' experience in peacekeeping that ultimate success depends upon the willingness of the disputants, the belligerents, to agree on a political settlement. This is the most important and essential aspect of peacekeeping.

We learned from the 1956 situation in Suez that United Nations action there was not sufficiently swift, and subsequently it was hard to bring about a political settlement. It is our hope that the belligerents can take advantage of the shock of the present emergency and come to an agreement. Indeed, the Security Council Resolution passed on October 22 of this year calls for a start on the implementation of Resolution No. 242 of November 1967, and as my colleague, the Secretary of State for External Affairs has observed:

> The framework for peace exists in the resolutions adopted by the Security Council. The problem [in the view of the Canadian Government] has never been so much one of interpretation as of implementation of these resolutions.

The whole basis of Resolution 242 is a balance of obligations and commitments.

> [Such provisions as], those calling for the withdrawal of Israeli forces from occupied territories and the establishment of secure and recognized boundaries for all states in the region, had to be taken together.

Honourable senators, the government—and I am sure this applies to all of us—will have no illusions about the difficulties and dangers of the task which lies ahead for the second United Nations Emergency Force. While this body, as I have said, is not charged with the extremely difficult problem of effecting a political settlement, peacekeeping operations are not easy. My honourable friend, the Leader of the Opposition, will remember, I am sure, the experience of the government of which he was a member in 1960 in the Congo. When that situation developed Canada responded quickly, and Parliament readily gave the government the necessary approval for its policy which had already been proclaimed.

There are important and difficult problems in the Middle East which yet remain to be settled, such as the question of the Palestinian refugees, to whom we in Canada have contributed over $29 million through the United Nations Works and Relief Agency. Canada is, in fact, the third largest contributor. There are, however, encouraging signs that political progress is being made. The exchange of wounded prisoners has begun and, most encouraging of all, in advance of this action Egypt and Israel met for the first time in 25 years to sign an agreement.

This agreement provides for the implementation of the cease-fire. Its terms were devised and proposed by the United States Secretary of State, Dr. Kissinger, to whose ingenuity and brilliant diplomacy I pay tribute. His knowledge of foreign affairs over a long period of study and interest, and his credibility in vital world capitals, has enabled him to play a productive role in the Middle East problem.

● (2020)

I commend this resolution to the house as a further indication of Canada's desire to contribute to peace.

Hon. Jacques Flynn: Honourable senators, Her Honour informed us that the House of Commons had approved the decision of the government that Canadian forces participate in the United Nations Emergency Force in the Middle East and that that house requested the Senate to unite in this approval. Her Honour asked when this message would be taken into consideration. The Leader of the Government said, "With leave, now." That caused me to hesitate for a moment. I wondered whether we should refuse leave because this is not urgent at all, or whether we should grant it because it is already too late to make any difference. The Leader of the Government recited for the record the history of the Middle East war and the problems faced there by the United Nations. It is all very well, but as far as the resolution proper before the Senate is concerned I consider that the debate with which we are faced can hardly be taken seriously. To ask Parliament for approbation *ex post facto* is to ridicule the institution and is equivalent to denying its existence. Our troops have already been there for some time. We have made a commitment to the rest of the world and now the government says it wants to know how the representatives of the people feel about it.

Why could we not have had this debate before offering our help or, at least, committing ourselves definitely? Why could not the representatives of the people have been consulted before we caused ourselves to become involved in this peacekeeping effort?

Sure, we are all in favour of peace and wish to see the end of hostilities in the Middle East. We would like to see a firm, just and permanent peace established in that area of the world. All that goes without saying. Certainly, I am aware of our experience and expertise in the area of peacekeeping, the history of which has been put on the record by the Leader of the Government.

I know how well we have done in Cyprus. I am aware that our role there has served to keep peace in that part of the world. All that is very laudable and as a Canadian I am proud of what we are doing. I do not consider that the peacekeeping role should be looked at in a partisan way, but a problem of making a decision such as that which the government has made should not, for the simple reason that our foreign policy is non-partisan, go without criticism if criticism is needed. I do not think, however, that the success we have enjoyed in this domain means that we should feel compelled to jump in every time there is an opportunity to serve as peacemaker. Surely, we are not the only small nation that has respect for and values peace?

I insist that this debate should have taken place before any offer of assistance was made. That would have been the logical and sensible thing to do. After all, such operations cost money, as we have experienced in Cyprus. The people are entitled to a say in such extraordinary expenditures. Further, and this is important to remember, this is not our first tour of duty as peacemakers in the Middle East. We were there in 1967 and were tossed out by General Nasser. Also, we might have wanted to remind ourselves of our role in Vietnam over the past several years before offering our help anew in the Middle East

conflict. Vietnam, as we all know, was a disaster. We couldn't work with the Poles at all. Yet, here we are again with the Poles as peacekeeping partners.

There is something vividly unreal about all of this. It seems like such obvious folly, one wonders what we are doing. Certainly one wonders what we are doing discussing it now since we have no rational alternative but to support the resolution. It's an old political ploy used by governments in trouble domestically. You try and do something dramatic on the international scene and hope it will be successful and distract from the bankruptcy at home.

So, while this government tries to refurbish its image, we Canadians are made to look ridiculous. Our government goes chasing after thankless jobs and accepts to work with a country which has frustrated our previous efforts at peacekeeping elsewhere.

Further, and even more important, our government was so eager to grandstand that it allowed itself to be placed in a position that destroyed our future credibility as objective peacekeepers. We allowed ourselves to be cast in the role of an advocate of NATO and the United States, to be traded off against the participation of Poland representing the Warsaw Pact.

Ex post facto resolutions such as this should not be. The Government of Canada should be forced to obtain the approval of Parliament before it sends a significant number of Canadian troops into any other country, no matter what the purpose. Sure, our troops have been sent to preserve peace, not to make war. Nobody denies that, but we all know the risks involved in keeping peace. Very often the well-intentioned third party who went in as friend to the belligerents, attempting to keep them from fighting, can come out of it having acquired two enemies.

The government had no practical choice. But I can't help repeating that this whole episode has been grossly mismanaged and that the government has seemingly been more interested in gaining political mileage than in making a worthwhile contribution.

Honourable senators, if we support this resolution, we certainly disapprove of the government's conduct in eliciting our support.

Hon. Allister Grosart: Honourable senators, in support of the position taken by the Leader of the Opposition, I should like to reiterate my own concern that this matter was not placed before Parliament before the decision was taken.

It has been said, of course, that the leaders of the parties in the other place were consulted on the broad principle some time in advance of the decision. But that, surely, is not the parliamentary way. At that time, the leaders of the parties did not have the details, and the details were not placed before Parliament before the decision was made. It is true that this resolution comes to us without objection in a vote from the House of Commons. However, it should be placed on record that there were strongly worded qualifications of several kinds to the method in which our troops have been committed once again to a scene of international belligerence.

The main qualification, of course, was the one to which I have referred and which was so well put by the Leader of the Opposition. It is my view that there is a basic principle that should arise out of a discussion of the resolution before us. I had considered moving an amendment to the resolution, but I found it difficult to word an amendment that would fall within the rules of the house. Any such amendment to this resolution would refer, perhaps, to the substance of the bill and certainly to a future time. Under the rules of amendments, it is difficult to word an amendment which falls within the terms of those rules. My amendment would have added to the resolution the words: "and that in any comparable future circumstances the Houses of Parliament approve such duty before rather than after participation by Canadian forces". I am sure that the reason I say that this is a major principle will be obvious to all members of Parliament.

[Hon. Mr. Flynn.]

● (2030)

The commitment of the armed forces of Canada abroad, whether on a peacekeeping mission, a peace observing mission, or a war mission, is one that concerns all the public of Canada. It may be said, of course, that there is no great danger to the lives of our troops on this particular occasion. However, the principle remains that if there is to be any major decision on the commitment of the armed forces of Canada, that decision should be made by Parliament.

Why is Parliament not consulted? The Leader of the Government will no doubt tell me once again that there is the prerogative of the Crown in international matters. As I said before, this is obviously an anachronism, and it is becoming a more dangerous anachronism daily as such decisions as these are made. Surely it should not be left to the judgment of a minister or a group of ministers, on the advice of officials, to commit the armed forces of Canada to a major mission abroad.

No one has yet explained to me why this principle is apparently unsound. It may be said, of course, that previous governments, Conservative as well as Liberal, have not followed this principle. That, to me, is no reason why we should not at this time, or in the near future, insist that this principle be followed. It is my intention, perhaps on some other occasion, to move a resolution, which I hope would be in order, to elicit the views of honourable senators on all sides of the house as to whether they believe it makes sense to commit Canadian armed forces abroad without the consent of Parliament in advance of so doing.

As a corollary, of course, it can be said that this involves an expenditure of money. The Leader of the Government may say, of course, that on this occasion we have an arrangement by which the expenses of our troops will be paid. I am less optimistic than he on that. He said that payment of a proper share by other countries in the United Nations of the cost of the Canadian part of the force would be "compulsorily" imposed—that was the word he used—on all member countries. I hope he will tell us whether he believes that the People's Republic of China, which is mainland China, has agreed to contribute its share. I hope he will also be good enough to inform us, before we vote on this matter, as to the attitude of that one member of the Security Council which did not support this, and how we can say that we have the complete commitment of the United Nations to the support and payment of this force if

all members of the Security Council have not expressed themselves in support of it.

I was interested in the honourable leader's comments to the effect that this time we have some hard and fast criteria; that before we entered into this agreement with the United Nations we really laid down the conditions under which we would participate. I think on the face of it that is not so.

We can, of course, hark back to some other bad decisions on the part of the government in respect to peacekeeping or peace-observing missions when the criteria were not clear, when perhaps there were no criteria. Certainly in the situation of Vietnam we became the laughing-stock of the world because of the method by which we went into that operation. We had no logistic preparation; our troops—and they said so as they came back—were thoroughly embarrassed and ashamed to be there in the wrong uniforms, with lack of support and not knowing what their mission was.

The first criterion suggested, of course, is that there be a threat to international peace. We would agree with that.

We are then told it is to be linked to an agreement on a political settlement amongst the parties. That, of course, is an absurdity. There cannot be any such agreement. There has not been such an agreement in this case, any more than there was in Vietnam or in Cyprus. Why do we pretend that this is a criterion? Yet, the minister has said that it is the number two criterion. I am not critical of the fact that it is not a criterion. I am critical of the fact that we pretend it is. Obviously, the job of a peacekeeping force is to keep the peace, not to work out a political settlement. The Leader of the Government made that clear. But why do we have the pretense that we are there having the previous understanding that there is going to be a political settlement? That had nothing to do with the decision to send our troops there.

Another criterion is that there has to be a political authority. This is a lesson we learned in Vietnam, or which the government apparently learned. Some of us will recall that this very point was made when the government decided to send a peace-observance force, I think they called it, into Vietnam. There was no such authority; there was no political authority to which they would report. The very fact that the government completely ignored the warnings that were given in that case, I feel, reinforces the position that such decisions should at least have the consent of Parliament before being made.

Another criterion is that the parties to the conflict must accept the peacekeeping force, and the Canadian participation therein must be acceptable to "all concerned." There is evidence that this is now so, "all concerned" of course, being more than the two belligerents in this case; "all concerned" involves other nations, perhaps understandably, in this case. One of those nations, as the Leader of the Opposition has pointed out, is Poland. Why we should have to have the consent of Poland to take part in a United Nations Emergency Force, for the reasons the Leader of the Opposition has put forward, is beyond me.

One wonders what "acceptable" means. One thinks immediately, of course, of the situation in the Gaza Strip. Does this mean that this Canadian force is to be in some part of Egypt or Egyptian territory—if that is where it is to be—until one or other of the belligerents says, "Get them out of there; we want to attack the others." This has happened.

Yet we have this pretense that we are there and will be there as long as there is that agreement. I object, honourable senators, to being told that these are the criteria when it is so clear that they are not. It is mere window dressing—for what reason I do not know. Perhaps it is to persuade the Canadian public that this is an exercise in peacekeeping which presents no danger to Canada, no danger to our reputation, no embarrassment to our forces. There is nothing in these so-called criteria that will guarantee that in the future, and for that reason I insist that in the future Parliament be consulted. It would have been very interesting had Parliament had the opportunity of debating these criteria which have now been laid down by the minister.

Another criterion is that there has to be freedom of movement. Well, obviously, there will not be freedom of movement. Also, there has to be an agreed and equitable method of financing the operation. I hope the Leader of the Government will tell us what that "agreed and equitable method of financing" is. The minister told us that this is a principal condition. Now, do we have it? We should have it. We should have the exact "agreed and equitable method." These are very precise words. It does not mean, surely, that we are going to work it out later and hope that every one will pay his share.

We have no information as to how that compulsory levy is to be made; how the money is to be collected. We have no reason to believe that we will not be left in exactly the same position we were left in Cyprus. I visited Cyprus and, unless my information is wrong, we are the only peacekeeping unit in the United Nations peacekeeping force in Cyprus that is paying its own way. We are told that the cost is $22 million to date. I am not against our forces being there. As a matter of fact, perhaps I should take this opportunity to say that I had a chance to go down the "Green Line," spend a couple of days with our troops, to interview men at all levels—from private soldiers to the commanding officer—and I came away from my look at that operation proud to be a Canadian.

● (2040)

Hon. Senators: Hear, hear.

Hon. Mr. Grosart: The troops there at the time were the famous Van Doos, and I can say to honourable senators the job they are doing is one that has won the admiration of the two sides, the Greeks and the Turks. I am sure that one of the reasons, perhaps the main reason, why we have been asked once again to participate in an international peacekeeping force is the reputation of our troops wherever they have been, in spite of some of the embarrassments I have mentioned, in spite sometimes of the intolerable conditions. And when I speak of this, I am not blaming the government or our defence authorities. Our troops have operated in intolerable conditions and conducted themselves on a level of soldierliness and discipline which has won the admiration of anyone I could talk to, and in that particular case those between whom they were keeping the peace.

The Leader of the Government has told us today that this apparently is to be a quite restricted operation. We are to be on the logistics side, and possibly we will contribute an air transport unit. I hope he will tell us if there is a clear understanding, at the present time, of the responsibilities that our troops will be expected to undertake, because here again we have the unhappy story of some of our other peacekeeping operations. In this respect I am thinking of Cyprus where I have it on the authority of our own people there that their obligations, their responsibilities, and their relations with other forces are anything but clear.

Incidentally, we have at the present time in Cyprus no civilian authority—for I believe, economic reasons. With a battalion of troops in Cyprus, somebody in the External Affairs Department, in his wisdom or stupidity—and I think the latter—decided to close our embassy there. At the moment, with a battalion of troops in Cyprus, we do not have one single person representing the civil power. I am sure those senators with extensive military experience will realize what an impossible and unfair situation that is for troops to be placed in.

As has been said over and over again, at this particular time we are faced with a *fait accompli*. As the Leader of the Opposition has said, there is really no choice. We cannot but vote for the resolution, for the simple reason that we must put ourselves in the position, I think, of approving this effort on the part of Canada to participate in peacekeeping around the world.

I concur in the tribute that the Leader of the Government has paid to the late Right Honourable Lester B. Pearson, who won a deserved Nobel prize for his initiative in this matter. It is an initiative that has brought a great deal of credit to Canada—and would have brought much more if in recent years it had been managed rather better than it has been.

I have one final question that I hope the Leader of the Government will find it possible to answer before we vote on this resolution. I ask: What is the intention in regard to our force in Cyprus? We are given to understand, although we have no precise figures and I hope we will have them, that there has been some diminution in that force as a result of this decision to participate in a new United Nations Emergency Force. My own understanding is that it could well be that our forces there, as part of the contingent in Cyprus, were already under strength. Certainly it seemed to be the wish that that battalion be brought up to full strength, with the sending of the company that has been left at home to help them out. There seems to be evidence now from various dispatches that our force is spun out far too thin along that very dangerous Green Line. I hope that we will be informed as to exactly what the situation is there. How many fewer troops have we there than we had a month or so ago?

I have not given the Leader of the Government notice of these questions and perhaps it is unfair to ask him to respond at once, but I am sure with his vast knowledge of what is going on in such matters, even if I do not always agree with his decisions, he will be able in due course to answer these questions, which I might say have not been answered to my knowledge anywhere.

[Hon. Mr. Grosart.]

Hon. Mr. Forsey: May I ask Senator Grosart a question? I understood him to lay down the principle that Parliament ought always to be consulted before any action of this sort was taken. What would he do if Parliament had been dissolved and a crisis arose, in which it seemed desirable to take immediate action and Parliament might not be available for some weeks at least, possibly months?

Hon. Mr. Grosart: Honourable senators, I may say to Senator Forsey that that question has been asked a hundred times whenever this matter arises. Of course, the answer is that Parliament can be called. We have had examples recently—such things as railway strikes. There is no possible problem whatsoever, in my view, in calling Parliament to meet. Parliament can be called together in 24 hours.

Hon. Mr. Forsey: Honourable senators, I am sorry to interrupt but the Honourable Senator Grosart has not caught the point of my question. I said "when Parliament had been dissolved." Last summer, at the time of the railway strike, Parliament had not been dissolved. But after Parliament has been dissolved a certain length of time is required to hold an election and a certain length of time is required for the return of the writs, and the new Parliament cannot legally come into existence until the writs have been returned.

I speak subject to correction by honourable senators learned in the law, but I think this is the case, and I think documents will show that a very considerable period can elapse between one Parliament being dissolved and another new Parliament being legally competent to meet; and during that period it may be necessary in some international situation for the government to act immediately and not wait some weeks or even months for the Parliament to be called.

Hon. Mr. Flynn: That is not the only case.

Hon. Mr. Grosart: Honourable senators, on recollection, Senator Forsey, I did not take your question quite too clearly. I missed the word "dissolution" but you did use it. That question also is an old one and the answer is equally obvious. If the principle is that Parliament shall be called, then Parliament will be called, if Parliament can be called. I need hardly argue the point that if there is no Parliament the principle is still there but is not operative. That does not in any way affect the principle that Parliament shall be called. Of course, in the case of a resolution to that effect—and the resolution I discussed concerned only the peacekeeping operations—if Parliament were in dissolution, then the policy would provide for that special case. This has been discussed. Mr. Mackenzie King many years ago discussed this kind of policy in which he took that very matter into consideration. This can be arranged as part of the policy. It could be that the old Parliament could be called back. I do not know what the decision might be. Of course it could be.

Hon. Mr. Flynn: I think the government has no mandate in any way under those circumstances.

Hon. Mr. Grosart: I do not know. Some may say that the government has no mandate, can do nothing. I would not agree with that. I would agree that the right policy can be laid down which would provide for this very difficult situation that Senator Forsey suggests.

• (2050)

Hon. Mr. O'Leary: Honourable senators, before the government leader replies to Senator Grosart, may I ask him this question? He says that the Secretary General of the United Nations has given a guarantee that the UN will pay the cost of this operation.

Hon. Mr. Martin: No, not a guarantee.

Hon. Mr. O'Leary: Well, at least he has said so.

Hon. Mr. Martin: No.

Hon. Mr. O'Leary: Well, that is what my friend said.

Hon. Mr. Martin: No. What I said was that there would be an obligation on the part of the membership of the United Nations.

Hon. Mr. O'Leary: Well, there would be an obligation; but we have no guarantee at all, because if he cannot collect the dues of the members of the UN, and they are now in arrears, how in the name of God is he going to collect $30 million for peacekeeping?

Hon. Mr. Martin: If I may, Senator O'Leary, I will answer that in my later remarks.

Hon. Ernest C. Manning: Honourable senators, I concur in the conclusion expressed by the Leader of the Opposition and by Senator Grosart, that under the circumstances we in this chamber really have no alternative but to endorse this resolution approving the use of Canadian personnel as part of the peacekeeping force in the Middle East. It is hard, however, to escape the conclusion which also has been expressed that it is an affront to Parliament for the government to seek such approval after it has already committed Canadians to this role and when in fact the Canadian personnel are already in Egypt.

There have been many debates on this question of whether a government should act without the consent of Parliament in matters of this kind. A good case can be made for drawing a distinction between committing the armed forces of a country to a theatre of conflict; that is, to participate in an actual war, and committing men to play some role in a peacekeeping force. I think the Canadian people would have respect for the government in the latter case if the government made the decision, carried it out and then assumed full responsibility for its decision. What many Canadians find offensive is for the government to make a decision which cannot be reversed, and then, after it has been implemented, seek to shift responsibility by calling upon Parliament to endorse what has already been done. That is the most regrettable part in this whole exercise.

I would not criticize the Government of Canada if it had made the decision and sent these men and then stood by that decision and taken the full responsibility for its actions. But having made its decision and having already sent the men, it is not appropriate for the government to come to Parliament now and say, "We want your endorsation so that if things do not work out as we hope they will, you will take the responsibility, not us."

There is another aspect to this matter which it is not inappropriate to comment on when debating a resolution of this kind. Canada withdrew from her peacekeeping role in Vietnam because she became convinced that the exercise had no possibility of succeeding. I suggest that Canada, and all the other nations concerned with the situation should be under no illusions as to the very slim hope of success which attaches to the present efforts to establish a lasting peace in the Middle East. The demands of the Arab states on the nation of Israel, and the similar demands contained in the earlier United Nations' resolution, are such that anyone acquainted with the geographic boundaries of the nation of Israel as they were before the six-day war must surely understand why that nation would find it almost impossible to accept those demands. The situation has been rendered even more serious by the interjection of a new element that up to now has not been present in the long, troubled history of conflict in the Middle East. I refer to the oil boycott, which can only be described as the use of economic blackmail by the Arab states, to try and force other nations, dependent on their oil, to pressure Israel into accepting conditions which Israel has made abundantly clear she is not able to accept, because her survival is dependent, to a large extent, on her rejecting those conditions.

• (2100)

This use of economic blackmail contains the seeds of strife and animosity between nations that was not among the factors involved in the Middle East conflict before. Taking this new element into account, along with the fact that Israel, for obvious reasons, has repeatedly rejected the demands of the United Nations and the Arab states for a complete withdrawal to the position she occupied before the six-day war, in my view it is unrealistic to pin our hopes on any success coming out of the present attempt to establish peace in the Middle East. If this conclusion is valid, I hope the Government of Canada took these factors into account before committing Canadian forces to a peacekeeping role where the hope of success is certainly no greater, and may well be less, than the hope of success in Vietnam, from which Canada withdrew because we were not able to serve a worthwhile role. I hope time will prove that this conclusion is wrong, but I am very much afraid, in the light of history, that such will not be the case.

Hon. Sidney L. Buckwold: Honourable senators, I had the privilege of being attached to a Canadian delegation as a parliamentary observer during the week of October 14 to 21 of this year at the United Nations, in New York. Some of my colleagues have also had that privilege, and I am certain they found it a very interesting and stimulating experience.

It was perhaps my good fortune, from the point of view of what was going on, to be there during the height of the Middle East crisis. Although I was not there in person on the night of Sunday, October 21, when the Security Council met in the late evening, and continued well into the early hours of the morning, I watched it completely on television. The meeting was called at a time when I did not know that we would be there. I did, however, listen to the entire debate, and I experienced, along with some of my parliamentary colleagues the underlying pressure, the feelings of frustration, and then the glimmer of hope, that pervaded the atmosphere at the United Nations during that very tense week.

It was a week that could easily have ended in worldwide disaster. I do not think any of us were naïve enough to believe that it was not an explosive situation. It was very quickly obvious to all there that we were not just dealing with Israel and the Arab nations but, in fact, the superpowers, the U.S.S.R. and the United States, who were very much involved in this great, almost international, confrontation. Therefore, it was with a feeling of real relief that I and others who were there finally heard, in the early hours of that tense session of October 21-22, a cease-fire resolution adopted.

In answer to Senator Grosart's observation, the Chinese position was one of completely ignoring the vote. They refused to participate; they did not like the resolution. They made it quite clear that they did not like what the U.S.S.R. had to say, and they did not like what the United States had to say. They certainly did not like what Israel had to say. They just did not participate.

My feelings, as I listened to this and experienced the relief produced by the fact that the shooting war was, hopefully, over, were that it was important, as soon as possible, to have a peacekeeping force in the area to protect the very tenuous and fragile situation which existed—a situation which momentarily, even with the ceasefire, could have broken out again into an open conflagration, and one which would have been perhaps beyond the power of the United Nations, or anybody, to stop. This was obvious from the recognition by the U.S.S.R. that they wanted to have troops present. Perhaps the United States was not far behind. It was a very tense situation.

The point I am really leading up to is that I, for one—and, as I say, perhaps some of my colleagues—felt immediately that Canada had a role to play there. Canada, of all the nations, had a contribution to make, and I was hopeful that as soon as possible Canadian troops, with their vast experience in peacekeeping roles around the world, especially in that particular area, would be there, using their experience and their judgment to protect the situation. For this reason I was happy when the Canadian government saw fit to accept the invitation of the United Nations to participate in a peacekeeping role.

I was a little disappointed in Senator Grosart, because I know how anxious he is for peace. Yet he kept referring to "the criteria," as if saying, "We've got one, two, three: these are the kinds of things we hope will happen."

It seems to me, forgetting all the commentary, that the major objective is that we have Canadians, and others, there, who will use their good offices and their facilities to maintain that peace. I think this is really the role that Canada has. It is a reflection of our sincere desire to do our very best to contain what could be a dangerous situation, and to make a contribution to peace in the area.

I appreciate the comments of Senator Manning. He has pointed out that permanent peace is very difficult to negotiate. The United Nations Resolution No. 242 really depends on how it is interpreted. To secure borders, defensible borders, recognizable borders, for all of the participants is a very debatable point, and this is where that solution has had difficulty. Nevertheless, as the government leader has pointed out, the results have led to a glimmer of hope.

[Hon. Mr. Buckwold.]

• (2110)

I am the first to say, along with Senator Manning, that it is a long, difficult road, but the very fact that the two parties, Israel and Egypt, have met together for the first time in 25 years, and that there has been an exchange of prisoners, shows, I think, that both sides have now come to appreciate the gravity of the situation in a much more realistic manner than they did before. The fact that they are now prepared to negotiate previous intransigent positions does lead to some hope that that peace for which all have searched can be achieved. At any rate, I am sure we all hope so.

Honourable senators, it is certainly better to have it this way than simply to say, "There is no hope, give it up." That would be a terrible attitude on the part of Canada, on the part of the United Nations, or on the part of the participants themselves. Somehow or other these problems have to be worked out. We cannot continue to have a war that is a danger not only to the parties involved but to the whole world, every few years, as has been the case in the past. Therefore, I believe the resolution in front of us deserves support.

It could be argued, as has already been pointed out, and depending on which party is in power and which party is in opposition, that these things should not be carried out in this *ex post facto* manner. In fact, my learned colleague, Senator Flynn, has pointed it out. But when we look at the actions of governments, both Liberal and Conservative, which have used this method, I would suggest that there are times when action is required immediately. It is possible to have a situation in which a period of two or three days can make the difference between peace and war. This, in my view, constitutes the difficulty in adopting the resolution that Senator Grosart would like to put in front of us. Sometimes this action takes place at once. My memory may be wrong, but when the situation in Cyprus arose—notwithstanding the ambivalent speech we heard from Senator Grosart, in which on the one hand he criticized and on the other hand he extolled—the Cyprus force came into being very quickly and again, I believe, on the instigation of the Canadian government to a very large extent. This was done because the situation was urgent, and because it was urgent it was done at once. I think that that is the weakness in the argument put forward by members of the Opposition.

So, honourable senators, I feel the Canadian government has once again shown its leadership in this field. It has shown that it does care, and is prepared to make its contribution as a government and as a country to the peace and future security of the world.

Hon. Paul Martin: Honourable senators—

The Hon. the Speaker: Honourable senators, I wish to inform the Senate that if Senator Martin speaks now, his speech will have the effect of closing the debate on this substantive motion.

Hon. Mr. Martin: Honourable senators, a number of questions have been asked, and all on the Opposition side have been united in their criticism of the government because the government has placed before Parliament a resolution somewhat after the event. They have thereby concluded that there is a violation of constitutional prac-

tice in that, before the government should permit the despatch of troops outside the country, there should be prior approval by Parliament itself. I wish to address myself to this problem first, honourable senators.

I would remind the house that on February 8 of this year we had a discussion of this problem. This will be found at pages 223 and 224 of Senate *Hansard* of that date. I refer particularly to the observations made by Senator Forsey, who pointed out among other things something which I hope to be able to show is the constitutional position, when he said that:

> Parliament . . . has, of course, power over the executive. But that is another matter. Parliament can advise, instruct, and limit the executive, both by statute and also by resolution. The House of Commons can remove the government, or force it to appeal to the people of the country. But Parliament cannot, and the House of Commons cannot, perform executive functions.

I understand fully the reasons for the argument put forward by the Leader of the Opposition, and also by Senator Grosart. I can very well understand at a time when the process of democratization is greater than perhaps at any other time, even this traditional executive function should be exercised only after Parliament has expressed itself, and not before the executive has taken action in accord with its constitutional responsibility. In every situation where we had established a peace force under the United Nations, or an observer force under some other auspices such as that in 1954 in sending observers and members of a truce commission to the three Indo-China countries, the action, in every case, was preceded by executive action. Parliament has not been called upon to approve the sending of observers, but where substantial numbers of armed forces were involved, the executive has made its decision in accordance with its executive function and authority, and has given Parliament an opportunity to approve or reject that decision.

In recent years this first came to the attention of Parliament in 1950 when the then Prime Minister of Canada, Mr. St. Laurent, a constitutional lawyer of great note, said:

> The intention of the government is that if any other service should be required of this special force, . . .

He was referring to the force in Korea—

> . . . which of course is not being created solely because of the Korean incident, if any police action, for instance, that has a warlike character should be required of it, elsewhere than Korea, the government of course would have to make its decision, but it would immediately call parliament, make that decision known and leave it to parliament to approve or disapprove of it.

That is exactly what we are doing here. Senator Flynn asked; "Why couldn't Parliament have been consulted before we get involved?" Senator Grosart said that Parliament should approve first. Senator Manning said it was an affront to Parliament for us to present this resolution at this stage, after the executive had taken its decision by Order in Council and announced to Parliament.

When Mr. St. Laurent made these observations, which can be found at page 495 of House of Commons *Hansard* of September 8, 1950, the Honourable Howard Green, who later became Secretary of State for External Affairs, asked the Prime Minister:

> May I ask the Prime Minister whether there will be a resolution authorizing the sending of troops to Korea?

And here is what Mr. St. Laurent, the then Prime Minister, replied:

> No, sir; that would be something which has never been done. The government announces to Parliament what its policy is, and asks Parliament for the ways and means to carry it out. It is for that reason that we have our appropriation bill. If Parliament does not authorize the ways and means to carry out the policy, it cannot be carried out. If Parliament, on the other hand, on any motion of non-confidence, expresses its disapproval of the conduct of the government, of course the government resigns and some other group forms a government to carry out the will of the Canadian people as expressed by their representatives in Parliament.

● (2120)

And I would say the same. There is nothing to prevent the House of Commons, where the tenure of the government can always be tested, from expressing its disapproval of a foreign policy decision, particularly one involving the sending of troops outside the country.

What happened in 1956 when the emergency force was set up in the Middle East? Mr. St. Laurent on that occasion—and his words will be found in *Hansard* of November 26, 1956—pointed out that an Order in Council had been passed by the government on November 20, several days before Parliament was called upon to deal with the matter. He then restated the view that he had expressed and which I have just quoted, a view which had to do with the Korean conflict, and continued as follows:

> That has always been the constitutional requirement and the constitutional practice, that the government has to take the responsibility of making a decision and then put itself in the hands of Parliament so that Parliament may determine whether it will provide the funds to implement that decision or whether it will refuse to provide the funds and get another government to carry out the policies that Parliament wants to have carried out.
>
> That has always been the position and that will always be the position so long as this party has the responsibility for public affairs in this country.

Then we had another peacekeeping operation in 1960, in the Congo—the most serious of all of the peacekeeping operations of the United Nations, and involving many thousands of troops. This happened during the time of the government of Mr. Diefenbaker. Mr. Diefenbaker had an Order in Council passed committing the Canadian government, pursuant to a General Assembly resolution, to participate in the Congo force. When Parliament debated the motion calling for approval of the government's decision there were in the Congo 700 Canadians, part of that force that had been dispatched as a result of a decision of the Government of Canada. Mr. Diefenbaker said—and his words are to be found at page 7328 of *Hansard* for 1960:

> Those are the two resolutions upon which action is now invited and the approval of parliament asked. The constitutional position in this regard—

And I ask Senator Grosart to listen carefully.

> —was set forth by the former Prime Minister, Right Hon. Louis St. Laurent, on November 20, 1956, when an order in council was passed which authorized the maintenance on active service of not more than 2,500 officers and men as part or in immediate support of the United Nations emergency forces in the Middle East.

Then he went on to explain why this was the case and why he found himself in full agreement as, indeed, he had been earlier with this declaration of the constitutional position, which is prevalent in this country, in the United Kingdom. I cannot conceive of any country in the world where it is not. How else could the foreign policy of the country be conducted? Mr. Diefenbaker concluded as follows:

> What have we done? What has been Canada's contribution? I simply outline it for the record without going into particulars. Following the initial request the government authorized the secondment of five Canadian officers who volunteered from the United Nations truce supervisory organization in Palestine. Three of the five are now in Leopoldville.

This was before the resolution had been decided upon in the House of Commons. Mr. Diefenbaker continued as follows:

> When it was reported that there was the risk of a food shortage the government decided to provide pork and dried powdered milk, to which reference has already been made. Then there was a request for signals and logistic support.

Just as we have in the situation before honourable senators tonight. Mr. Diefenbaker continued:

> On receiving that request, Canadian and United Nations authorities consulted as to the precise needs to be met in the Congo.
>
> On July 28—

This is before the resolution had been submitted to Parliament—a situation which Senator Manning said was an affront. If it is an affront tonight, it was an affront then. Mr. Diefenbaker stated correctly the constitutional practice and position. He said:

> On July 28 Canada authorized provision for the United Nations force in the Congo of up to 500 Canadian armed force personnel including a signals detachment numbering some 200, as well as a small Canadian headquarters detachment. Arrangements for sending the selected personnel to the Congo are going forward—

"Are going forward," and then these words:

> —and Parliament is now being asked to approve the action in this regard.

That is the constitutional position.

Hon. Mr. Flynn: It is not the same. The honourable Leader of the Government is mixing up the whole thing, as usual, because Mr. St. Laurent said it was not necessary to seek approval of Parliament. Now the Leader of the Government is taking the position of Mr. Diefenbaker, who was asking Parliament, but not after the whole thing had been decided.

Hon. Mr. Martin: Not after the whole thing, but after troops had been sent to the Congo.

Hon. Mr. Flynn: Oh, yes. That is quite different.

Hon. Mr. Martin: No, the situation is precisely similar, because we have not yet completely complied with the request made of us by the Secretary General, any more than Mr. Diefenbaker had.

Hon. Mr. Flynn: But we have complied with most of it.

Hon. Mr. Martin: The point is that Senator Flynn says I have not stated the situation correctly. The fact is, as I have read, that Mr. Diefenbaker concurred in the position taken by Mr. St. Laurent.

Hon. Mr. Flynn: But he did more.

Hon. Mr. Martin: He concurred in respect to the situation in 1956 and then, when he was confronted with the situation in 1960, he took exactly the same course, and the only course that could be taken, as Senator Buckwold has said. If we wish to deal with a situation such as this, how else can we do it? We must act as quickly as possible, and in accordance with the request, if we wish to accept it, made of us by the Secretary General in order to make it effective just as quickly as possible.

The question was raised during the debate in question, I believe by Senator Forsey: What happens if Parliament is not sitting? This is covered in section 32(1) and section 33 of the National Defence Act, chapter 184, Revised Statutes of Canada, 1952. Section 32(1) provides:

> The Governor in Council may place the Canadian Forces or any Service, component, unit or other element thereof or any officer or man thereof on active service anywhere in or beyond Canada at any time when it appears advisable so to do
>
> (a) by reason of an emergency, for the defence of Canada, or
>
> (b) in consequence of any action undertaken by Canada under the United Nations Charter, the North Atlantic Treaty or any other similar instrument for collective defence that may be entered into by Canada.

Section 33 covers the question of prorogation, reading as follows:

> Whenever the Governor in Council places the Canadian Forces or any Service, component or unit thereof on active service, if Parliament is then separated by such adjournment or prorogation as will not expire within ten days, a proclamation shall be issued for the meeting of Parliament within ten days, and Parliament shall accordingly meet and sit upon the day appointed by such proclamation, and shall continue to sit and act in like manner as if it had stood adjourned or prorogued to the same day.

● (2130)

The purpose of that, as Mr. St. Laurent went on to explain, because it was his administration that brought in—

Hon. Mr. Flynn: What year was that?

Hon. Mr. Martin: In 1952.

Hon. Mr. Flynn: It was after 1950.

Hon. Mr. Martin: We are dealing with 1952. He brought that in, and he explained why—so that Parliament could, in such circumstances, be given the opportunity to ratify or reject the decision of the government within the terms of sections 32 and 33. This is what Mr. St. Laurent said:

> When this bill is passed—

That is, the bill amending the National Defence Act.

> —and becomes law it is the intention of the government to comply with the letter and spirit of section 33 in so far as its policy has been announced with respect to Korea. The intention of the government is that if any other service should be required of this special force, which of course is not being created solely because of the Korean incident, if any police action, for instance, that has a warlike character should be required of it elsewhere than Korea, the government of course would have to make its decision—

I repeat, "The government ... would have to make its decision."

> —but it would immediately call parliament, make that decision known—

As Mr. Diefenbaker did.

> —and leave it to parliament to approve or disapprove of it.

What could be clearer?

> I think that is the only way the Canadian people would feel they were getting the protection they expect from their representatives.

So there can be no doubt about the constitutional position. I respect the right and the view of those who say that that constitutional practice is wrong. I respect the suggestion of Senator Grosart that it should be corrected. However, I say to him that it is not possible in these situations to deal with the demand placed on the government by the Secretary General of the United Nations unless this constitutional practice, well-known and long-established, continues to be the practice in Canada.

Hon. Mr. Flynn: May I ask the honourable Leader of the Government a question? He has quoted from the National Defence Act, after the 1950 speech of Mr. St. Laurent telling us about the constitutional practice. However, under this act the government has the obligation to recall Parliament within 10 days. If Parliament is sitting at the time the government makes a decision, why not seek approval right there and then?

Hon. Mr. Martin: We have already dealt with that.

Hon. Mr. Flynn: No, you have not. You have mixed up the situation.

Hon. Mr. Martin: The Leader of the Opposition asked why Parliament could not have dealt with this matter before the government acted.

Hon. Mr. Flynn: I did not say that.

Hon. Mr. Martin: The honourable senator asked why Parliament could not have been consulted before the government became involved.

Hon. Mr. Flynn: That is right. At that time it was the duty of the government to seek the approval in principle of Parliament. It did not do so. A month and a half has passed.

Hon. Mr. Martin: Senator Grosart asked me about a reduction of forces in Cyprus. There has been some misconception. I believe I saw something in the newspapers about this. The fact is that our forces have not been reduced in Cyprus because of the Middle East situation. Our forces are up to strength. The total number of troops is approximately 540.

It is true that because of the Middle East situation, Swedish, Finnish and Irish troops were despatched from Cyprus to the Middle East. It is also true that Canadian troops, together with British troops, replaced them in Cyprus. This did not in any way affect the normal responsibilities of the Canadian force, and its strength to day is up to required capacity.

With regard to the question of payment for the operations in Cyprus, it is true that some contributors pay more than others. The British are the only ones who pay their own expenses. We recover a portion of the cost of maintaining a contingent in Cyprus. Admittedly the Cyprus financing situation is not ideal, but we had no alternative. There was no money in the United Nations exchequer.

It became clear that there was going to be a war in Cyprus. Indeed, it had already begun. Turkish bombs were about to be dropped on Cyprus the very day that Parliament approved the government's decision to establish a force, which had already been acted upon, some troops having already left that afternoon.

The only way that a force could be established—and no one knows that better than I, because I was the one involved, being at that time Secretary of State for External Affairs—was for a voluntary fund be set up to be contributed to by Canada, Great Britain, the United States and some other countries, and to include participation in the force of Irish, Finnish and Swedish troops.

In order to enable the force to come into being, we were prepared to bear a disproportionate share of the cost. Looking back on that event, I consider that we did the right thing, and I believe the Canadian people agree.

Hon. Mr. Grosart: For nine years?

Hon. Mr. Martin: Yes, for nine years. Nine years is a long time. That fact disturbs me. As one who has devoted a good deal of time to peacekeeping, I say it is not good to maintain a peacekeeping force for an endless length of time. However, we were faced with a fait accompli. We are still faced with the fact that discussions between Greece and Turkey have not resolved the matter; nor has it been possible to reach an understanding between the Turkish and Greek Cypriots on the island.

Hon. Mr. Grosart: May I say—because I know that the honourable the Leader of the Government has no wish to either misunderstand or misinterpret me—that my interjection of "nine years" was not an objection to the force being there for that length of time. My view is that a peacekeeping force should remain on the job, and is completing its mission as long as it is keeping the peace. My point was that in the whole of that time we have continued to bear that heavy expense without, apparently,

being successful in getting others to do the same. I am not referring to the British, because they are in an entirely different position. They are on their own sovereign bases, which is not the same league as the UN force.

Hon. Mr. Martin: I agree. Senator Flynn complained, as did Senator O'Leary the other day, that we found our association with the Poles on the International Control Commission difficult. There is no doubt that is true. Our points of view were different. However, this is not a related matter.

Poland is a member of the United Nations. It is up to any member of the United Nations, and particularly a member of the Security Council, to cast its vote as it sees fit, and, if it is a superpower, to make the non-exercise of the veto dependent upon the components of the force.

An objection to Canadian participation was taken in the first instance by the Soviet Union because Canada was a member of NATO, and there was no member of the Warsaw Pact group. The Soviet Union has a right—even though we do not agree with it—to take that position. She insisted, in the final stage, before agreeing to Canada's participation, that Poland should be represented on the force.

Were we to say to a sovereign power, a country whose vote and power of veto could have destroyed the whole effort, "We are not going to be represented on the force because Poland is a member of it?" We could not have adopted such a position. We are now consulting with Poland and the Secretary General with regard to arrangements for joint participation in bearing the responsibility for logistics. I indicated in my statement in chief the division of responsibility for the logistic operation to be maintained by Canada and Poland.

Hon. Mr. Flynn: Why establish criteria?

Hon. Mr. Martin: Criteria have nothing to do with this.

Hon. Mr. Flynn: You are saying that there are no circumstances under which Canada could have said no.

Hon. Mr. Martin: Canada could have said no at any time, but I do not think Canada could have said no given all the circumstances and the criteria which we postulated, all of which, admittedly, were recognized as criteria that may be difficult to fully observe at every moment. They will be difficult. No one is going to say right now that there is full freedom of movement. There isn't. I do not know of any peacekeeping force situation that has presented absolute freedom of movement of the forces. I well remember that for two years in Cyprus, in spite of the terms of reference agreed to by the Government of Cyprus, it was not possible to get full freedom of movement.

● (2140)

It is true, as Senator Grosart pointed out, that one country on the Security Council has said it would not pay. That is what happened in UNEF itself. The Soviet Union and France always said that they would not pay for certain peacekeeping operations, unless the decision to establish the peacekeeping force was one undertaken by what they thought was the only body that had authority to establish such a force, the Security Council. Nevertheless, that did not prevent an advisory opinion of the International Court of Justice to the effect that this was an obligation on the part of all members. There will, undoubtedly, be some member countries that will not bear their share of the cost. It will then be up to the whole membership to consider the implications of article 19 of the Charter. That may be, as we found in 1964-65, a dangerous thing to undertake, but it may well be a position that some countries would take.

I believe I have dealt with most of the questions. Senator Manning closed his speech by saying that there was no hope for peace. Senator Manning is a man of considerable experience. He is entitled to that judgment. I must say that my nature does not cause me to take that ultimately pessimistic view. I do not think that any human situation defies solution. I believe that there are indications that in this particular set of circumstances, particularly because of the attitudes of the two superpowers, something that was not present in 1967, there is some basis for thinking that there will be negotiations between the parties; that there will be influences brought to bear that might lead to a just settlement. That is the point of view that I have with regard to this measure.

In any event, whether it is hopeful or hopeless, I believe that the course the United Nations has taken, the course that Canada, once again, has taken in pursuit of its commitment to the Charter of the United Nations, is a move calculated not only to maintain our prestige as a peace-minded country but to strengthen the peacemaking capacities of the United Nations itself.

Motion agreed to.

The Hon. the Speaker: Ordered: That a message be sent to the House of Commons to inform that House that the Senate has adopted a resolution approving the Government's decision that Canadian Forces participate in the United Nations Emergency Force in the Middle East and has filled up the blanks therein with the words "Senate and".

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Statement showing Classification of Loans in Canadian Currency of the Chartered Banks of Canada as at September 30, 1973, pursuant to section 119(1) of the Bank Act, chapter B-1, R.S.C., 1970.

COOPERATIVE CREDIT ASSOCIATIONS ACT

BILL TO AMEND—THIRD READING

Hon. Maurice Bourget moved the third reading of Bill C-183, to amend the Cooperative Credit Associations Act.

Motion agreed to and bill read third time and passed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, November 20, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Economic Council of Canada, including financial statement certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 21(1) of the Economic Council of Canada Act, chapter E-1, R.S.C., 1970.

PUBLIC WORKS

ART ADVISORY COMMITTEE—NOTICE OF INQUIRY

Hon. Mr. Forsey: Honourable senators, faint yet pursuing, I wish to give notice that I will inquire of the government on Thursday next, November 22, 1973:

1. Who are the members of the Art Advisory Committee of the Department of Public Works?
2. When were they appointed?
3. For what terms of office?
4. What is the remuneration of each member?
5. What are the qualifications of each member?

I was tempted, honourable senators, to say "presumed qualifications," but I thought that would probably be out of order.

Hon. Mr. Flynn: You are always tempted; I know that.

Hon. Mr. Martin: But he is never able to do anything about the temptation.

Hon. Mr. Flynn: He doesn't know what to do about it.

Hon. Mr. Martin: He is not alone.

FOREIGN AFFAIRS

MEETING BETWEEN MR. SHARP AND MR. GROMYKO—NEWSPAPER ARTICLE—QUESTION

Hon. Mr. Flynn: Honourable senators, may I ask the Leader of the Government whether he has anything to say about the news that appeared in this morning's Montreal *Gazette* about the meeting between the Secretary of State for External Affairs and Mr. Gromyko?

Hon. Mr. Martin: Yes. Mr. Sharp met with Mr. Gromyko and, as we know, also he is going to meet with Premier Kosygin. Mr. Sharp has had a discussion about immigration policy problems, unification of family problems, matters having to do with the Middle East. Knowing Mr. Sharp as I do, I am sure there was a very satisfactory exchange of views.

Hon. Mr. Flynn: I have a supplementary question. Does the Leader of the Government think that he would have been able to avoid the answer Mr. Gromyko gave Mr. Sharp?

Hon. Mr. Martin: I saw the headline in the *Gazette*. I do not think it was supported by the story.

Hon. Mr. Flynn: I see.

Hon. Mr. Martin: I do not think I can add anything to it.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—SECOND READING

The Senate resumed from Thursday, November 15, the adjourned debate on the motion of Senator McIlraith for the second reading of Bill C-2, to amend the Criminal Code.

Hon. Allister Grosart: Honourable senators, my comment on the bill will be brief, which is not to say that I am not aware of the very great importance of the substance of the bill—the question of the abolition or the retention of capital punishment for certain kinds and degrees of murder.

I do not myself have strong opinions either way at the moment. I have listened to the evidence and have tried to weigh it as carefully as I could, but I must say that the arguments on neither side have fully convinced me that at the moment there is a definitive answer to the question that can be given by law. That might suggest, therefore, that I should be voting for this bill.

The bill is a compromise between viewpoints and if it were an honest compromise I would be voting for the bill. Compromise is often the best answer to a difficult question in a situation where politics is, as always, of course, "the art of the possible." However, my predisposition is to vote against the bill for a number of reasons. First, Parliament decreed that there should be a trial period when murders should be designated as capital murder or non-capital murder and that there should be certain sentences carried out under certain circumstances in each case. I, for one, welcomed that trial period. I thought at that time it was a good answer; I think it would have been a good answer if certain people, Cabinet ministers, had not frustrated the will of Parliament, which was that there should be a trial period and that there should be certain consequences for different kinds of murder.

● (1410)

I believe that if the Cabinet had not thwarted the will of Parliament we would be able to solve this problem today. We would have known the results of the compromise which was made, a compromise between the two kinds of murder. It is true that we might have had, and probably

would have had, some executions, if such executions were warranted by the law and the very far-reaching safeguards provided by the law at the various levels of jury, judge and the Cabinet itself. I cannot, naturally, say that there were no cases in that time when the law should not have been carried out, but the evidence indicates that there was a definite decision, or a series of decisions, by the Cabinet that they would not carry out the law as it stood. The result is that we have not had a trial period.

Hon. Mr. Martin: That is not correct.

Hon. Mr. Grosart: And now we are asked to approve another trial period. It indicates to me that this bill is not the compromise that it appears to be on the surface. I said it was not an honest compromise. As I read the bill, for all practical purposes it provides for the abolition of capital punishment regardless of the law as it stands. That has been the record of the government. I must say that I would not want to be one of those who would have to make the decision in Cabinet not to commute the sentence, even where there has been no recommendation for mercy from either judge or jury. Obviously, it is a grim responsibility to place on a Cabinet, but it is a responsibility which must be there under our system of law where there will always be an appeal to the foot of the Throne. I say I would not like the responsibility, but there are many responsibilities of high office, particularly of executive office, which are onerous; the fact that they are onerous does not justify avoiding them.

There is also, it seems to me, considerable evidence that the will of the public is not in favour of this kind of back-door abolition of capital punishment. I do not want to over-stress that, because I know that we do not have in our country a system of government by plebiscite, although plebiscite has been resorted to under some extreme circumstances, at least on one historic occasion. I am not saying that opinion polls are always necessarily correct, but the evidence that I have seen indicates that a very high proportion of the public will is that the present law be carried out, that capital punishment be retained for certain degrees of murder.

Now, my eloquent seatmate has put one position, and I have great respect for it. He has said, I think publicly, but certainly to me, privately, that he will not subordinate his conscience to the "tyranny of democracy." As I say, I respect that opinion. On the other hand, we are living under a system which we call, "representative parliamentary democracy," and the assumption there is that the will of the people is to be carried out when clearly expressed through their elected representatives. I know there are other views, but it seems to me that this is what democracy is all about.

I do not deny that it is the responsibility of government—of the governors—to lead the governed and to attempt to guide public opinion in the directions which the government think are proper. I do not deny that. It is a responsibility. It seems to me, however, that if they fail in that, as they have failed at this particular time, then they have a responsibility to carry out the will of the people if they believe it to be clearly expressed. They have not carried out the will of the people, the will of the public, or the will of Parliament, so far, and there would appear to me, then, to be no reason to believe that they will do so in the future under the terms of this bill.

I have been very much impressed by the arguments put forth on both sides. I have been impressed by the evidence that the majority—the vast majority—of criminologists and social workers do not favour the retention of capital punishment. On the other hand, I have been impressed by the opinions and facts brought forward by law enforcement officers—humane law enforcement officers—and some judges, that in certain circumstances the law should provide for capital punishment for certain degrees of murder. I was particularly impressed with the arguments put forward by Senator Hastings. It was one of the finest speeches I have heard here. I was not in full agreement with him, but he came very close to persuading me to become an abolitionist. However, I went upstairs and started to think about it, and perhaps some of the old arguments came back to me, so I was not, and am not, quite convinced.

I have not always been impressed with the arguments put forward by abolitionists. It seems to me that very often, in their zeal and eagerness and emotional commitment, they have gone too far. We have had the argument, for example, that if a certain kind of murder is committed, society is to blame. Well, of course society is to blame. Society is to blame for every breach of the law, no matter at what point in the law the breach may occur. So, I am not impressed with that argument. Society is to be blamed for every theft; society is to be blamed for every illegal sit-in and taking over of somebody else's property; society is to be blamed if there is illegal picketing; society is to be blamed if we park our cars irresponsibly where they should not be. I repeat, that argument does not impress me, nor am I impressed with the argument that if capital punishment is carried out, then the government, our government, associates itself with violence. Of course our government associates itself with violence, every time it encounters violent crime. Every policeman who finds it necessary to arrest a man with a gun associates his government, whatever it may be, with violence. He is going to meet violence with violence.

● (1420)

I am not saying that that is an argument for meeting the crime of murder, the most serious of crimes, with violence. I am merely saying that as an argument against capital punishment it does not impress me. I would really be more impressed if those who are so concerned about violence—violence on the part of the government in executing capital punishment—were doing much more than they seem to be doing and if they were much more emotionally involved in the question of violence on television. I would like to see this tremendous drive, this tremendous enthusiasm, this zeal which has gone into the abolition movement turned against violence on television. My own feeling is that if this were the case you would save many more lives than the drive for abolition will save.

I may be asked if I am against the bill and if I am not going to vote for it, what then would I substitute? I have given this a good deal of thought, and I am afraid I come back to the position that the decision under the law should still be left with the judge and jury. I have mentioned safeguards in the law as it stands, and there are a great

many safeguards. I still believe that the jury and the judge are closest to the facts, closest to the persons involved, and they are more likely to have, and, indeed, will have all the necessary evidence as to any emotional disturbance on the part of the accused, his problems, society's responsibility for the act he has committed, and so on. And in judging the man, honourable senators, they will also hear a great deal about the victim of the murder.

The main reservation I had was when Senator Hastings gave us those excellent examples which proved to me conclusively that certain murderers, who under a retentionist law would probably have been executed, can be reclaimed and rehabilitated. I accept that evidence, and I accept his plea that where this is possible a second chance seems to make a great deal of sense. But then I found myself thinking of the victims. They had no second chance. And this, it seems to me, is the kind of look at this problem you will have when a case is considered by a judge and jury.

I am all in favour of the retention of all the present safeguards, but under the circumstances existing and for the reasons I have given, my disposition remains, and will remain until I hear the final speeches on this bill, to vote against it.

Hon. Josie D. Quart: Honourable senators, may I first of all congratulate the sponsor of this bill, Senator McIlraith, for his clear explanation of its provisions. It was a very difficult assignment, and, I might add, a very thankless one, because Bill C-2 has not received general approval of Parliament or of the public.

Honourable senators, I assure you that I am no expert on the controversial issue of capital punishment, and with all the discussions pro and con, right or wrong, and all the quotations from the Bible being used right and left, one becomes very confused. However, one must arrive at a decision and vote for or against the bill according to one's conscience.

There is no new viewpoint that I can present which has not already been used repeatedly in the speeches in this chamber, the House of Commons, surveys, public forums, et cetera. All the traditional discussions for and against the death penalty have been aired. The debates on capital punishment have raised deep-rooted emotional feelings. Even members of the same family, such as my own, have different convictions. In my opinion, one of the strongest arguments against a return of capital punishment is the danger of executing an innocent person. No miscarriage of justice could be more dreadful and frightening to contemplate. But what shocks me most in many cases is the misplaced sympathy for the murderer, who does not deserve any, and the apparent lack of concern for the victim or victims and their families. The families are the ones who are left to mourn the loss of a loved one. They are the ones who deserve our sympathy and consideration, yet they are rarely mentioned. We talk about the value of life, yet what about the value of the life of the person who has been murdered?

In reviewing the suspension of capital punishment it would seem that according to the most recent polls and surveys the general public, the ordinary citizens, strongly favour restoration of the death penalty. I understand the latest survey indicates that 80 per cent are for capital punishment. It is undoubtedly the opinion of those who favour the death penalty that convicted murderers are a menace to society and rather than imprisonment for life with the cost to the taxpayers, it would be preferable to execute them and be done with it. That sounds very callous, but I have been told by those who deal with prisoners and parole that the murderer sentenced to life imprisonment, which now would be approximately 20 years, would prefer the death penalty. That seems difficult to comprehend, for my choice would be that while there is life there is hope. Capital punishment should not necessarily mean hanging, the electric chair, or the gas chamber. A more humane method should be adopted, such as an injection, as was suggested in the other place by Mr. Allan Lawrence.

Despite the fact that this bill is considerably more stringent than that passed in 1967, it is still the belief that in the future the Cabinet will continue to commute all death sentences, as has been the practice for the past 11 years. Early parole, at approximately 10 years, is now also taken for granted.

It is true that the person who commits a murder of passion because of jealousy, drugs, alcohol or fear for one's own life is guilty of a crime, but no reason whatsoever gives anyone the licence to commit murder. However, if the judge and jury recommend clemency in certain cases, the government would be justified in giving such recommendations sympathetic consideration. The retentionists claim that the death penalty is a deterrent, and I believe it could be a deterrent. However, it is an accepted fact that in the case of many murderers it is quite impossible to deter. They cannot be prevented from committing murder by either the threat of death or life imprisonment. These are the murderers who are guilty of deliberate, premeditated killings of the most brutal type. However, according to an eminent criminologist, Professor Bachelor of the University of Toronto, the death penalty has failed as a deterrent.

● (1430)

I recently read an article in which the author endeavoured to prove the failure of the death penalty as a deterrent. He referred to the reign of Henry VIII of England, during which over 72,000 thieves went to the gallows. Yet there was no reduction in crime. The penalty for pickpockets was death, and they were hanged publicly as a deterrent. But when the public thronged to the gallows to witness a hanging, the pickpockets in the crowd did a thriving business.

Perhaps it would be logical to defeat this bill in the Senate and recommend that a committee be set up without delay, with authority to examine fully qualified experts and to study all ramifications of this controversial problem. One wonders why the government did not set up such a committee at least two years prior to the expiration of the amendments to the Criminal Code in December 1972. Most studies argue that statistics provide inconclusive findings to judge the deterrent effect of the partial ban on capital punishment. This has been contested by others, but no final consensus exists to date.

Bill C-2 satisfies neither the abolitionists nor those who believe in capital punishment. It is an attempt to bridge the gap between abolitionists and retentionists, but with-

out much success. Therefore, after serious reflection on the numerous viewpoints, I cannot support this bill for renewal of the five-year plan.

Hon. John M. Macdonald: Honourable senators, it is not my intention to speak at any length on this bill. When practically the same bill was introduced in 1967, I voted in favour of it. However, I am not in favour of the present bill, and I propose to place on record the reasons for my voting against it.

As honourable senators will recall, at various times I have spoken in this chamber against capital punishment. I am wholly and totally opposed to it and have been for many years. I recall the first time that I heard a man condemned to death. I was a law student at the time, and in those days we were encouraged to attend the courts as much as possible. On one occasion a man had been convicted of murder. The judge informed him that under the law he had no alternative but to sentence him to death. The sheriff then placed on the head of the judge a small square of black cloth, and the judge uttered those dreadful words which were used at that time and which may very well be in use today. He said, "Prisoner at the bar, you shall be taken hence to the place of execution,"—here he mentioned a certain day—"and you will there be hanged by the neck until you are dead." The judge then added a pious good wish that God might have mercy on his soul.

It was at that moment that I began to say to myself, "This is wrong." I felt that no one man should have the power to condemn another to death, that no human being should be condemned to be led to execution like cattle in a slaughter house.

Honourable senators may say that this was an emotional reaction. I agree. But that emotional reaction served to awaken in me an interest in the subject. I have studied the subject to the best of my ability, and after examining the facts I have reached the conclusion that capital punishment is wholly wrong. I have listened to the speeches made in the Senate. I have read those that I did not hear, and those that were made in the House of Commons. Honourable senators, none of those speeches have weakened my conviction that capital punishment is wrong. Indeed, if anything, they have strengthened it.

Mention was made of sympathy being accorded the victim. Certainly, I have no sympathy for murderers. I have no sympathy for criminals. I have no sympathy for the viewpoint which says that society is responsible, that our educational system or our social system is responsible, or that we all share in the guilt of the murderer. Nothing of the kind. There is no validity in that viewpoint.

I believe that each man is responsible for his own actions. If he is responsible, he must, of course, bear the consequences. But the consequences should not be death. We have heard it argued that society, by executing criminals, is seeking vengeance. Again, I say, there is no validity to that argument.

I hesitate to say anything about some of the speeches made in this debate, but we have heard it said that there should be a more humane way of killing people. That leaves me cold. There is no such thing. It is not the act of killing, in any event; it is the mental anguish which is

[Hon. Mrs. Quart.]

present between the time the sentence is handed down and the execution carried out.

A humane way of killing people! I remember reading where one of the states in the United States did that very thing. They were going to give some kind of poisonous injection. They did it all right, but the poor wretch they executed had gone mad because he was afraid to sleep. I have read about the gas chamber executions in the United States where the poor wretches were afraid to take a breath; they were half dead trying to hold their breath so that the poisonous gas would not get into their lungs. That is a humane way of executing people? Perhaps a humane way would be to hit them on the head with a heavy object when they are not looking. I know of no other way.

Honourable senators, I am not going to go into all the reasons which made me an abolitionist. However, I do say that nothing is gained by executing a murderer, and nothing is lost by allowing him to live. From listening to the speeches already made in this debate, the one thing that we must realize is that both sides are actually motivated by the same principle. Both sides want to protect human life. We believe in the sanctity of human life. Those who are retentionists and those who are abolitionists have the same purpose, but we hold different views as to the method.

This bill is a compromise. For five years now we have had this partial ban in effect. Yet, we say we know no more now than we did in 1967. In another five years on ten years or more we will be in exactly the same situation. Let us have no more of these trial periods. Let us make a decision now. We are told that the public opinion polls point to the retention of capital punishment. I do not believe that for a moment. If these polls say that the people of Canada want to kill murderers, then let's go right to the people themselves. Let's have a referendum on it. Then we would know just what Canadians want. If you take a poll in an area shortly after there has been a particularly brutal murder in that area, everyone is going to say, "Yes, hang the so and so." Public opinion changes practically from day to day. If we were to have a referendum, then those on both sides could carry their case right to the people.

As I said before, this bill is a compromise. It brings to mind the old saying that half a loaf is better than none at all. I suppose that is the most incorrect assumption that has been given in a long time. I was reading just the other day in another connection that to go on the principle that half a loaf is better than none at all is fatal for great causes, because the half loaf destroys the appetite; it destroys the keenness of interest in obtaining the full loaf. This is what has happened in regard to capital punishment. Over the last five years the drive to abolish capital punishment has bogged down. We no longer have that keenness of interest. My view is that if we defeat this bill and go back to the law as it was before the first moratorium—and as it is right now, for that matter—there would be a new vigour put in the drive to abolish capital punishment, and all those who are interested in the abolishment of capital punishment would work harder than ever to bring about that worthy objective.

• (1440)

Hon. Donald Cameron: Honourable senators, my remarks on this bill will be brief. I do not think that any debate in the Senate has been of a higher standard than the one to which we have listened over the past couple of weeks on capital punishment. It has been a fine example of the members of this chamber speaking from the conviction of their consciences, regardless of what point of view they took.

I was particularly pleased with the presentation of Senator McIlraith, who gave an excellent analysis of the bill. I was equally impressed with the presentation of Senator Lang, and when he was speaking I felt that I might support the position he took. I have also read with interest the presentation of my good friend from Calgary, Senator Hastings. There are none in this chamber, and very few people in Canada, who have made it their business to examine our penal system, with all its defects, more thoroughly than Senator Hastings. We owe him a great debt for what he has done.

I have waivered back and forth trying to determine what position I would take if it came to a vote on this bill. One of the conclusions I have come to, although I know there are people who hold a contrary view, is with regard to capital punishment as a deterrent. Unquestionably, it has been demonstrated over and over and over again that capital punishment is not a deterrent. If we accept that thesis, why go on with capital punishment, even in limited cases? One can understand the emotional involvement of people who have suffered because of a murder committed by some individual, whether in his right mind or not, but I return to the thesis that if it is demonstrated that capital punishment has not been a deterrent, then I think at this stage of the twentieth century we are not justified in carrying on with it under any circumstances.

I have therefore come to the reluctant conclusion that I am in favour of abolition without any qualifications. If this bill happens to be carried in that context, I think we will come up with a new set of rules with respect to the treatment of people who are convicted of capital murder, with a view to determining what is the most effective and best kind of penalty for them to expiate their sins against the state. That is all I have to say.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, this bill invites us to go back to the situation we were in between January 1, 1968 and December 31, 1972, pretending that an additional trial period is needed.

Such is the substance of the bill, as the sponsor recognized it himself; here are the words of Senator McIlraith, which I quote from page 1072 of our *Hansard*:

[*English*]

> Dealing with the subject matter of the bill itself, it will be understood from what I have said that basically this is an attempt to return to the state of the law as it was between 1967 and 1972, and by instituting a further 5-year trial period.

[*Translation*]

Incidentally, I wish to congratulate Senator McIlraith wholeheartedly for the exhaustive explanation he gave us. His experience in that matter enabled him to deal admirably with this subject.

To evaluate the bill, we should recall that the act, which was in force prior to 1968 and again from January 1, 1973 created two kinds of murder: capital murder, that is premeditated murder, and non-capital murder, that is non-premeditated murder or a crime of passion.

The act specifies that capital murder is punishable by death; in all other instances, it provides for life imprisonment.

The legislation adopted in December 1967, implemented through 1968 to 1972, abolished the distinction between capital and non-capital murder. It has been replaced by another based upon the personality of the victim, where capital punishment is imposed in the case of policemen and prison guards. This is an arbitrary and unwarranted distinction since the victim is often chosen by accident.

However, we should recall that this legislation was introduced as a first step towards total abolition of capital punishment. That was the position I took at the time and that is why I supported the bill although I criticized its presentation and its procedure.

I quote from page 669 of the *Debates of the Senate* for December 14, 1967, which summarizes my opinion:

> Now, because I am not convinced of the deterrent effect of capital punishment, because this penalty is so irremediable that it is absolutely final and definitely without appeal, because the value of the principle that grants society the right to put an individual to death may be questioned, I prefer abolition. The slightest doubt as to the principle should, in my humble opinion, dictate this conclusion.

I have not changed my mind. On the other hand, how can I support a new trial period for a system which I find, as I have said, absurd in its principle? How can I accept a second trial period when, in practice, the first period involved no trial since the government commuted all death sentences?

The government is telling us: this bill does not involve politics since all parties have agreed that the vote would be free for all members of Parliament.

This is true, but what is equally and clearly true, as was shown in the other place and as will be shown here when we vote, is that the government does not wish this bill to be defeated. This bill is a compromise to prevent Parliament from really expressing its opinion about the principle of abolishing or retaining the death penalty.

The government obviously fears that, in order to reflect the opinion of the Canadian public, the Senate and the House of Commons will refuse to abolish the death penalty. The public is in favour of retention while the government is in favour of abolition, not only in practice but also in principle. This is indicated by the efforts made in committee by the Solicitor General to move an amendment which would have resulted in abolition.

The government is afraid to show its true intentions.

Unlike in 1967, this bill can no longer be considered as a step towards abolition. It is the 1968 to 1972 *status quo* which is favoured not only for another five-year period but the bill provides that it might become permanent since

clause 10—which nobody mentioned to date—states that Parliament could, through a joint resolution of both Houses, extend for an indefinite period of time the duration of the provisions requiring the death penalty for the murder of a policeman or of a prison guard.

I repeat that this is a situation contrary to the principle of abolition which will be added to a policy of automatic commutation of the death penalty and which permits the government to violate the law which we are requested to adopt.

I hope to force the government to show frankness, I will therefore vote against the bill.

Someone might ask about the consequences of the bill being defeated.

We would be back to the logical distinction between capital murder and non-capital murder. However the government will keep on commuting all death penalties because I do not see how any government could allow an execution to take place when we recall the commutation granted over the last ten years to the most heinous murderers: for instance, Marcotte who dressed as Santa Claus and killed policemen in cold blood and loathsome Dion who sacrificed four young boys to his lowest instincts.

Inevitably the day will come—which doubtless is not so far away—when the government must accept that the law be fitted to reality since reality can no longer submit to the law.

The government will then have the courage which it does not have today and submit legislation that will definitely abolish the death penalty.

If an amendment adopted by the committee could have this result, on third reading I would support the bill thus amended.

In the meantime I cannot admit the absurd, hypocritical and unlawful solution proposed by the government.

● (1450)

[*English*]

Hon. Norman McL. Paterson: Honourable senators, I should like to say a few words, though I cannot speak too strongly against this legislation. I think every senator would like to do something to prevent murder. In my opinion, murderers are generally cowards; they murder women, they murder children and they murder defenceless old people. Anything we can do to prevent that should be done.

We have had a considerable number of years of absolute abandonment of capital punishment. No evidence has been produced, that I know of, to show whether capital punishment is a preventive or not. Why give this a trial for five years more to see what happens?

Hon. Mr. Flynn: We have tried it.

Hon. Mr. Paterson: That is the way I feel about it. I propose to vote against this bill.

Hon. Andrew E. Thompson: Honourable senators, I should like to have an opportunity to explain why I shall vote against this bill. I shall do so because I am an abolitionist. On the basis of reading some of the abolitionist speeches, I can agree completely with Senator Grattan O'Leary that his fundamental basis for voting against the bill is his strong conviction for the sanctity of life.

[Hon. Mr. Flynn.]

Every senator in this chamber is concerned to ensure the protection of society and, therefore, as the last speaker said, to try to prevent murder. I am not convinced, as other speakers have said they are not, that capital punishment is a sufficient deterrent to murder. I myself question that the fear of capital punishment weighs heavily with those who value human life cheaply. Indeed, some of their actions show that they value their own lives cheaply. I think of such murderers who with flashing guns will try to hold up a bank and almost enjoy the excitement of gun battles during a dramatic holdup. For them the question of an effective deterrent may be the sentence to a long period—and I mean a very long period—in jail, with hard labour.

It seems to me that few of us have been completely convinced by statistics concerning the deterrent effect of capital punishment. It would be a complex job for us to analyze the statistics. Some senators suggested we should continue with this present bill, and do some real in-depth research studies. The last speaker suggested we should retain capital punishment and conduct research. I am an abolitionist so I would say, let us do away with capital punishment and then engage in such research study.

I certainly have been swayed by the argument towards compromise. As realistic politicians, in that sense, we are aware of the mechanics of government and that compromise is the art of the possible. I am fairly sure that my vote against this bill will not cause its rejection. There is a point where each one of us must stand by his own convictions, even though that may not be the will of the people of Canada. There is a fundamental point where we have to stand up and vote according to the way we feel in our own consciences. Even if this should not deter the will of the retentionists of Canada, I still feel that it is my duty as an abolitionist not to vote for any measure of capital punishment. Therefore, I shall not vote for this bill.

Hon. George J. McIlraith: Honourable senators—

The Hon. the Speaker: I remind honourable senators that if Senator McIlraith speaks now, his speech will have the effect of closing the debate.

Hon. Mr. McIlraith: Honourable senators, in closing the debate on second reading I am quick to acknowledge the intensity of thought that was given to this subject by those who spoke, and, furthermore, the intensity of their feeling. It must be obvious to all that each senator has his own convictions. In nearly all cases, each personal conviction has been slightly different from that of any other senator.

I wish to congratulate my colleagues on the thought they have given to this question, and I thank them for expressing their views on it. I am quite sensitive to the fact that I will not be able to change their vote on the bill by any argument. Nevertheless, I would feel remiss in my duty if I did not make some comment on the debate, in the hope that we may get a clearer and better vote than sometimes was indicated by some honourable senators. In other words, there were many excellent speeches on capital punishment, but some seemed to contain a slight departure from the logic of their argument when the honourable senator concluded his speech by a statement as to how he intended to vote on the bill.

• (1500)

In any event, while recognizing the quality of the debate on the question of capital punishment for murder, we must come back to what we are actually considering now. We are considering a bill which, if I may say so, is somewhat narrow in scope.

Hon. Mr. Flynn: Narrow or broad?

Hon. Mr. McIlraith: This bill respecting capital punishment is not simple in form. I do not know if abolitionists or retentionists would agree on that. It is a request, if you like, for the continuance of a law on the subject which was in force for five years, from the end of 1967 to 1972. In essence, it is really simply a request for Parliament's approval of the continuance of that law.

Indeed, I see that in presenting the bill I went to some length to explain why the bill was not in a simple form. I pointed out that before the date of expiry of the original law could be changed and a new date substituted therefor, the expiry date passed because of the intervention of an election. I indicated that we could not correct that omission simply by extending the term of the earlier bill retroactively, and therefore we had to re-enact the whole bill clause by clause. But that does not alter the fact that this bill is merely a request for a continuance of that law for a further five-year period.

Incidentally, I notice in re-reading the debate that I was guilty of saying "for another five-year period," and I think some of my colleagues were equally guilty of saying that. Actually, it is a continuance from the expiry of the last five-year period for another five years, which in fact means that it will expire four years from now.

Hon. Mr. Flynn: It would have a retroactive effect?

Hon. Mr. McIlraith: Yes.

Hon. Mr. Flynn: Well, that is five years.

Hon. Mr. McIlraith: Yes. I wanted to draw your attention to the fact that this bill will expire four years from now, not five years from now, should there be any misunderstanding on that point, but the honourable Leader of the Opposition is quite right in his interjection.

I have noted that a great many honourable senators stated that the bill is a compromise. I suppose in all man-made laws there is a bit of compromise. I do not know how the democratic process would work otherwise than by some kind of reconciliation process to get a consensus of duly elected or duly appointed parliamentarians. That is really what all legislation is.

It is quite true and quite fair to say that this bill is a compromise. I hope I do not see the day when in this country we have bills which are not capable in some way of being expressed as a compromise, because that would imply a dictatorship.

Hon. Mr. Flynn: But this one is a repetitive compromise.

Hon. Mr. McIlraith: Well, that is something else; but to say that legislation is a compromise does not mean that it is therefore bad legislation, because the democratic process, which I believe we all share in valuing very highly, of necessity involves us in the reconciliation of conflicting opinions after debate in order to get the best possible solutions. That is really what our process is.

Hon. Mr. Flynn: I agree with that, but the honourable senator would not say that a compromise is always a solution?

Hon. Mr. McIlraith: No; I quite agree with that. What I am saying, and will say, is that the mere assertion—as was made once or twice here—that the bill is a compromise and therefore bad, and should be voted against, is not a valid or logical approach to this kind of difficult legislation. That is what I say, and I think honourable senators will have to agree with that.

If I may, since the honourable Leader of the Opposition is seeking to interject once or twice—

Hon. Mr. Flynn: Which is highly unusual.

Hon. Mr. McIlraith: I would like to do something a little unusual myself, and refer to his remarks for a bit. He went on to say that he was an abolitionist. I listened as attentively as I could, but, regrettably, for the last sentence or two of his speech I missed the translation. If I understood him correctly, however, after asserting with his usual eloquence that he was in essence an abolitionist, and then going on to make his remarks critical of the government rather than of the legislation, he said that because he was an abolitionist he was going to vote against the bill.

Well, I just do not understand that because, according to my way of reasoning, the bill, if it is defeated, returns us to a situation where capital punishment is applicable to a wider category of cases than that provided in this bill.

• (1510)

Hon. Mr. Flynn: But a more logical category.

Hon. Mr. McIlraith: I can well understand a retentionist saying, "I do not believe in this bill; I am going to vote against it," because the consequence of such a vote would be a return to a situation in which the punishment in all cases of capital murder, as it is presently defined, would be capital punishment. A retentionist can make that argument logically, because that is what retentionists believe in; but an abolitionist's making that argument is something I cannot understand—forgive me, but I cannot.

Hon. Mr. Flynn: I can easily forgive you, and all the others who took the same stand that I did.

Hon. Mr. McIlraith: Senator Macdonald made what I thought was an outstanding speech on the subject of capital punishment pertaining to another bill. I recognize that it is not proper to refer to another bill, although perhaps in the circumstances I can. I listened with great interest to his speech and, indeed, eloquence on that occasion. Yet, knowing his convictions in favour of abolition, and knowing the impeccable integrity of his views on this subject, I must say that I was considerably jolted to find that he was arguing—if I understood his remarks correctly at the end of his speech today—that notwithstanding those views he expressed on the subject of abolition, he was going to vote against this bill, so that we would return to a situation of imposing capital punishment for a wide variety of murders—very much wider than is proposed by the bill—and then, in the resulting horror, get some kind of reaction against the application of capital punishment to persons to whom it will not be made applicable if this bill is passed. He would do this to get a reaction which

would cause an abolition bill to be enacted. I thought that was pretty—

Hon. Mr. Flynn: Do you want me to clarify this, since you did not understand the translation?

Hon. Mr. McIlraith: It was to Senator Macdonald's speech that I was referring.

I must say that the conclusion of that argument disturbed me, because I know his main argument was in favour of abolition. I must say that I have great respect for his main argument to this point of departure.

I am going to make the simple, though perhaps unusual, direct request of those persons, who asserted clearly and strongly a view in favour of total abolition, not to vote against this bill, because if they vote against the bill they will be returning us to a situation where we have capital punishment for a wide category of cases. I do not believe that that is their position.

Hon. Mr. Flynn: It does not exist.

Hon. Mr. McIlraith: I invite them, even at this late hour, to consider and reconsider their views, or their intentions, most carefully, in voting on the bill.

Some, of course, argue—perhaps I use the word ineptly—that capital punishment is not a firm deterrent, and so on. I think I said in my opening remarks, in presenting the bill—at least, I intended to say this—that the statistical data give no help at all. Indeed, I found the studies using statistical data shockingly unhelpful. What we have today, however, is a bill which is trying to deal with a problem where there is reason to believe, at least in a certain category of murder cases, that retention of capital punishment is a deterrent. I do not refer to the large number of murders that are committed on the spur of the moment, in family quarrels, and that sort of thing, but, rather, those murders committed by persons who have, by the nature of the event or the nature of their life habits, come to take up a criminal way of life. It is my firm conviction that to that type of person whose mind has deteriorated from those sensitivities of judgment, feelings for other human beings, and respect for other human individuals, capital punishment is a deterrent. In this regard I can only repeat what I said earlier, that that belief is based on actual experience in various aspects of the law, and on an examination of the actual circumstances of certain arrests and certain murders. That is not a statistical thing. This kind of information does not appear in the transcripts of trials, and cannot be extracted by the researchers in the universities looking at the records of trials years later. It simply is not there.

You might ask, "If that is the situation in which you are seeking to retain capital punishment, why do you not express it that way?" I do not know how it can be expressed in that way, but I do know that society thrusts two classes of people into contact with that class of murderer. The first of those two classes of people are the policemen who have to do the patrolling on the beats, and go into dark alleys and stores that have been broken into, in the middle of the night, where there are tempting circumstances, for anyone who is insensitive to the taking of human life, to shoot them or do away with them. Society expects policemen to do that kind of work. That is what they are hired for, that is their task. We have put them into those conditions where they are susceptible—overly susceptible—to being murder victims.

We have also put another type of worker in our society, into contact with these persons after they have been convicted. Murderers, after conviction, are contained in institutions along with convicted criminals generally. We have the whole gamut, if I may use the term, of penitentiary guards who are charged with the responsibility, on our behalf, of doing their duty around and in those institutions.

● (1520)

At the same time we have—and I am happy to say it—abandoned the old practice of putting those convicted murderers and other criminals into cells from which they cannot gain access to the guards, because the guards are always outside the door. We have now a more civilized situation in which we release the inmate within the institution, and permit him to move about during recreation periods, and even to have contact with the outside. These are things that are considered to be proper in the eyes of the public generally, whether retentionist or not.

Surely those two categories of persons we have thrust into the milieu of the criminal, and who are constantly dealing with the criminal mind, are entitled to the protection afforded by capital punishment, if we believe that for those categories its retention is a deterrent. That was the principle of the first bill introduced to change the law in 1967. Admittedly it was a compromise, and that is what the compromise was all about.

In summing up the arguments made in the debate on second reading, honourable senators, I feel there are two or three further remarks I should make.

There was one thing that troubled me considerably in the course of this debate, and here I refer specifically to certain points made by Senator Lamontagne. He spoke about the royal prerogative of mercy, and then went on to discuss commutation. The royal prerogative of mercy is something in the nature of a free pardon, and is not really applicable in this situation. I do not know offhand of a case in recent times where the royal prerogative of mercy was used in a murder case. As I have said, it is rather in the nature of a free pardon, and there was a case in recent years which rather illustrates this point. A young boy pleaded guilty to a certain offence and later it was discovered that he had done so to protect his brother who, in fact, had committed the offence. When this was discovered, the royal prerogative of mercy was used to release the innocent person. That, honourable senators, is the nature of the royal prerogative, and it has no bearing in the type of legislation we are dealing with.

It was commutation that Senator Lamontagne was talking about. In the discussion on this point I felt that perhaps some basic misunderstandings may have been put forward to the Senate. There is one thing I want to make clear about the exercise of the power of commutation by the Cabinet, no matter what view one may have as to whether it should or should not be exercised in a given case, and that is that the most intensive work possible is done to ensure that all the evidence, all the court records, all the records on appeal procedures—and an appeal is almost automatic in all murder cases now—and all supplementary information that may be available is gathered,

together with psychiatric reports—usually three, which are very helpful in some cases. All of this constitutes the material that is laid before the Cabinet when it is considering the question of commutation.

Honourable senators, there is a further point which I want particularly to deal with in connection with Senator Lamontagne's remarks, and I do so because it is a point which really troubled me. He was speaking about the material that is placed before the Cabinet in the circumstances, and he went on to say—and here I am reading from Senate *Hansard*, page 1098:

> Given these circumstances, everyone must live with its own conscience; you cannot blame cabinet ministers, who have assumed this responsibility for not respecting the wishes of Parliament. Such a charge would be extremely unfair since it would amount to a misunderstanding as to the nature of the royal prerogative.

Then at another point he went on to say:

> It is quite easy when one is not a member of the cabinet to say "You will have to restrict yourselves; you will have to set aside your conscience and your responsibility and you will rigidly carry on the will of Parliament as expressed in the legislation." Such a position is unacceptable.

That is a view of the law and of the duty of a parliamentarian that I cannot accept. That statement is wholly acceptable, and if any Cabinet minister feels he cannot accept the will of Parliament as expressed in legislation, then that member has an obligation to remove himself. Every minister of the Crown whom I ever saw working on these cases, including ministers of other governments with whom I have spoken, applied their minds to dealing with these difficult cases—and admittedly they are difficult—with the complete acceptance that they had to rigidly carry out the will of Parliament as expressed in the legislation, whatever the circumstances.

I wanted to clear up that point just in case anyone reading the record might assume that the point had gone uncorrected.

In closing, honourable senators, let me say that if it meets with the approval of the Senate, and if this bill should receive second reading—and I would ask you to ensure that it does—I shall move that it be referred to Committee of the Whole, because I think that would be the better way of dealing with it rather than sending it to a standing committee. I say this because the very nature of the legislation is something that must be of considerable concern to all honourable members.

The Hon. the Speaker: Honourable senators, it is moved by Honourable Senator McIlraith, seconded by Honourable Senator Buckwold, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, as there is in my mind uncertainty as to agreement, I am going to ask those who are in favour of the motion to please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1540)

Motion of Senator McIlraith affirmed on the following division:

YEAS

HONOURABLE SENATORS

Argue	Lafond
Basha	Laird
Boucher	Lang
Buckwold	Lapointe
Cameron	Lefrançois
Carter	Macnaughton
Croll	Martin
Deschatelets	McGrand
Duggan	McIlraith
Everett	McNamara
Forsey	Michaud
Fournier	Neiman
(Restigouche-Gloucester)	Norrie
	Perrault
Giguère	Petten
Godfrey	Riel
Graham	Smith
Greene	Stanbury
Hastings	van Roggen—37.
Inman	

NAYS

HONOURABLE SENATORS

Beaubien	Macdonald
Choquette	Manning
Cook	Molson
Denis	O'Leary
Flynn	Paterson
Fournier	Phillips
(Madawaska-Restigouche)	Quart
	Sparrow
Fournier	Thompson
(de Lanaudière)	Walker
Grosart	Yuzyk—20.
Langlois	

The Hon. the Speaker: I declare the motion carried.

Motion agreed to and bill read second time, on division.

CONSIDERED IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: When shall this bill be read the third time?

Hon. Mr. McIlraith: Honourable senators, I move that this bill be referred to a Committee of the Whole.

Motion agreed to and the Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill.

Hon Alan A. Macnaughton in the Chair.

The Chairman: Honourable senators, the house is in committee on Bill C-2, to amend the Criminal Code. May I suggest that it is usual, although it is not necessarily part of the rules, that the title stand.

Hon. Senators: Stand.

The Chairman: Clause 2. Shall clause 2 carry?

Hon. Mr. Argue: Honourable senators, I have a speech to make on this point. It would be convenient to me if the committee would rise and report progress. I am wondering if Senator McIlraith will agree to that.

Hon. Mr. McIlraith: I am quite agreeable to rising, reporting progress, and asking leave to sit again at the next sitting.

The Chairman: It is moved by Senator McIlraith, seconded by Senator Argue, that the committee rise, report progress, and request leave to sit again. Is it your pleasure to adopt the motion?

Motion agreed to.

● (1550)

The Hon. the Speaker: The sitting is resumed.

Hon. Mr. Macnaughton: Madam Speaker, the committee to which was referred Bill C-2 has taken the said bill into consideration, has made some progress thereon, and asks leave to sit again.

The Hon. the Speaker: When shall this committee have leave to sit again?

Hon. Mr. McIlraith: Next sitting.

The Hon. the Speaker: It is moved by the Honourable Senator McIlraith, seconded by the Honourable Senator Perrault, that the committee have leave to sit again at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

CANADIAN COMPANIES IN REPUBLIC OF SOUTH AFRICA

WAGE PRACTICES—DEBATE ADJOURNED

Hon. Eugene A. Forsey rose pursuant to notice:

> That he will call the attention of the Senate to the wage practices of Canadian companies operating in the Republic of South Africa.

He said: Honourable senators, I am prepared to go on with this inquiry now, but I am not sure what the disposition of the house is. It seems to me, from what has been said, that honourable senators might prefer to adjourn now, and if so I do not wish to be an obstacle to that view. I would be grateful for any enlightenment that might be offered, but I am quite prepared to go on now.

An Hon. Senator: Stand.

[The Hon. the Speaker.]

Hon. Mr. Martin: I do not think that the honourable senator proposes to take too long. In any event, I think the matter is one which is in his hands.

Hon. Mr. Forsey: If no one has any objection, I am prepared to go ahead with this inquiry now.

This matter was first drawn to my attention by some articles in the *Manchester Guardian Weekly* on the subject of wage practices of British companies in South Africa, followed soon afterwards by an article from the *Guardian's* Ottawa correspondent on wage practices of Canadian companies in South Africa.

Perhaps because of at least a semi-academic background, I want to begin by defining my terms. First of all, wage practices: I shall take that to include what the trade union movement calls fringe benefits as well as actual wages paid. Second, I have said in the terms of the inquiry, "in the Republic of South Africa." On consideration I was a little sorry that I had limited it to that extent. But there it is. I do not propose to go beyond the terms of the inquiry as stated, except perhaps to a very limited and, I think, pardonable extent. In other words, I am not talking about wage practices of Canadian companies in southern Africa generally, including the revolutionary regime in southern Rhodesia. But I am going to include—and I think this may be allowable—southwest Africa, or Namibia, as it is called by the inhabitants and the black people of Africa generally, because while the writ of the Republic of South Africa does not run there legally, *de facto* that territory is unquestionably under the authority of the Republic of South Africa.

That leaves out a great deal that might be said on the general subject of the behaviour of Canadian companies in the Republic of South Africa and the former territory of German Southwest Africa. That, I have done deliberately. I want to limit myself to this particular aspect of the subject. It may well be that on some other occasion it may be appropriate to discuss other aspects of the general subject. For the moment, I restrict myself to what I have put down here.

I start my discussion of the merits of this question from the assumption that all of us in this chamber disapprove of the policy of apartheid. I am confident that that assumption is, in the main at all events, justified. There may possibly be one or two honourable senators who would wish to qualify the assumption that I have made, but I think it is a fairly safe one for the great bulk of the members of this chamber. I am going to assume, then, that we all disapprove of apartheid. After all, that is Canada's official policy. I think that has been made perfectly clear at the United Nations and elsewhere.

I am assuming, also, for the moment, without prejudice, as I believe the lawyers say, that we are going to continue to invest in South Africa, and I am assuming further that Canadian companies which do invest in South Africa will, at any rate, not violate the laws of South Africa; that they will conform to that extent with the laws of South Africa. I deliberately did not say simply, "will conform with the laws of South Africa," because that might be taken to mean that they would conform in the broadest spirit and not simply in the letter. I am suggesting that any Canadian company that invests in South Africa must necessarily not break the laws of the Union of South Africa.

I am assuming, fourthly, that capitalists will be capitalists, that when they invest somewhere they expect to get a return on their money, and the highest return that they can get, within pretty broad limits, at all events. There may be limits, and I am going to suggest in a moment or two that there ought to be limits and can reasonably be limits expected by the government, the Parliament and the people of Canada. All that being said—I am not suggesting for a moment that I wish to argue with those who say we should not have any Canadian investment in South Africa or that we should boycott South African goods, and things of that sort; I am simply not discussing that—but all these assumptions being made, I venture to suggest that there are some things that we may surely expect, reasonably expect, of Canadian companies which invest in South Africa; certain decencies which we may expect such companies to observe and which, in fact, some Canadian companies which have invested in South Africa do observe, in whole or in part.

Now, what is the situation to which I wish to draw attention? I am basing myself here, first of all, on a report, a voluminous report, from a committee of the Young Women's Christian Association of Canada published this year entitled *Investment in Oppression*, a report which, I may add, covers a great deal more ground than I propose to deal with today.

Second, I am basing what I have to say on the report in the *Manchester Guardian Weekly* and, third, on some articles appearing in the Toronto *Star* by Mr. Nangle, a reputable Canadian correspondent who visited South Africa and investigated these matters and, indeed, if I am correctly informed, was subsequently barred from further entry to the Union of South Africa, partly as a result of what he had to say in his reports.

There are a number of Canadian companies which are particularly concerned. One is Alcan Aluminum Limited; a second is Massey-Ferguson Limited; a third is Falconbridge Nickel Mines Limited; another is the Ford Motor Company of Canada. All of those, I think, are in fact investing in the Republic itself. There are also certain others that have investments in South West Africa. These are Brilund Mines Limited, New Wellington Mines Limited and Syracuse Oils Limited. Falconbridge Nickel Mines Limited also has investments in South West Africa.

● (1600)

A number of other companies are concerned to some extent in investing in South Africa, though on these it is difficult as a rule to get much in the way of information. The International Nickel Company is involved to a very small extent in South Africa. I understand that it has a very small staff there engaged only in exploration, and I do not propose to say any more about that. Consolidated Bathurst Limited, De Leuw, Cather and Company of Canada Limited, Manufacturers' Life Insurance Company and Sun Life Assurance Company are also there in one way or another, but it is very difficult to get information on those, except on De Leuw, Cather, whose record appears to be rather good.

I want to add that I think the reports on which I am basing my remarks are, on the whole, balanced and moderately stated. I do not think you will find, if you look at them, that they are couched in extreme terms, that they sound like the opinions of fanatics or of people who are out to get these companies, or to engage in muck-raking. I think they show a serious concern, and they are moderately and carefully stated.

Before going into the actual conditions, I want to make clear the basic ground on which I am going to be dealing with this matter. It is arguable that we ought not to invest in South Africa at all. The strongest argument against that, it appears to me, is the argument that Canadian investment in South Africa will lead to a liberalization of the regime there, will lead to a relaxation in the policy of apartheid. I myself think that if substantial evidence could be produced that Canadian investment in South Africa was having this effect, or even was likely to have this effect, there would then be some ground for the argument, the view, that is held in many quarters, that investment in South Africa is a beneficial activity. What I want to do is to examine the facts in this case to see whether really Canadian investment in South Africa is leading to a liberalization of the regime, or is likely to lead to such liberalization.

How are these companies in fact behaving? Are they in fact behaving in such a way that the burden upon the coloured inhabitants of South Africa is likely to be lightened, and the harshness of the regime of apartheid likely to be mitigated? I think the answer is that in some cases they are and in some cases they are not. In the majority of cases it would appear that the contribution they are making to the lightening of the burden of the coloured population in South Africa is, to put it mildly, very modest indeed, if not altogether invisible.

The standards that have usually been employed for judging the wage policies of either British or Canadian companies operating in South Africa are, first of all, something called the poverty datum line, which I think is the result of investigation by research people at the University of Cape Town, the poverty datum line being a bare subsistence minimum, and secondly, the effective minimum level, which is 50 per cent higher than the poverty datum line. There is also a subsistence level of wages, which is the result of calculations by the Johannesburg Chamber of Commerce.

Let me take up these particular companies in order. First, Alcan Aluminum Limited had at the date of these reports, which date from earlier this year, some 706 black employees, of whom 703 were below the poverty datum line. None were up to the emergency minimum level of wages. Incidentally, the company made a full reply to the inquiries of the YWCA committee, but it was delayed and therefore the committee was not able to publish it in its published report and I have seen nothing further about it. If somebody asks, "Why didn't you investigate further?" I think my reply will appear rather later.

Secondly we have Massey-Ferguson, which made a full reply to the inquiries of the YWCA committee, and which in the opinion of the observers I have mentioned appears to occupy a sort of middle ground among the Canadian companies investing in South Africa; some of them are worse, some of them are better. In its case, at its Vereeniging plant it had 733 black employees, of whom 642 were below the poverty datum line. On the other hand, it had a non-European employees' committee of elected represent-

atives, and it provided pensions, holiday bonuses and sick pay, and it had opened 21 semi-skilled and skilled jobs to black employees. It was also considering adopting the subsistence level. It had, so the YWCA report says, an average wage for black employees marginally above the poverty datum line. There may be some inconsistency between those two reports, but nothing very substantial. I assume that any such inconsistency results from the fact that they were based on figures at somewhat different dates.

The company supports an organization of, in my judgment, rather dubious character, the South African Foundation, which is a general supporter of the South African Government's policy of apartheid. This is one of the blacker marks against the company in the opinion of those who have been reporting on the subject.

The Ford Motor Company of Canada made a full reply to the YWCA committee, and by South African standards may be considered to be reasonably liberal in its behaviour towards its black employees. It has a committee, a six-man black council, of its employees. It negotiates with a union representing the non-European employees. It provides pensions and retirement benefits, sick pay, medical aid and a tuition fund, and it is trying to secure a policy of non-discrimination between white and other employees, with equal pay for equal work. It says there, with justice, that one of its difficulties is the behaviour of the union of white workers, which has a very restrictive policy, and in general supports the policy of the South African Government. So it does not feel that it is an entirely free agent in these matters, and I think this is obviously true.

In the opinion of the observers to whom I have referred, it pays the best wages to non-white workers and has the most progressive approach to assisting in the education of the children of such workers.

● (1610)

Its lowest wage is the equivalent of about 79 cents an hour, 18 cents above the agreed minimum. The basic weekly wage of black employees amounts to the equivalent of about $34.56, the poverty datum line by comparison being $29.96. The company pays for the primary education of the children of black employees, including the books that they need, and it pays a percentage of the cost of the uniforms the school children must wear. It provides help towards the post-primary education of the children on the basis of merit. It provides scholarships for post-matriculation education, including provision for the board and lodging of the students. It provides on-the-job training, to improve the skills of non-European workers. It got off the National Industrial Council in South Africa in 1968 and so secured total exemption from the regulations dealing with job determination. This was a progressive move. On the whole, it has a reasonably good record. I think it is safe to say that if the other companies were doing as well, the case against Canadian investment in South Africa would be substantially weaker than it is.

Falconbridge Nickel made a full reply to the YWCA Committee but unfortunately marked it confidential, so the committee felt unable to make any comment on it.

A *Manchester Guardian* writer, Mr. Sanger, says that the average for Falconbridge, the average wage for black workers, is below the subsistence level. He has a good deal to say about the rather bad conditions at the mine which the company has in South West Africa. I am tempted to read that but probably it would be better, at this rather late hour in the afternoon, not to go into it. I think, however, that anyone who is interested in it may look it up in the *Manchester Guardian Weekly* of May 26 of this year, or in the YWCA report at page 45.

Honourable senators, I want to refer to some of the other responses that were received by the YWCA committee. Consolidated Bathurst replied, and at page 44 of the report of this committee there is this observation—

[*Translation*]

Hon. Mr. Deschatelets: Would Senator Forsey entertain a question at this time?

He bases his intervention on studies or research contained in a report he mentioned—I did not fully understand—but does the research contained in that report refer only to the practices of Canadian companies in South Africa, or does it also refer to American companies?

Is that report you mention based only on studies of practices of Canadian companies?

[*English*]

Hon. Mr. Forsey: Honourable senators, the documents I am quoting from are restricted to Canadian companies. There have been previous documents on the subject applying to British companies. I dare say there are documents applying to American companies; I do not know about that. I was interested solely in what there was on Canadian companies. What the Americans do is the Americans' business; what the British do is the British business. My understanding is that there is a select committee of the British House of Commons which is now inquiring, or has recently inquired, into the practices of British companies in South Africa. I confined myself simply to the subject of Canadian companies because it seemed to me that that was the only thing that was germane to our business here.

I hope nobody is supposing that I am suggesting that Canadian companies are particularly guilty in this matter or that all the others are lily white. Anyone who has read any of the articles on British companies in South Africa will realize that this would certainly not be true, that there is a great deal to object to there and, as I indicated to begin with, it was the report on the activities of the British companies that started me on this. I said to myself, "I wonder how the Canadian companies, those investing there, would show up."

Shortly afterwards, there appeared this article in the *Manchester Guardian Weekly* saying that Canadian companies were just as bad. I pursued this further. That article referred to the report of the YWCA committee. I got hold of that and went through it fairly carefully. I followed also the reports from Mr. Nangle. I get—how I do not know; I never asked for it, but it comes to me regularly—a bulletin called "South African Information" from the South African Information group or some such organization which is here in Ottawa, I understand. It was there that I ran across Mr. Nangle's article. I am confining myself to these companies not because I think that Canadian companies are worse than other foreign companies in South Africa—

Hon. Mr. Deschatelets: That is not my point.

Hon. Mr. Forsey: —but simply because these are the ones I am interested in, and these are the ones I think we are concerned with. It is not our business at all to hold forth here, or to pass judgment in any way, on the behaviour of companies from other countries. At least, it is not our primary duty. We may comment, if we see fit, of course. I am grateful for that intervention by Senator Deschatelets.

On page 44 of the report of the YWCA committee there is this comment on the reply from Consolidated Bathurst:

> Mr. W.I.M. Turner, Jr., president of Consolidated Bathurst Ltd., conceded that 'South Africa along with many other parts of the world, including Canada, have social, economic and political problems.' He went on tendentiously to warn the committee about '... a certain smugness in one imperfect society judging another by its own standards' and to advise that 'if the main objective of the exercise is to see the Republic of South Africa evolve into a more racially equitable society then I would argue that any program designed to put pressure on the government of the day simply hastens their resolve.'

The word "hastens" is apparently a misprint in Mr. Turner's communication, because the committee adds in brackets the Latin word *sic*. That is the way he wrote it. What I suppose he meant was "simply hardens their resolve," but somebody taking the dictation muddled it.

The committee goes on:

> Mr. Turner appears to have had difficulty in conceiving that a national organization like the YWCA of Canada (or presumably, like the Churches and other agencies that are co-operating in the publication of this report) could take seriously and seek to modestly implement its policy resolutions on racial equality and social economic justice. He chose therefore to comment upon the motives of the committee by observing 'I must question the propriety of using the YWCA for such a vehicle in respect to South Africa.' Mr. Turner did not answer our questionnaire and did not provide any information on wages and working conditions of black South Africans employed in the South African operations in which Consolidated Bathurst Ltd. holds a controlling interest.

I do not feel that this is a very satisfactory kind of reply from that particular company. It is possible that the company has something better to say than that, and I should be very much in favour of its having an opportunity to say it. I will come to that later.

On the subject of De Leuw, Cather and Company, the committee has this to say, that it was one of the companies "which replied fully to the questionnaire." The questionnaire was a very comprehensive one and had 20 questions which are set out in the last page of the committee's report. The YWCA committee says:

> Mr. W. S. Malone, president of De Leuw, Cather and Company, a firm of consulting engineers, took the most consistently liberal position of those who replied to us. His firm alone supports the South African Institute of Race Relations, the major liberal research organization in South Africa which concerns itself with the documentation of race issues and the pursuit of causes which alleviate human suffering. Mr. Malone was also the only respondent who offered a rationale for investing in South Africa which went beyond an affirmation of the value of the employment thereby provided—

And he took the line that I have mentioned before, that investment from Canada is bound to be a liberalizing force in South Africa, and said that the South Africans were extremely sensitive to outside comment and they were likely to be influenced for the better by a liberal Canadian approach. I think that is all to the good.

The Manufacturers' Life Insurance Company also replied to the questionnaire of the YWCA committee:

> Mr. E. S. Jackson, president of Manufacturers' Life Insurance Company confessed: '... that I have always wondered why the YWCA has concentrated its attention on South Africa ... there are many other areas in greater need of your attention.'

● (1620)

The Sun Life Assurance Company also made a reply. Mr. T. M. Galt, President of the Sun Life Assurance Company of Canada, said the committee:

> —appears not to recognize that there are any special issues or questions relating to investments in South Africa.

This again does not seem to be a very satisfactory position for a company to take.

I want to say something very briefly about the question of ability to pay. This has not, I think, been raised by any of the companies or their defenders. I think it is safe to say—and I can give some evidence of this, but I do not think it is necessary because I doubt if anybody will challenge the statement—I think it is safe to say that the Canadian companies which have investments in South Africa are not poverty stricken. They are not saying that they cannot pay better than subsistence wages simply because they are too poor to do so. I think it is fairly evident that the facts that we have—and they are by no means complete, of course—make it fairly clear that the liberalizing effect upon South African policies of the existence of the Canadian companies and their policies in the Republic of South Africa has not been, shall I say, very marked. It seems to me it is fairly evident that they have not gone much beyond—in some cases they have not gone at all beyond—what is simply required of them by the laws of the Republic of South Africa.

There is nothing to prevent them doing rather better. They can perfectly well abide by the laws of South Africa and pay rather better than subsistence wages, as some of them do. They can perfectly well, as some of them do, set up committees of their black employees and negotiate with them or at least discuss with them their wages and working conditions and so forth. But not all of them, by any means, appear to have done so. And on the whole the record seems to me to be rather against the argument that there is a liberalizing effect of their presence in South Africa.

Finally, what do we do about this? Obviously we cannot force Canadian companies to do certain things in other jurisdictions altogether, although I suppose in a pinch we might impose some kind of discriminatory taxation upon

them, or something of that sort, but it does seem to be that it is possible that this is a subject which might well be investigated by our excellent Foreign Affairs Committee following the example of the Select Committee in the British House of Commons. That investigation would not only serve to establish the facts, but conceivably it would give some of the companies which were coy, shy, reticent in their responses to the inquiries of the YWCA committee a chance to put their case fully to the public. It seems to me that this is one thing we could possibly do.

It is possible also that we could get the government to set down certain guidelines for the behaviour of Canadian companies in South Africa. I understand that this has been done in the United States.

But, myself, I feel that the situation, so far as I am able to discover, is one that is disquieting to even a moderately sensitive Canadian conscience and one which deserves further investigation, and I should very much like to see that investigation pursued by a responsible, independent, impartial, knowledgeable and competent body such as the Foreign Affairs Committee of this chamber.

On motion of Senator Martin, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, November 21, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

CUSTOMS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-189, to amend the Customs Act, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hayden moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. Sidney L. Buckwold moved, with leave of the Senate and notwithstanding rule 45(1)(i):

> That the name of the Honourable Senator McNamara be substituted for that of the Honourable Senator Lawson on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—FURTHER CONSIDERED IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, pursuant to the order of your honourable house, I leave the Chair. The Honourable Senator Macnaughton will please take the Chair of the committee.

The Senate adjourned during pleasure and was put into Committee of the Whole to further consider Bill C-2, to amend the Criminal Code.

———

Hon. Alan A. Macnaughton in the Chair.

The Chairman: Honourable senators, the house is again in Committee of the Whole on Bill C-2, to amend the Criminal Code.

Honourable senators will recall that when the Committee of the Whole rose yesterday afternoon the title and clause 1 were read and postponed. Clause 2 was read and after debate the committee reported progress and asked leave to sit again.

Shall clause 2 carry?

Hon. Mr. Argue: Honourable senators, I feel that the Senate should take a clear-cut position on the question of abolition of the death penalty. I was pleased yesterday that the Senate approved this bill in principle by a substantial majority, and thereby assured that, by and large, there will be few if any persons who will suffer capital punishment during the period provided for in this legislation.

I think every argument that can be advanced in favour of abolition has been advanced. It seems to me that progressive nations in the world are moving toward complete abolition of the death penalty. I believe that we should take the position that the death penalty should be totally abolished under this legislation. In my view the death penalty has not proven to be a deterrent, and although this clause under consideration provides for the exacting of the death penalty in the case of murder of police officers or prison guards, even in this instance there is no convincing evidence that this particular provision constitutes a deterrent. There is the further consideration that as long as capital punishment is provided for, no matter how small the area covered, there is always the possibility of error and of innocent people being hanged. All who have taken part in this debate in this chamber have expressed interest in the protection of the public. But Senator Hastings did the Senate a great service when he placed certain facts on the record, and I can do no better than to quote his own words which are to be found at page 1127 of Senate *Hansard* for November 14:

> The National Parole Board has released 152 men with death-commuted sentences, and 56 men for non-capital murder, making a total of 208. Of that number 21 have had to be returned to custody, not for murder or for any act occasioning loss of life but for violation of their parole, which carries with it many restrictions. It is well to remember that these men released on parole are, in fact, on parole for life and can be returned to the institution at any time. As I have said, 21 were returned to custody, and that amounts to about 10 per cent of the total, which is a far better average than that of any other area of inmate parole. Seventeen died on parole. That makes a total of 38, which means that in Canada 170 men remain on parole who have served their sentences for murder or non-capital murder, and not one, let me repeat, not one, has inflicted any injury or caused loss of life since.

The arguments in favour of complete abolition by an appropriate amendment to this clause and the consequential amendments that would flow through having removed the death penalty—

• (1410)

Hon. Mr. Walker: Mr. Chairman, may I ask my learned friend a question? We do not know what you are talking about. We have discussed this question of capital punishment at great length. Would you be good enough, if I am not mistaken, to follow the rules and move your amendment, then we will know what you are talking about.

Hon. Mr. Argue: Well, my honourable friend has had great parliamentary—

Hon. Mr. Walker: Have you any objection to doing that? Never mind about being personal.

Hon. Mr. Argue: I am not being personal. My honourable friend has great parliamentary experience, but I suggest to him that in discussing the arguments against the death penalty one is very much in order on clause 2 of the bill.

Hon. Mr. Walker: May we have a ruling from the Chair?

The Chairman: Senator Argue, may I suggest that it would be helpful to the Senate as a whole if you would move your amendment and then, perhaps, give some reasons why you think it is in order?

Hon. Mr. Walker: Then get personal, afterwards.

Hon. Mr. Argue: I am quite happy to comply with the Chair.

Hon. Mr. Grosart: Mr. Chairman, I rise on a point of order. I do not like to interrupt my honourable friend and neighbour, but clause 2 substitutes for the previous section in the act, and starts with these words:

Murder is punishable by death . . .

And I suggest that, the principle of the bill having been passed by the Senate, it is not in order to discuss the question of abolition or retention at this time.

Hon. Mr. Langlois: It is covered by rule 65(1)(c).

Hon. Mr. Flynn: Oh, no.

The Chairman: Senator Argue and honourable senators, it is a little difficult to rule on something which theoretically we have not seen.

Hon. Mr. Walker: What are you talking about?

The Chairman: In point of fact the honourable senator was kind enough to distribute copies of his proposed amendment. Particularly, he sent a copy to me yesterday, but I do think it would be helpful to the house if he were allowed to at least introduce the amendment, following which we will see whether or not it is in order.

Hon. Mr. Argue: I am quite prepared to follow your suggestion, Mr. Chairman, but I do wish to affirm that since this particular clause is the penalty clause for murder in certain instances, it would be unheard of to attempt to cut off the statements of an honourable senator with respect to the particular clause. I have been arguing against this clause. I am quite happy to take the suggestion of the Chairman but I wish to say that I feel that I was very much in order, and the rules certainly would suggest that such is the case.

I wish to move an amendment which would carry the abolition of capital punishment completely and without any question. We now have before us clause 2, and an amendment to clause 2 having to do with the complete removal of capital punishment would require consequential amendments to a number of clauses and the tidying up of the whole bill. This would involve a number of further motions if this should carry.

I move, seconded by the Honourable Senator Forsey, that in clause 2 of the bill the committee strike out the words following the word "repealed". Once you put the motion, Mr. Chairman, I will be quite happy to speak to the question of being in order.

The Chairman: It is moved by the Honourable Senator Argue, seconded by the Honourable Senator Forsey, that in clause 2 of the bill the words following the word "repealed" be struck out.

Is it the pleasure of the committee to adopt the motion?

Hon. Mr. Argue: I believe you suggested, Mr. Chairman, that I should comment on the question of this amendment's being in order.

Hon. Mr. Flynn: But the chairman has to put the question.

Hon. Mr. Argue: I understood that he had.

The Chairman: I have a copy of the motion before me. For the instruction of the house as a whole, it refers particularly to clause 2. It says:

Strike out the words following the word "repealed".

In effect, it repeals the whole of clause 2. The other parts of the honourable senator's amendment are really consequential, if we succeed in striking out the words after the word "repealed". It would be helpful if the honourable senator would explain why he thinks the amendment is in order.

Hon. Mr. Argue: I wish to state a number of reasons why I believe the amendment to be in order. Under the bill, we are providing for the abolition of capital punishment in perhaps 95 per cent of cases of murder. My amendment would merely extend that provision to provide for complete abolition of capital punishment.

It has been stated that the principle of the bill lies in the reinstatement of a provision which had changed the law for a period of five years—a so-called trial period. That trial period has elapsed. We are now endeavouring to provide for a new set of circumstances with a new bill, one that is so new and so far reaching that it requires some 10 pages of amendments to effect what one senator said was merely a simple extension of that trial period.

I have studied the ruling of the committee chairman in the other place, and noted that the Solicitor General stated that in his opinion the amendment before that committee was in order. I suggest to honourable senators who may be worried about the position of the government that the government was, by way of the Allmand amendment, in fact, in favour of the total abolition of the death penalty. I suggest that my amendment is in order because for many years the Senate has not hesitated to be master of its own rules, or to make its own decision on the matter of rulings, even though from time to time it has been contrary to the decision of the House of Commons.

On one occasion, Senator Sparrow introduced a bill amending the Farm Improvement Loans Act. That bill had the support of the Senate. It was in order in our chamber,

but was ruled out of order in the other place. I suggest, therefore, that we can and should follow our own rules, and interpret them in our own way. The Senate has not hesitated over the years to pass many substantial amendments to government legislation. According to the volume entitled *The Modern Senate of Canada 1925-1963* by F.A. Kunz, this was done to a total of 289 bills that were amended. There were 36 contentious amendments, which were resolved by various means. Fourteen were resolved by compromise, one by yielding of the House of Commons, 13 by yielding of the Senate, five by free conference, and three by being lost.

● (1420)

My point is that over the years the Senate has not hesitated to move important and far-reaching amendments. That, of course, is the very reason for the existence of the Senate. The life of the Senate depends upon the Senate's being able to take an independent position. I believe we can take an independent position—we can have a vote—under the rules that govern our procedures.

A letter was written by Senator Martin to the newspapers recently in which he made reference to the work of the Senate and the way in which the Senate has brought about major amendments to legislation. I believe that what he said in that letter has a very important bearing on the question of whether or not the Senate should in fact make major amendments. I quote, in part, from his letter of October 12, 1973, to the Editor of the Ottawa *Journal*:

> In the 1968-69 Session, the Banking, Trade and Commerce Committee, under the chairmanship of Senator Hayden, examined and reported on the White Paper on Anti-Dumping and a bill introduced in the Senate entitled: "An Act respecting Investment Companies". The amendments to this bill, recommended by the Banking, Trade and Commerce Committee, were so extensive that an entirely new bill emerged. Subsequently, it was introduced in the House of Commons in the session of 1970-72 in the form suggested by this Senate committee and it was passed by both houses.

So, the Senate is prepared at times to move far-reaching amendments, as Senator Martin points out in his letter. It may be argued that this amendment is beyond the scope of the title of the bill. The bill is entitled, "An Act to amend the Criminal Code." The scope of the bill is very far-reaching. It is not confined to a narrow principle.

I have in my hand May's *Parliamentary Practice,* 18th edition, in which the author makes comments on the powers that the house has to deal with amendments. I quote:

> Again, notwithstanding the rule which forbids the moving of an *amendment* which is destructive of the principle of the bill, there is nothing to prevent a Committee of the whole House from negativing a clause or clauses, the omission of which may nullify or destroy the bill, and reporting the bill, as amended, to the House.

I do not believe the amendment I have suggested would in any way destroy the bill, but this citation says that, even if it did, such an amendment could be moved.

The Chairman: Would you give the reference, please, Senator Argue?

Hon. Mr. Argue: This is at page 495 of May's *Parliamentary Practice,* 18th edition, Mr. Chairman. I should also like to read from pages 496 and 497 of the same edition:

> "The Manner of Proceeding of bills in the House of Commons" . . . states that "committee on private as well as public bills can admit no provisions which do not come within the scope of the title. If any provisions foreign to the title are intended to be added in the committee, instruction for that purpose must be obtained from the House." Again, on p. 96, the author states that "if it be proposed to insert in the bill any new or additional matter foreign to the bill, or not within the scope of its title, or to leave out of the bill any subject matter expressed in its title, the committee must be expressly empowered to make provisions for all such purposes by previous instructions from the House."
>
> The rigidity of this rule was found to be inconvenient, and in 1854 the House, by S.O. No. 42, gave a general instruction to all committees to which bills were committed, empowering them to make such amendments therein as they should think fit, provided that the amendments were *relevant* to the subject matter of the bill—

Certainly the subject matter of this bill has to do with penalty for murder.

> —if such amendments were not within the title,—

If they were even beyond the title.

> —the title was to be amended and reported specially to the house.

I feel from this citation that the Senate itself obviously has the power to take a decision on a proposed amendment, even if such amendment were not within the title, if the title was to be amended and reported specially to the house. Bourinot is also clear.

Hon. Mr. McIlraith: Before the honourable senator leaves the point he was just making, would he give the reference for the last part of his argument? He gave the reference only for the first part.

Hon. Mr. Argue: Page 496, the last ten lines, and the first three lines at the top of page 497.

In the Fourth Edition of Bourinot quoting from page 522 and on to page 523, it says:

> According to strict English practice, which is generally followed in the Senate, new clauses should be brought up and discussed after the consideration of the original clauses of the bill; but in the Canadian Commons, the practice is not rigorously followed, and the committee is generally guided by what is most convenient in each particular case.

It gives instances of the practice in the Commons and in the Senate. It goes on to say how a title may be handled, and sometimes handled differently in the Senate from the Commons. I want to read this portion, which I think is of great importance with reference to an amendment in committee:

> A committee of the whole have now power to make amendments not within the scope and title of the bill. The rules of the English Commons provides that any

> amendment may be made to a clause, provided the same be relevant to the subject matter of the bill—

When we talk about being relevant to the subject matter, I think it is obvious that it is.

> —or pursuant to any instructions, and be otherwise in conformity with the rules and orders of the house—

I draw the attention of honourable senators to these words in particular:

> but if any amendment be not within the title of the bill, the committee are to amend the title accordingly and report the same specially to the house.

Hon. Mr. Forsey: What page is that?

Hon. Mr. Argue: Page 523. This says to me very, very simply that the Senate in Committee of the Whole has the power, if it wishes, to make far-reaching amendments to any legislation that is before it beyond the title of the bill as long as it has to do with the subject matter of the bill. How could it be otherwise? Otherwise, the Senate could not operate.

I make an appeal to you, Mr. Chairman, on the basis of the practice we have had in this Senate over the years, on the basis of what is in the interests of the Senate, and I suggest to you that we would be placing ourselves in an impossible position if, by way of ruling, we tied our own hands and prevented ourselves, not necessarily from passing an amendment but from standing up and making our own decision on the merits or otherwise of an amendment. I am not at all impressed by the ruling in the other place of a chairman of a committee, who cited no authority, gave no quotations, but merely said that in his view a particular amendment was out of order and even went on to allow certain other amendments.

I do not know whether what I am about to say should be said, but I am going to say it anyway. I can tell you that I am no great authority on rules, but I tried to check with those who are. Recently I had the good fortune to happen to meet Mr. J. F. MacNeill, who for 13 years was Law Clerk and Parliamentary Counsel of the Senate, and for another 12 years was Clerk of the Senate. On the question of whether an amendment along these lines, to provide total abolition of the death penalty, would be in order, in the company of others, Mr. MacNeill made, I thought, quite a long statement. He emphasized his points with vigour, and he said that such an amendment, in his opinion, was entirely in order.

● (1430)

I bring this amendment to the Senate, in no way apologizing for having done so, not only as to the substance of the amendment but believing that the authorities say, as indeed they almost have to say, that the Senate has it within its powers to make such a decision.

Hon. Mr. Fournier (De Lanaudière): May I ask the honourable senator a question? There is no doubt that we have the right to amend any legislation coming from the other place except when that amendment involves public expenditures. So, I do not think we have the right here. I do not need to discuss the merits of the amendment. To my way of thinking, public expenditure is involved if we are to keep murderers in prison for life, at $10,000 a year each.

[Hon. Mr. Argue.]

The Chairman: Before making a decision, the Chair invites other honourable senators to give this the benefit of their views.

Hon. Mr. McIlraith: Honourable senators, I do not have the benefit of having the text of the amendment before me, but I assume from the formal part that was read out that in addition to the simple negation it must substitute some other text for section 214 of the act.

In my discussion now, I will interpret it in that way. The actual amendment read out was a simple negative. It would not require an amendment at all; it would require simply a vote against the bill. I assume that is not what is intended, that there is a substitute coming immediately afterwards to the later parts of the text.

The text of the whole amendment as in existence was not read or was not put in that form in the amendment read, but I make nothing of the point.

There are one or two other preliminary matters I should like to clear up. I cannot understand how any reference could be made to the rejection by the House of Commons of a Senate bill or another subject presented there. The bill for the total abolition of capital punishment is not similar to the Senate bill that was ruled out of order earlier this year in the other place on a different ground altogether. I think the grounds for criticizing that decision in the other place are good, but it does not seem to be germane to this discussion at all.

Hon. Mr. Flynn: Let us forget it.

Hon. Mr. McIlraith: The point in that case was whether or not that House had the power to pass a rule they have in existence, and merely relying on the rule had the effect of amending the British North America Act which governs the presentation of a bill of the kind passed by the Senate.

Hon. Mr. Flynn: On a point of order, that was the very point made by Senator Fournier.

Hon. Mr. McIlraith: I do not think that reference to the earlier Senate bill this year, which was rejected by the House of Commons, is a valid argument with respect to this type of bill. It is a different point altogether.

By the way, on the reference to the amendment by the Senate of bills from the House of Commons, of course the Senate has a right and duty, if it sees fit, but that is not the point at issue. What is at issue here is a much narrower point—whether or not the honourable senator has the right to present this amendment in this form or in any other form to this particular bill.

As for the argument he was starting to make, I could not help thinking that he might have advanced the argument if he were merely asking us to reject the clause. It may have been that he could have advanced an argument on the point of total abolition in that way, so that he may be heard in committee. But to follow that by an amendment of the nature proposed by him is not acceptable.

By the way, I noticed that reference was made to an opinion apparently given in committee in the other place by a successor to myself in the position of Solicitor General.

Hon. Mr. Flynn: No, no; against the successor of yourself.

Hon. Mr. McIlraith: The ruling was given, but as to the opinion given by the present Solicitor General, I would respectfully draw attention to the fact that the chairman of the committee, who overruled the opinion of the Solicitor General, was also a lawyer of some considerable significance and was the chairman of the committee of that other place. So I do not think that was conclusive one way or the other.

The real point we are concerned with here is whether or not this amendment is within the scope of the bill and whether it comes specifically within the four corners of our bill. It is one thing merely to delete a clause. That can be done by a simple negative vote. Here the amendment does not come merely within the scope, it rejects the principle of the bill. The principle of the bill we voted on yesterday was whether or not we should continue in operation, for another period of five years, a law that we had in operation for a period of five years, from 1967 to the end of 1972.

Reference was made to the length of the bill. The bill is lengthy because an election intervened. A simple bill, extending the date, could not be submitted because Parliament was dissolved and the period expired before such action had been taken.

You cannot by that method retroactively enact legislation to cover the intervening period. There was no other way to extend the period of operation of the law for a further five years than by dealing with it clause by clause at length. Nonetheless, it was a simple continuance bill, seeking to continue the law. The Senate has taken its decision on that point. I respectfully submit the amendment is squarely within—or, rather, contrary to the principle—

Hon. Mr. Flynn: You were doing all right at first.

Hon. Mr. McIlraith: The honourable senator quoted references from Erskine May's *Parliamentary Practice*, 18th edition. It is quite interesting. May I read parts of what he was quoting? He was dealing with the English practice and he went on to say, at page 496:

> Again, on p. 96, the author states that "if it be proposed to insert in the bill any new or additional matter foreign to the bill, or not within the scope of its title,—

And what is at issue here is not within the scope of the bill.

> —or to leave out of the bill any subject-matter expressed in its title—

That is not part of it.

> —the committee must be expressly empowered to make provisions for all such purposes by previous instructions from the House."

No motion of instructions has been obtained from this house permitting the committee to extend by an amendment beyond the principle of the bill that we dealt with yesterday.

Hon. Mr. Forsey: Would the honourable senator read the words which follow, which I think Senator Argue quoted?

Hon. Mr. McIlraith: Yes. I have been reading rather carefully in the last day or two. He goes on to say:

> The rigidity of this rule was found to be inconvenient, and in 1854 the House, by S.O. No. 42—

I do not know what more Senator Forsey wants me to read.

Hon. Mr. Forsey: Read the whole thing.

Hon. Mr. McIlraith: But if it were applicable, it is not applicable here. Incidentally, that reference was made to the British House of Commons rules, and even if it is applicable in our House of Commons, our rules in the Senate are much more strict.

Hon. Mr. Flynn: Where do you find that?

• (1440)

Hon. Mr. McIlraith: You will find it in the 18th edition of Erskine May's *Parliamentary Practice*, at page 497.

Hon. Mr. Flynn: But we have revamped our rules several times since that was published.

Hon. Mr. McIlraith: I have given the reference to the honourable senator.

Going on to the point raised by Senator Forsey, even if that English standing order, where they provided a general instruction instead of special instructions, as required formerly, were applicable in Canada, it does not cover the amendment before us.

In the first clear paragraph on page 497 May says, "The effect of this standing order . . ." and then goes on to deal with that. The honourable senator omitted to emphasize the reference in what he was reading to the requirement for an instruction when the principle of a bill is changed. That requirement is reiterated in the very words he read. That is the point I wish to make. There is always the need for an instruction of the whole Senate, sitting as a Senate, before—

Hon. Mr. Flynn: How would these instructions be worded?

Hon. Mr. McIlraith: I cannot give you the wording offhand, but there was such a case a few years ago in the House of Commons. In that case it was an instruction to divide a bill, and deal with it as two bills. There was a good precedent there. But such instructions have been given. There is a precise wording for them.

The Chairman: The flag bill?

Hon. Mr. McIlraith: Yes, it was also used in the flag debate. There was an instruction given to the committee in that case.

Hon. Mr. Flynn: To a committee?

Hon. Mr. McIlraith: Yes, there were instructions to a committee. And there were one or two other cases within my own recollection.

Hon. Mr. Forsey: May I ask the honourable senator a question at this point? Surely the reference to the debate on the flag bill is quite irrelevant, because, to the best of my knowledge and belief, there was no bill at all. It was a resolution. There was no legislation. There is no act on the statute books dealing with the flag.

Hon. Mr. McIlraith: I quite agree that the proceedings in the flag debate are quite irrelevant. I was asked if I could give an example of the language, I think it was, that

is used in an instruction, and in answering that question I said I could not quote the exact language but I could give an example of where an instruction was given. An instruction was given in that debate, but there were so many proceedings concerning the flag that I am not sure which it was on.

Returning to the argument here, the point, then, is that the amendment rejects the principle of the bill, and goes beyond the scope of the bill. The house having taken a decision on the principle of whether or not to continue this measure, this amendment seeking to bring about total abolition is away beyond the scope and effect of the bill.

The Chairman: Are there other honourable senators who would like to advise the committee?

Hon. Mr. Flynn: I am quite sure it would be helpful to the Senate if Senator Martin were to indicate the position of the government. If the government is prepared to allow an expression of opinion on the very point raised by Senator Argue, despite the problem of procedure, I am sure we would resolve the difficulty quickly. If Senator Martin is prepared to give that permission to his followers, I am quite sure all will go very well.

The Chairman: Are there other honourable senators—

Hon. Mr. Flynn: If the government leader has nothing to say, as usual, because he has given his followers their orders in private, I have a few things to say.

Hon. Mr. Croll: No, no.

Hon. Mr. Flynn: Have you some objection?

Hon. Mr. Croll: When you talk about his giving directions—

Hon. Mr. Flynn: He does not have to give them to you, because you know what is expected of you, without being reminded.

Hon. Mr. Croll: Now, just a minute. When you talk about directions, you realize that eight of our members voted against the bill, and none of your members voted against the party.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: I was expecting Senator Perrault, the neophyte member from British Columbia, to applaud first, and he did it again. His record is perfect. He is going to follow the path of Senator Buckwold. He will probably become assistant whip in no time. I am quite sure Senator Martin has an eye on him.

An Hon. Senator: Move over, Buckwold.

Hon. Mr. Flynn: The point that has been raised by Senator Argue is a most important point, and I would hate for the Senate to cower from having to make a decision on it. As far as the method of dealing with this subject is concerned, you could argue one way or the other. Senator McIlraith is an expert. He says that the principle of the bill is the continuation of the legislation which was in effect between 1968 and the end of 1972. Well, if it is, why did the government prepare a bill entirely new in its wording? If it was merely the continuation, it could have said, "The legislation in effect between 1968 and 1972 is put in force again for another period of five years," and that would have been a clear continuation.

[Hon. Mr. McIlraith.]

I agree that in substance it is, but in practice it is not, and because we have changed the words we are now changing the law which was in effect before 1968.

Hon. Mr. McIlraith: I wonder if I could be permitted a question?

Hon. Mr. Flynn: Certainly.

Hon. Mr. McIlraith: Would the honourable member agree that by using the method he has suggested, we would be attempting to legislate retroactively for the period between the expiry of the previous law and the present time, and that that can only be done, as indeed it is done in this bill, by direct reference to the period, and direct enactment?

Hon. Mr. Flynn: I cannot see the difference. I cannot follow this argument. According to you, this bill has a retroactive effect to the 1st of January 1973. Isn't that what you are saying?

Hon. Mr. McIlraith: I am saying that that has to be achieved in a certain way because, between the expiry of the five-year period and now, trials have taken place under the law that was in existence. So, you must deal specifically with those trials. You cannot simply say that the law shall be the same from the end of 1972 until the enactment of this bill in that terminology, or by the method, that the honourable member suggested. Those trials have, in fact, taken place, and they must be specifically dealt with. You cannot do it by reference to a time. That was the point. I thought I made that point clear. I thought I made it clear in my remarks on presenting the bill for second reading.

Hon. Mr. Flynn: You tried before, and you have tried again, and I do not think you have succeeded in making anything clear yet; because if you really have this idea of the continuation in force of the existing legislation, from January 1, 1968, to the end of December 1972, you could say, "This legislation is continued in existence for another period of five years," or whatever are the terms, "and is deemed not to have expired as of January 1, 1973."

Hon. Mr. McIlraith: You cannot do that.

Hon. Mr. Flynn: You are doing it exactly in those words in this bill, and don't tell me that because you say it in a certain way that you cannot say it in another way. That is childish. I am suggesting to the honourable senator that, in effect, this argument is merely calculated to avoid the point which we are considering here.

Let us go back, for instance, to the legislation we adopted in 1967. That legislation had the effect of abolishing the death penalty for all murders except those of policemen and prison personnel. Well, at that time if someone had said, "You are not going far enough; we want to abolish it entirely," it would have been relevant in the context or in the perspective that the Honourable Senator McIlraith gives now, as he tries to hide behind the principle which supports the continuance or the putting back into force of the legislation which we had until January 1 this year. I am quite convinced that we are just avoiding the issue.

● (1450)

The amendment put forward by Senator Argue at this point is difficult to assess in itself because there have to be

some consequential amendments. But if the bill were really to do what I suggested, not only to abolish the distinction between capital and non-capital murder, as we had it in 1967, but to go further and say that all murders are punishable by imprisonment for life—if we were to say this, whatever the terms used might be, I think it would be in order. But if you try to isolate an amendment at this stage, then I think you are doing the wrong thing. It may be that if the amendment were allowed by the speaker and we were going to discuss it, we might want to do it in another way. We might want to have different wording. But asking the Chair to rule this amendment out of order at this time is merely avoiding the issue. I am quite convinced that the Senate as a whole wants to make a decision on that and wants to express its opinion on this very important matter.

That is why I was hoping that the Leader of the Government would not hesitate to say, "I would rather have the views of the Senate on the principle." Then if there were any difficulty as to procedure, we might adjourn and have advisers from the Department of Justice tell us what we should do and how we should proceed to send the bill back to the Commons with an amendment which would result in the complete abolition of the death penalty. But I do not think the Senate should hide behind a problem of procedure to avoid making known its opinion as to the essence of this bill.

Hon. Mr. Grosart: Mr. Chairman, I am not greatly concerned with whether or not the amendment as proposed is put by you. I am inclined to agree—in fact I do agree—with Senator Flynn that it would be just as well for us to have the amendment before us and to express an opinion on it. However, I do presume that we are concerned in this house with remaining within our own rules. Therefore, for what it may be worth, I draw the attention of the Chair to rule 54(2) which says:

> In a bill amending any statute or part thereof, the amendments shall be made by clauses which re-enact the section, subsection or other minor division as it is amended and shall not ordinarily be made by clauses which add or leave out words or substitute words for others.

I am not suggesting that this is a substantive matter at this time. The amendment as proposed by Senator Argue could very well, if some change is necessary, be quickly brought within that rule. On the other hand, rule 65(1) says:

> The rules of the Senate shall apply in committee of the whole with the following exceptions:
>
> (c) arguments against the principle of the bill shall not be admitted.

Note the words "arguments against the principle of the bill". Now, if the principle of the bill is, as it seems to me, that murder is punishable by death or is punishable by imprisonment for life—if that is the principle of the bill, and that is for Your Honour to rule—then I would submit that rule 65 (c) may well apply.

Also, as far as the principle of the bill is concerned, we have had some discussion about the rules in the other place. But I would suggest that any decision under the rules in the other place has no bearing whatsoever on the matter before us. I suggest to Your Honour that we are concerned only with our own rules, and my concern is that on this occasion, a very important occasion, we do stay within our own rules, whatever they may be, as interpreted by Your Honour. I would hope that the decision that Your Honour makes will make very clear, (a) whether the proposed amendment does, in effect, negative the bill, and (b) whether the negation of the principle of the bill under our rules automatically disqualifies the amendment. I think it is important for future debates and discussions that we have a very clear ruling on those points. Let me repeat that the first question is: (a) does this amendment negative the principle of the bill? In other words, is it outside the scope of the bill, and (b) if it does negate it, does that disqualify it as an amendment that can be put by Your Honour?

Hon. Mr. Lamontagne: May I ask a question of the honourable senator? I do so because I am the least expert in this field. How could an amendment which would negative the principle of the bill be entertained at this stage when this chamber has already accepted, by giving it second reading, the principle of the bill?

Hon. Mr. Grosart: Perhaps I did not make myself quite clear, but that is exactly the point I was making. The honourable senator asked how, if the amendment did negative the principle of the bill, it could be considered at this time. That is exactly the question I am seeking the answer to, and I am in no position whatever to give the answer. I hope we will get it.

Hon. Mr. Forsey: Mr. Chairman, there are just a very few points I should like to make on this question of the admissibility of the amendment. If I understood the honourable Senator McIlraith correctly, he appeared to be suggesting that this amendment was not required, that the same end which we have in view could be attained simply by voting against the bill.

Hon. Mr. McIlraith: No.

Hon. Mr. Forsey: Did I not understand you correctly?

Hon. Mr. McIlraith: No.

Hon. Mr. Forsey: Or against the clause, I was going to add.

Hon. Mr. McIlraith: I was pointing out that the form of the amendment before us, and which had been read, was not complete, and that I assumed there was more coming with it and was prepared to treat it as if it was an attempt to do the necessary things to achieve total abolition.

Hon. Mr. Forsey: I thought the honourable senator was also suggesting that merely by voting against the clause, without any amendment, we could have achieved the same end as is proposed by this amendment. However, it seems to me to be quite clear that that would not be so. If we merely voted against the clause we should not attain the end we had in view.

The second point I should like to make is that it seems to me that the title has some bearing, at least, on what is really the subject matter of this amendment. One of the questions at issue is this: what is the principle of the bill? What is the subject matter? Then, does the amendment go beyond the principle of the subject matter of the bill? I should like to draw attention to the fact that the proposed

short title is Criminal Law Amendment (Capital Punishment) Act. Now, surely this amendment does deal with capital punishment.

I am not emphasizing—indeed, I am not mentioning—certain other points that I think Senator Argue made very clear in the citations from May and Bourinot which seemed to me to be conclusive, subject only to one reservation, which was raised, in a sense, by Senator McIlraith, if I remember correctly, or possibly by the Leader of the Opposition. However, I think it was Senator McIlraith who suggested it. Anyway it was suggested that our rules are more restrictive than those which are covered by the citations from May and Bourinot which in the one instance refer to the British House of Commons and in the other instance to the House of Commons of Canada, and not directly to the Senate. Well, all I can say is that I would very much like to have the citations from our rules which would show that they would be more restrictive in this matter than the rules and practice which are cited in May and Bourinot. Now, it is true that Senator Grosart very obligingly supplied certain citations from our rules, rule 54.(2), for example, which he read in full. The most relevant portion of that rule, I suggest, is:

● (1500)

> . . . shall not ordinarily be made by clauses which add or leave out words or substitute words for others.

I do not know what precisely the significance of the word "ordinarily" is. That would seem to leave some discretion to the Chair or to the Senate itself. I merely raise this question, is there any exception provided from rule 54.(2) by that word "ordinarily"? I am not altogether sure either that merely deleting the rest of the words after the word "repealed" is what is really intended by the words "or leave out words." Cutting a proposed section short, does that, or does that not amount to leaving out words?

Then the honourable Senator Grosart referred to rule 65.(1)(c):

> arguments against the principle of the bill shall not be admitted.

Well, this, after all, is again the question at issue. What is the principle of the bill? Is this amendment contrary to or beyond the principle of the bill? If so, then clearly under our rules it would appear to be out of order, but this is the whole question that is at issue.

I venture to point out also, in relation to Senator Grosart's remarks in connection with applying our own rules and our own rules having, for us, precedence over any rules that may be valid in the other place, that we have in rule 1 of our own rules the following:

> In all cases not provided for hereinafter, or by sessional or other orders, the standing orders, the rules, usages, forms and proceedings of the Parliament of Canada, in force up to the day on which the present rules go into operation, shall be followed so far as they can be applied to the proceedings of the Senate or any committee thereof.

I have been uneasy for some time about the wording of that rule and have contemplated raising it, because where it says " . . . the Parliament of Canada," we are a part of the Parliament of Canada. This is, in effect, saying where our rules do not apply our rules and the rules of the House of Commons shall apply. Suppose they differ, where are we? I assume that it is intended that this should mean the rules of the House of Commons; that where our rules do not provide, the rules of the House of Commons shall apply. I do not know how you can talk about the rules of the Parliament of Canada and the rules of one house when the Parliament of Canada includes both houses. What do you do about a conflict?

Hon. Mr. Molson: May I ask a question? Rule 1 reads:

> In all cases not provided for hereinafter, . . .

So I suggest, with respect, that that does make a little difference.

Hon. Mr. Forsey: But is this " . . . provided for hereinafter"? That is one of the questions I am raising. That is exactly the point I am trying to raise and I say we do not get a great deal of guidance from rule 1. It seems to be curious, to say the least. But if it means that where our own rules do not provide we follow the usages, practices and rules of the House of Commons of Canada which, in their turn, contain, I think, a section saying that in cases not provided for the rules of the House of Commons of the United Kingdom shall be followed, if that is so, then it seems to me to be possible that this might have some bearing, and that the citations from May and Bourinot might have some bearing, on the admissibility of this amendment from a procedural point of view. If there are other sections of our rules which are more restrictive and which would make the citations from May and Bourinot inapplicable, I think it would be useful for the house and, possibly, even for the learned occupant of the Chair, to have those sections of our rules cited.

Hon. Mr. Rowe: Mr. Chairman, I am sure that all honourable senators share my own desire that this matter be dealt with as thoroughly and expeditiously as possible. Nevertheless, I think we need to remind ourselves that, no matter what action the Senate takes on what is contained in the bill itself, we shall not be solving the problem. This is going to be a continuing problem confronting the Canadian nation, confronting society and confronting our consciences for the foreseeable future, because no one really knows what the answer to it is. However, I would like to say this in connection with the point of order which we are still debating. Perhaps I am making use of a cliché here, that we are quite literally dealing with a matter of life and death. I would judge, although I am not competent personally to comment on the technicalities involved in this point as to whether or not Senator Argue's amendment negates the principle of the bill itself, there is obviously some room for doubt if one may judge from the points which have been made here today, especially by those senators who are lawyers. I do feel, however, that if there is any margin of doubt as to whether or not the amendment is admissible, in the resolution of that doubt I would respectfully suggest that since we are dealing with a matter of life and death, the more debate, the more expression of views that we have, the better. I would respectfully suggest, Mr. Chairman, that in the event it is a grey area and not black or white, then the decision be given in favour of admitting Senator Argue's amendment.

The Chairman: Are there other honourable senators who wish to speak?

Hon. Mr. Lamontagne: I should like to address myself, although I wish to repeat to my honourable friend, Senator Molson, that I am not a lawyer, to what is apparently the main question: What is the principle of the bill? As the Honourable Senator Grosart is aware, I am in the habit of endeavouring to think in terms of systems, and it seems to me that in this area we have three different systems to face. The first is the one under which we lived until, let us say, 1962, when capital punishment was the rule. Then we had one from 1962 up to now, under which we began to restrict the application of the principle of capital punishment. There is a third system possibly, which is complete abolition, which would be the exact opposite of the system obtaining before 1962. It seems to me that at this moment we are discussing a modification of system two, restricting the system of capital punishment. To move from one system to the other would require a bill quite different from the one before us. My views are well known. If this amendment were in order—and I do not think it is—I would vote for it.

● (1510)

Hon. Mr. Grosart: Perhaps, on a point of privilege, I should make an explanation. On looking again at rule 54(2), which I drew to the attention of the house, it occurs to me that it probably applies only to an amending bill and not to an amendment to a bill. I do not wish to mislead. There is quite a difference.

Hon. Mr. Godfrey: Mr. Chairman, I did not speak on this bill during second reading, but I should like to say that the Canadian people, had they listened to the debate, would have thought that the principle of the bill is whether or not we are going to abolish capital punishment.

Hon. Mr. Flynn: No.

Hon. Mr. Godfrey: As a total abolitionist, I had no difficulty in voting for the bill on second reading. The fact that the death penalty is retained in a few minor exceptions does not affect the principle of the bill so far as I am concerned. I found the arguments of Senator McIlraith to be both artificial and unconvincing. I support the remarks of Senator Flynn and Senator Rowe, and shall not repeat them.

Hon. Mr. Choquette: For a newcomer, you are very good.

Hon. Mr. Flynn: I do not wish to be too procedural about this matter. Perhaps, Mr. Chairman, you would allow the amendment to be put and the senators to vote for or against the total abolition of the death penalty. I know that some honourable senators on my side of the chamber oppose the bill because they are in favour of retention. Others oppose it because they are in favour of abolition. If the amendment were to carry, we could then move the adjournment of the committee in order to consider the consequences of such a decision and the consequential amendments. We would at least have the opportunity of making a decision on the principle, subject to modifying any subsequent amendments which might be required. By so doing we would be acting wisely and courageously.

The Chairman: Senator Argue in effect moved an amendment to clause 2, which is under discussion. By legal interpretation, he developed his theme with regard to the other clauses which are included in his general amendments. It might be called a package deal.

It was important for the honourable senator to explain his proposed amendment of clause 2 and what he had in mind with regard to the other amendments. He was given leeway in order that his presentation could be full, and brought to the attention of the house.

Might I suggest at this stage, in view of the fact that the honourable senator presented an argument *in toto* on the whole of his amendments, including the consequential subclauses, that his amendments be printed as an appendix to *Hansard* and to the *Minutes of the Proceedings* of this day, otherwise this discussion may not have any relation to what has taken place this afternoon.

Hon. Senators: Agreed.

(*For text of proposed amendments, see Appendix p. 1206.*)

The Chairman: We will simply print the amendment as moved by Senator Argue, which includes clause 2, and the balance of his amendment which he has not read to the house. Is the house now ready for an opinion from the Chair?

Honourable senators, I have not been taken by surprise, because Senator Argue was kind enough to send me a copy of his amendment yesterday. I have since done a fair amount of homework on the question. My duty as chairman is to render an opinion on whether or not the amendment to clause 2 is in order. With your permission, I shall proceed to present the views of the Chair.

I am called upon to consider and rule on the admissibility of a package amendment to Bill C-2, moved by Senator Argue and seconded by Senator Forsey, which would have the effect of completely abolishing capital punishment.

The issue is whether such amendments are consistent with the principle of the bill, as agreed to by the Senate on second reading. I emphasize the words "consistent with the principle" as opposed to "within the scope of" for very good reasons.

Bourinot's *Parliamentary Procedure*, at page 523, reads:

> A committee of the whole have now power to make amendments not within the scope and title of the bill. The rules of the English Commons provides that any amendment may be made to a clause, provided the same be relevant to the subject-matter of the bill, or pursuant to any instructions, and be otherwise in conformity with the rules and orders of the house; but if any amendment be not within the title of the bill, the committee are to amend the title accordingly, and report the same specially to the house.

However, Bourinot goes on to qualify that statement on page 525 by saying:

> Though a committee has full power to amend, even to the extent of nullifying the provisions of a bill, they cannot insert a clause, reversing the principle affirmed by the second reading.

The question thus becomes the definition of the principle of the Bill C-2 as read a second time by the Senate.

I have read the *Debates of the Senate* respecting the second reading of Bill C-2 up to and including November 15, and have noted that of the 28 senators who have spoken

so far 24 mentioned that Bill C-2 is not an abolition bill but a compromise bill, a continuance bill.

In introducing the bill on November 1, Senator McIlraith indicated that it was regrettable that the bill, as reprinted in the Senate following passage in the other place, did not include the explanatory notes that were in the bill following first reading in the Commons. I refer honourable senators to *Debates of the Senate,* page 1070.

The first explanatory note in the bill as introduced in the other place was:

> The purposes of this Bill are, by amendments to the Criminal Code, to provide for
>
> (a) the reinstatement of the law relating to capital punishment that existed prior to December 30th, 1972, for a period terminating on December 31st, 1977, and
>
> (b) the elimination of the use of the terms "capital murder", in relation to murder that is punishable by death, and "non-capital murder", in relation to murder that is punishable by life imprisonment.

In reviewing the *Debates of the Senate*, I quite naturally wanted to see what honourable senators had said in this regard. Senator Choquette on November 1, as reported, at page 1075, said:

> After all, we are being asked to renew a bill which was passed in 1967; we are asked to renew it for a further period of five years.

● (1520)

He went on to say, a few lines later:

> It is neither retentionist nor abolitionist.

Senator Carter on November 6, at page 1085, said:

> In moving second reading of the bill, Senator McIlraith made it very clear that its principle did not concern the question whether the death penalty should be retained or abolished, but rather whether the legislation in effect from 1967 to 1972 should be extended for a further period of five years.

Senator Manning on November 7, at page 1092, said:

> —the major point at issue in the legislation before us is whether the partial ban on capital punishment should be extended for another five years.

Senator Lang, on November 8, at page 1103, said:

> —the bill before us extends for another five years a principle established in 1967 that capital punishment be confined to murders of police and prison guards. In other words, the bill is a retentionist bill, not an abolitionist bill.

And further on he said:

> —any amendment to the bill which would remove the capital penalty against murderers of policemen or prison guards would violate the principle of the bill and, in my opinion, would be completely out of order.

Senator Desruisseaux on November 13, at page 1120, had this to say:

> We are now being asked, in effect, to extend this experiment for another five years.

On November 14 Senator John Connolly indicated how important the recognition of the continuance as the central principle of the bill is if honourable senators are to be able to make clear, rational decisions. At page 1130, on November 14, he is reported as saying:

> Honourable senators, in 1967 I had in my own mind no definitive solution to the problem posed by the use of the death penalty for murder. In 1973, I confess, I am in the same position. Six years ago I could not assess its value as a deterrent; today I am really no better off. If I did know I would not vote to approve another trial period of virtual abolition. It may be that five years hence I shall have developed more wisdom on this most agonizing issue.

It is clear—at least it is clear to me—from the debate on this bill that virtually every senator recognizes that Bill C-2 is a continuance bill. Indeed, some honourable senators opposed it because it is a continuance bill rather than an abolitionist bill. Senator O'Leary is a shining example of such a view. At page 1145 of *Hansard* of November 15, he is reported as saying:

> —as an abolitionist, who believes sincerely in the abolition of capital punishment without any qualification whatsoever . . . I must oppose the bill. I do so because it does not abolish capital punishment. It entrenches capital punishment.

The fourth edition of Bourinot's *Parliamentary Procedure*, at page 524, also says:

> On the other hand, it has been decided that it is not within the scope of a committee to which a continuance bill has been referred, to amend the provisions of the acts which it is thereby proposed to continue, or to abridge the duration of the provisions contained in those acts.

Again in Erskine May's *Parliamentary Practice,* the eighteenth edition, at page 494, under the heading "Functions of a Committee on a Bill" there is this:

> The function of a committee on a bill is to go through the text of the bill clause by clause and, if necessary, word by word, with a view to making such amendments in it as may seem likely to render it more generally acceptable. The rules as to the admissibility of amendments are explained in detail on pp. 507-10 below, but the general powers of a committee and the limitations by which it is bound should be clearly borne in mind.
>
> (1) A committee is bound by the decision of the House, given on second reading, in favour of the principle of the bill, and should not, therefore, amend the bill in a manner destructive of this principle.

Hon. Mr. Flynn: And it does not.

The Chairman:

> (2) The objects of a bill are stated in its long title, which should cover everything contained in the bill, as introduced . . . Amendments, however, are not necessarily limited by the title of the bills, since a committee is empowered by S. O. No. 42 to make amendments "relevant to the subject-matter of the bill," provided that, where such amendments are outside the title, the committee extends the title so as to cover them.

(3) An amendment which is outside the "scope" (as described on pp. 508-9) of the bill is out of order and cannot be entertained, unless a special instruction has been given by the House to the Committee.

Again at page 495 Erskine May says:

Doubts have arisen whether the committee, to whom a bill has been referred, can by amendment so change the provisions of the bill, that when it is reported to the House, the bill is in substance a bill other than that which was referred to the committee. As stated above, a committee can negative every clause of which the bill committed to them is composed, and can substitute for those clauses new clauses, if relevant to the bill, as read a second time, and otherwise in order.

And again in the same edition, at page 509:

(5) An amendment which is equivalent to a negative of the bill, or which would reverse the principle of the bill as agreed to on the second reading, is not admissible. Where the scope of a bill is very restricted, it is not always easy to grasp the full effect of this rule, but the method of its application can be judged from the two following examples—

I have only taken one:

The scope of the Parliamentary Elections (No. 2) Bill, 1880, being restricted to the repeal of a section in a statute, an amendment which proposed the continuance and extension of that section was ruled out of order. The chairman stated that, though the committee had full power to amend, even to the extent of nullifying the provisions of a bill, they could not insert a clause reversing the principle which the bill, as read a second time, sought to affirm.

Senator Grosart was kind enough to bring to our attention rule 65(1)(c) which, to me, seems to bear this out. It says:

(1) The rules of the Senate shall apply in committee of the whole with the following exceptions: . . .

(c) arguments against the principle of the bill shall not be admitted.

Hon. Mr. Flynn: And they have all the time.

The Chairman: Bill C-2 continues, with certain modifications, a law that was in force for five years. One may argue that the amendments intended to totally abolish capital punishment would not be amendments to the continuance bill but would be, in effect, amendments to the permanent statute—that is to say, the Criminal Code.

In summary, then, the admissibility of total abolition amendments in the Senate is governed by the definition of the principle of the bill. If that principle is the continuance of the five-year experiment, I cannot see how such amendments can be admitted. Therefore, as the principle of this bill has been approved on second reading, the amendment as proposed, in effect asking for the total abolition of the death penalty, is contrary to the general principle of the bill and is, in my view, out of order.

Hon. Mr. Argue: Honourable senators, as I feel this ruling is fatal to the function of the Senate, and would destroy the authority and responsibility of the Senate, with respect, I appeal the ruling of the Chair.

The Chairman: It is moved by the Honourable Senator Argue, seconded by the Honourable Senator Forsey, that the ruling of the Chair in Committee of the Whole be not accepted. Is it the pleasure of the committee to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Chairman: All those in favour of the motion will please say "Yea."

Some Hon. Senators: Yea.

The Chairman: All those against the motion will please say "Nay."

Some Hon. Senators: Nay.

The Chairman: In my opinion, the "Nays" have it.

Hon. Mr. Flynn: We want you to report to the Speaker and have a formal vote.

The Chairman: All those in favour of the motion will please rise.

Hon. Mr. Flynn: I would ask you to report to Her Honour the Speaker that there is an appeal from the decision of the Chair.

• (1530)

The Chairman: Honourable senators, the procedure is to take a standing count in the Senate. All those in favour of the motion will please rise.

Hon. Mr. Flynn: What is the motion?

The Chairman: The motion is an appeal against the ruling of the Chair.

Hon. Mr. Flynn: I think that question cannot be put.

Hon. Mr. Argue: Mr. Chairman, when your ruling is challenged, I suggest that challenge in itself by two honourable senators means that you automatically go to Her Honour the Speaker and ask her to deal with this. The whole chamber, with Her Honour the Speaker in the Chair, can then deal with it. It would be an unheard of practice, I would think, to do it on any other basis.

Hon. Mr. Flynn: It is an appeal to the Senate.

Hon. Mr. Martin: Honourable senators, I have discussed this matter with Senator Langlois, who on some aspects of the bill is not in accord. Other honourable senators, who have had long experience, hold the view that the way the matter is dealt with here is not as it is in the other place. Here I am now told it is dealt with in committee by a vote.

Hon. Mr. Flynn: Where do you get that?

Hon. Mr. Martin: It is not covered in the rules, and the practice has been that it is done by a vote in Committee of the Whole, as was proposed by the chairman. We are now in a position to deal with this appeal by a standing count while we are sitting in Committee of the Whole.

The Chairman: Honourable senators, on this question we are in committee, and I would call your attention to that. While it is perfectly legal to appeal any decision of the Chair, it is nevertheless understood in this house that we deal with it in Committee of the Whole.

Hon. Mr. Flynn: With respect, Mr. Chairman, you have been Speaker in the other place and I have been Deputy Speaker. The first ruling I made in the other place as deputy chairman of the Committee of the Whole was appealed on the suggestion of my honourable friend, Senator Martin.

Hon. Mr. Martin: And I succeeded, I think.

Hon. Mr. Flynn: No, you did not succeed.

Hon. Mr. Lamontagne: It was a bad ruling.

Hon. Mr. Flynn: I am speaking only on the procedural aspect. An appeal from a ruling of the chairman is to Her Honour the Speaker. The chairman reports to the Speaker that there has been an appeal against his ruling, and Her Honour asks the Senate whether the decision of the chairman shall be sustained or not. The vote then is on whether the Senate is in favour of the ruling of the chairman, or against it. The way the chairman is putting the question to us is whether we are in favour of an appeal against his ruling, which is completely the reverse. I submit there is nothing in our procedure to suggest that the decision be taken when the chairman is in the Chair. As was pointed out by Senator Forsey and Senator Molson, rule 1 provides:

> In all cases not provided for hereinafter, or by sessional or other orders, the standing orders, the rules, usages, forms and proceedings of the Parliament of Canada, in force up to the day on which the present rules go into operation, shall be followed so far as they can be applied to the proceedings of the Senate or any committee thereof.

We would need a definite text to proceed otherwise than we would in the other place on a question like that.

Hon. Mr. Grosart: Mr. Chairman, I rise on a point of order. I point out that rule 15 is:

> The Speaker shall preserve order and decorum, and shall decide points of order, subject to an appeal to the Senate.

While this does not entirely cover the situation, I point out that this is in the form of a point of order. We are dealing with a point of order on whether the appeal should be taken in committee, or to the Speaker. We have before us, as a committee of the Senate, a point of order, and I suggest that our rules make it very clear that points of order shall be decided by the Speaker, subject to appeal to the Senate, and there is nothing in our rules that provides for an appeal to a chairman of a committee.

The Chairman: Honourable senators, I have had the advantage of the Clerk's pointing out to me that Bourinot, at page 396 of the fourth edition, says:

> In case of an appeal to the house it is the duty of the chairman of the committee to report in writing the point of order which he has decided. The Speaker must then submit the matter to the determination of the house in the language reported to him, and put the question, "That the decision of the chairman be confirmed." No discussion is allowed on the appeal.

Hon. Mr. Flynn: That is the point.

Hon. Mr. Argue: That is the clear practice.

[The Chairman.]

Hon. Mr. Lamontagne: Except that it is not a point of order.

Hon. Mr. Flynn: It is.

The Chairman: Honourable senators, with your permission, I shall report to the Speaker of the Senate.

The Hon. the Speaker: The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Mr. Macnaughton: Madam Speaker, I have to report that an amendment of the Honourable Senator Argue, seconded by the Honourable Senator Forsey, has been ruled by the chair in Committee of the Whole to be out of order. That ruling has been appealed to the house, and I so report.

The Hon. the Speaker: Honourable senators, do you wish me to repeat the report of the Chairman?

Some Hon. Senators: Dispense.

The Hon. the Speaker: Shall the decision of the chairman of the Committee of the Whole be sustained? All those in favour please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Will all those who are against please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: I declare, the ruling of the chairman of the Committee of the Whole sustained.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Ruling of the chairman of the Committee of the Whole sustained on the following division:

YEAS

HONOURABLE SENATORS

Basha	Giguère
Bonnell	Godfrey
Boucher	Graham
Bourget	Grosart
Buckwold	Hastings
Carter	Hayden
Cook	Hays
Côté	Heath
Croll	Inman
Davey	Lafond
Denis	Laird
Deschatelets	Lamontagne
Desruisseaux	Langlois
Duggan	Lapointe
Eudes	Lefrançois
Fournier	Manning
(Madawaska-Restigouche)	Martin
	McGrand
Fournier	McIlraith
(Restigouche-Gloucester)	McNamara
	Michaud

HONOURABLE SENATORS

Molson	Rowe
Neiman	Smith
Norrie	Sparrow
Perrault	Stanbury
Petten	Thompson
Riel	van Roggen—50.

NAYS

HONOURABLE SENATORS

Argue	Forsey
Beaubien	Macdonald
Choquette	Phillips
Flynn	Quart
	Yuzyk—9.

Hon. Mr. Macnaughton: Honourable senators, I wish it to be recorded that in the circumstances I refrained from voting.

FURTHER CONSIDERED IN COMMITTEE OF THE WHOLE

The Hon. the Speaker: Honourable senators, is it your pleasure that the house again go into Committee of the Whole?

Hon. Senators: Agreed.

● (1550)

The Senate adjourned during pleasure and was put into Committee of the Whole to further consider Bill C-2, to amend the Criminal Code.

Hon. Alan A. Macnaughton in the Chair.

The Chairman: Honourable senators, we were discussing clause 2. Shall clause 2 carry?

Hon. Mr. Forsey: Honourable senators, I should like to move an amendment to clause 2. I move that clause 2 be amended by striking out paragraph (a), and, in line 25, by deleting the letter (b). The motion is seconded by Senator Argue.

Senator Grosart asks what clause. It is clause 2, and the proposal is to strike out paragraph (a), beginning at line 19, and to eliminate "(b)" in line 25.

I do not know whether an explanation is called for at this point, or whether I should allow the Chairman to put the motion formally, before I say anything in support of it.

The Chairman: Have honourable senators heard the amendment? It has been moved by Senator Forsey, seconded by Senator Argue, that clause 2 be amended by striking out paragraph (a), and, in line 25, by deleting "(b)".

Hon. Mr. Forsey: Honourable senators, the reason for moving this amendment is that, in view of the ruling which has just been made, and sustained by the Senate, it is impossible to get a straight abolitionist amendment carried, and it seems, in my judgment, that an amendment of the sort I am now proposing, which merely narrows the scope of the bill, does not run into the procedural objections which were raised against the previous amendment moved by my honourable friend, Senator Argue. I trust that this amendment will be ruled in order.

It gives those of us who would like to see the scope of this bill changed a chance to vote for at least a partial improvement in the bill, which, in my judgment, can scarcely be said to run counter to the principle of the bill. It merely narrows the scope of the exceptions to the general rule laid down by the opening words of the section.

Hon. Mr. Argue: Honourable senators, I feel that this is an important amendment that is being put forward by Senator Forsey.

We had a decision on another matter which, I take it, is not a subject for debate at this time. However, it was stated that it was not within the competence of the chamber to consider total abolition.

Now, one may say that an amendment like this is not logical, because it would merely reduce the area of capital punishment by removing the murder of police officers as an offence—punishable by death. However, those of us who sincerely believe in total abolition would feel that if we could go this far, we would be making a very important step forward, by removing one area of crime that would carry the penalty of capital punishment. I really do not think anybody is going to say that this kind of an amendment is not in order, because surely the principle of the bill is not that capital punishment should occupy a certain area, and that any diminution of the area for which capital punishment could be obtained could not be reduced.

Even in the committee in that other unmentionable place an amendment that would, if it had passed, have increased the application of capital punishment where murder arises in association with rape or kidnapping, was declared to be in order. This will give honourable senators, abolitionists and others, a chance to vote on the proposition, while we are not able to provide total abolition under this bill, that we can make one further step forward, and then the Governor in Council will be required to consider the question of commutation only in reference to the murder of a prison guard.

I would therefore hope, therefore, that this amendment will receive majority support.

Hon. Mr. Flynn: Honourable senators, I am very much of the opinion that this amendment is in order. I was of the opinion that the former amendment ruled out of order by the Chairman, whose decision was overwhelmingly sustained by the house, was also in order. It was really marvellous to see how disciplined the government troops are.

An Hon. Senator: On both sides.

Hon. Mr. Flynn: I know that I am not in order now, but occasionally I like to do the same as some on the other side. However, when I come to the amendment—the substance of the amendment—I have to say that I regret very much not being able to support it. I will vote against the clause itself. Since I can't bring myself to accept the continuation of an absurd system that makes distinctions as to victims, rather than as to murderers, which I think was logical and was what existed before the amendment of 1967 was adopted, since we really have not tried the so-called experiment of 1967, I would rather go back to the system of capital murder and non-capital murder, and force the government, as I said when discussing the matter at the second reading stage, to come clean and give the Senate a chance to make up its mind. Since the Senate does not seem to want to do so, I will vote against the amendment, but I will vote against the clause too.

Hon. Mr. Perrault: On a point of clarification, as I understand it the amendment would remove subclause (a)

of clause (2). I think the statement was made by Senator Forsey that (a) and (b) would be deleted.

Hon. Mr. Forsey: I am sorry. It is paragraph (a), and the letter "b", in brackets, so that the effect would be simply to have the wording, "in causing the death of a warden, deputy warden". All that would be left out in (b) would be the single letter, because if you strike out (a), there is no (a) for the (b) to be (b) to, so to speak.

Hon. Mr. Perrault: If I understand it, Mr. Chairman, Senator Forsey is suggesting a re-lettering of the appropriate clauses, rather than a deletion.

Hon. Mr. Forsey: I do not mean that, either, because you would not need any lettering if it simply reads, "(2) Murder is punishable by death in respect of . . ." et cetera, ". . . a warden, deputy warden . . ." You do not need to say, "(a)". There would not be anything but (a). You would not need it.

Hon. Mr. Perrault: But in asking this question, Mr. Chairman, I can see no reason why the Chair's ruling on this proposed amendment should be any different from that on the original amendment. I fail to understand any line of reasoning that would bring me to the conclusion that the Chair should consider this amendment—

Hon. Mr. Forsey: If I may speak on a point of order—

Hon. Mr. Flynn: I do not know if one has been made or not.

Hon. Mr. Forsey: Is there no point of order by the honourable gentleman? In that case, I have nothing to say; but I thought he had raised a point of order on the admissibility of this amendment on the basis of that previous ruling. If there is no point of order, I will not say anything. If it is not seriously raised, I do not wish to take the time of the committee with superfluous verbiage.

● (1600)

The Chairman: The point has been raised. Perhaps you would make your argument.

Hon. Mr. Forsey: I can do so very briefly. In substance, it seems to me that your ruling, Mr. Chairman, on the other amendment was that it was contrary to the principle of the bill and therefore was inadmissible. Now, there were refinements to that, I know, but I think that is substantially the effect of it.

The argument we are making now for the admissibility of this amendment is that it is not contrary to the principle of the bill. It is merely a modification of the scope of the bill, which seems to me to be another matter.

That is the argument that I should advance for the admissibility of this amendment.

The Chairman: Is the committee ready for the question?

Some Hon. Senators: Ready.

The Chairman: I may say in passing that I have a reference here, a short reference, again from the 18th edition of Erskine May's *Parliamentary Practice*, page 508. Dealing with inadmissible amendments at section 2, it says:

> An amendment cannot be admitted, if it is governed by or dependent upon amendments which have already been negatived.

[Hon. Mr. Perrault.]

In the present circumstances, it does seem to me that the honourable senator covered himself by leaving in "warden, deputy warden, instructor, keeper, gaoler, guard or other officer or permanent employee of a prison, acting in the course of his duties . . ."

The purpose of this amendment is to eliminate, as I understand it, paragraph (a) and leave in those purposes mentioned in what is new paragraph (b). I think in the circumstances that this should be admitted. The house can reach its own conclusion, and so the Chair accepts the amendment.

It has been moved by the Honourable Senator Forsey, seconded by the Honourable Senator Argue—shall I read the amendment?

Hon. Senators: Dispense.

The Chairman: Is it your pleasure, honourable senators, to adopt the said amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Chairman: Would those in favour say "yea"?

Some Hon. Senators: Yea.

The Chairman: Would those against say "nay"?

Some Hon. Senators: Nay.

The Chairman: In my opinion the "nays" have it.

Hon. Mr. Argue: Let us have a standing vote. Why not?

Hon. Mr. Langlois: We are with you.

The Chairman: Will all those in favour of the motion please rise?

The Clerk of the Senate: Eight.

The Chairman: Will all those against the motion please rise?

The Clerk of the Senate: Forty-seven.

The Chairman: In favour of the motion eight, and against the motion 47. I declare the motion lost.

Shall clause 2 carry?

Hon. Senators: Carried.

The Chairman: Clause 3. Shall clause 3 carry?

Hon. Senators: Carried.

The Chairman: Clause 4. Shall clause 4 carry?

Hon. Senators: Carried.

The Chairman: Clause 5. Shall clause 5 carry?

Hon. Senators: Carried.

The Chairman: Clause 6.

Hon. Mr. Macdonald: Wait a minute until we see what these are.

The Chairman: Clause 6. Shall clause 6 carry?

Hon. Mr. Croll: I think Senator Molson wanted to speak on this.

The Chairman: Shall clause 6(1) carry?

Hon. Mr. Molson: Honourable senators, I propose to move a simple amendment. Would you like me to read it, Mr. Chairman?

The Chairman: I understand, honourable senators, that copies of the amendment have been distributed.

Hon. Mr. Molson: I think every senator has a copy. Unless there is someone who has not read it, I will let it be taken as read. Is that agreeable?

The Chairman: But it should be placed on the record.

Hon. Mr. Argue: I would think it should be read either by the mover or by the chairman when the motion is being put.

Hon. Mr. Molson: My amendment is as follows:

Page 6: After clause 6.1 insert the following as clause 6.2:

"6.2. Subsection 684(1) of the said Act is repealed and the following substituted therefor:

"684. (1) The Governor in Council may commute a sentence of death to imprisonment for life, where and only where

(a) the jury has made a recommendation that an accused be granted clemency,

(b) the jury has reported to the judge that it was unable to agree upon a recommendation either in favour of clemency or against it, or

(c) in the case of a trial without a jury, the judge has included in the report required by subsection 671(1) a recommendation that an accused be granted clemency."

Before going any further, Mr. Chairman, do you wish to put the motion?

The Chairman: I should like to have it seconded.

Hon. Mr. Desruisseaux: I second the motion.

Hon. Mr. Molson: Honourable senators, before the question is put, I should like your indulgence to make just one or two comments.

First of all, you will remember that on second reading I urged most strongly that an immediate and active effort be made to find a method of execution other than the rope, which is abhorrent to every one of us. The death penalty is still present in the bill, and absolutely no consideration has been given to a more humane approach to its execution.

Secondly, I lay stress on the fact that there is a type of crime which is significant enough to merit a different approach. This I have described as the cold-blooded, premeditated, gangland, execution-type murder which has become more and more frequent. I said there were 33 such cases in the greater Montreal area in the first ten months of this year. Speaking later, Senator Neiman said she had information from the big cities, including Montreal, showing no serious incidents of this type of crime. She explained that her figures were only for the central core of the City of Montreal and only up to the end of June of this year.

To demonstrate the real danger which exists I want to read from two recent press clippings. From these you can judge for yourselves whether or not I was trying to create needless alarm.

Hon. Mr. Langlois: Not the *Gazette*, I hope.

Hon. Mr. Molson: I am not sure which papers these clippings came from.

Senator Neiman spoke on November 14 and two days later, on November 16, the headline which I have here appeared. It reads: "Police here fear killings start of underworld war". The item goes on to say:

> Police fear a new round of underworld bloodshed has been sparked by five recent killings in the Montreal area.
>
> "... everyone in the underworld is becoming paranoid," a police spokesman said yesterday. "They're worried they will be the next to be bumped off. To offset this, they'll probably act to protect themselves."
>
> On Wednesday night the bodies of Edouard Chiquette, 36, of 8507 Chantenay St. in St. Leonard, and Robert De Courcy, 32, of 6085 Place Desgroseillers, Ville d'Anjou, were found in the trunk of a burned out car.
>
> Both had been shot in the back of the head a total of seven times with a .38 calibre pistol equipped with a silencer.

● (1610)

I might add that the car had then been set on fire.

Incidentally, I saw in another newspaper article that one of those two men was known to have been involved in thefts from the Montreal harbour, which might be of interest to the Standing Senate Committee on Banking, Trade and Commerce. During its sitting this morning we were discussing the problems of control in Montreal harbour.

The second newspaper clipping is dated four days later than the previous article, November 20. The headline for this is "Man slain with shotgun, 22-year-old arrested." The article is as follows:

> A 33-year-old man was killed by a shotgun blast last night when he answered the doorbell of a home at 5202 Drolet St.

I am skipping a paragraph. The article continues:

> Lieut. Boire said Laplante was known to police and that drugs appeared to be involved in the slaying, the 10th in Quebec in the last two weeks.

Honourable senators, I think you will agree now that the figures I quoted earlier are not entirely figments of the imagination. We have a serious situation of gang involvement, gang rule, in Montreal and, much as I respect the other cities of this country such as Toronto, I would not be too surprised to hear that once in a while they have a little trouble with the gang element which rules by the bullet, the knife and the garotte.

Honourable senators, I thank you for your patience. I wish now to deal with the amendment which I propose.

Hon. Mr. Macdonald: Mr. Chairman, before the honourable senator proceeds, could he tell us how many of these murderers have been apprehended and, if apprehended, how many have been tried and convicted?

Hon. Mr. Molson: I cannot, I am afraid, answer the honourable senator in this regard. I do not believe the Montreal police catch them within two weeks too often. They are happening so very rapidly there. There have been 10 in the last fortnight. I believe I saw that perhaps four had been apprehended.

Hon. Mr. Macdonald: It was the 33 I had in mind.

Hon. Mr. Molson: I have not followed the careers of the other 33, Senator Macdonald. I do not know.

Honourable senators, I wish to return to the amendment I proposed. Section 684(1) provides the power of commutation to the Governor in Council. My amendment does not deal with any of the sections of the Criminal Code referring to the royal prerogative of mercy. The amendment would have the effect of limiting by statute the powers of the Governor in Council to commute death sentences to cases in which there have been recommendations of clemency. I am not a lawyer, but it is my understanding that the supremacy or sovereignty of Parliament is the key principle of the modern British Constitution, and that what Parliament has enacted it may freely amend. It is also my understanding that if this amendment were to be enacted by Parliament it would probably be binding on the Governor in Council in the field of commutation and, notwithstanding that the royal prerogative of mercy, would in other respects remain unchanged, the clear intention of Parliament as expressed in this amendment would probably prevail so far as commutation is concerned.

Honourable senators, I commend this amendment for your consideration.

Hon. Mr. Manning: Mr. Chairman, I am in full sympathy with the point made by Senator Molson, which is embodied in the proposed amendment. I can see, however, some rather serious practical problems in the application of this. I would like to mention the point which is in my mind, and perhaps Senator Molson will enlarge as to how he feels this could be met.

Under the proposed amendment the Governor in Council can commute a sentence only where, in the case of a jury trial, the jury recommends clemency or, alternatively, if the jury cannot agree as to whether they should or should not recommend clemency. It does seem to me that in practice this would result in very few cases in which the situation as it now exists would be altered.

In the first place, I think we would all agree that the majority of jurors, unless they have very strong feelings, would incline toward recommending clemency because their recommendation does not oblige the Governor in Council to commute, but merely gives him the discretionary power, which he has today, to decide whether he will or will not commute the sentence. So, jurors being human, it is a rather obvious course for them to recommend clemency, knowing that the Governor in Council is under no obligation to grant it because their recommendation is only that it be granted if he so wishes.

The case in which the jury cannot agree as to whether clemency should be recommended, it seems to me, would pretty well cover all cases except those in which they were prepared to recommend clemency. It would be pretty hard to imagine a jury of six or 12 men and women in which there would not be someone taking one position or the other, which would result in lack of agreement as to whether they would recommend or not recommend clemency.

So in all of those cases the section becomes inoperative in practice, because juries simply would not agree. The power of the Governor in Council would, therefore, be exactly as it is today. While the concept, in my opinion, is commendable as far as trial by jury is concerned, I believe the proposed amendment would have very little effect, if any, on changing the situation from what it is today.

Paragraph (c), which relates to the case of a trial by judge alone, bothers me from this standpoint. I do not like to see a situation created in which the fate of a condemned murderer depends to a large degree on the personal convictions of one man. We would have to recognize that that would be the case as far as this provision applies to a judge. If he is a man who has very strong conviction against capital punishment, his natural inclination would be to recommend clemency, and once more the Governor in Council does not have to accept his recommendation. The judge clears his own conscience, but again we are back exactly where we are today. On the other hand, I have some fear with respect to a case in which a judge might be a very strong retentionist and feels that all murderers should be hanged, which would influence his judgment. If he does not recommend clemency the hands of the Governor in Council are tied, and the sentence could not be commuted even if it was felt that it should be. In other words, does it not become a matter of quite serious concern when we leave the question of commutation to the judgment of one man, no matter how learned and eminent a judge he may be?

As much as I disagree with the policy of the Canadian government in commuting all these sentences, which I think is completely wrong and contrary to the will of Parliament, I do suggest that there is some merit in having the decision made by a group, a cabinet of 25 or more, representing various viewpoints, rather than resting on the decision of just one who may be a strong retentionist, or a strong abolitionist.

● (1620)

There is another point in connection with the jury recommendation. Before a Cabinet decision is made, we are told that a great deal of information is gathered. They have time to make an assessment, and they then render their judgment. That is not the same as locking up a jury and saying, "Now, we want you to bring forward a verdict." The jury will not have the mass of information that the Governor in Council would have on which to base a judgment. A jury is also under pressure of time in being required to bring forward a verdict of guilty or not guilty.

I am not opposed to Senator Molson's amendment. The concept is excellent. However, I would be interested to hear his views on the concern that I have expressed in respect of this amendment.

Hon. Mr. Choquette: Mr. Chairman, may I refer to paragraph (c), which was so well explained by Senator Manning? Unless the law has changed since I was in active practice, and in view of the fact that we are still dealing in this bill with murders of policemen and prison

guards, I know of no case that could go before a single judge without a jury. Therefore, in my opinion, paragraph (c) in this proposed amendment is absolutely out of order. I do not think a murderer can go before a judge alone, and plead guilty. He would be told, "You cannot do that, my man. You will have to go before a judge and jury." Therefore I fail to see why we should waste too much time on paragraph (c).

Hon. Mr. Phillips: I do not profess to be a lawyer, but one point that comes to mind is the fact that a court martial can impose sentence of death, particularly in wartime. How does paragraph (c) affect a court martial?

Hon. Mr. Croll: A court martial consists of at least half a dozen officers. Although a jury at a murder trial consists of 12 jurors, a jury could consist of six members under certain circumstances, but a court martial requires a minimum of six officers.

Hon. Mr. Phillips: I do not believe that a court martial requires six officers. It did not in my day, but perhaps it does now. However, my question still applies: what effect would paragraph (c) have on the sentence imposed by a court martial?

Hon. Mr. Buckwold: Mr. Chairman, I cannot support the amendment put forward by my colleague, Senator Molson, because I believe that once again it is an attempt to move further towards capital punishment.

There may be justification in the mind of the honourable senator, and there may be occasions when the senator's viewpoint in this connection would be correct. However, many of us who support the bill as it now stands are abolitionists. We are prepared to accept the compromise that the death penalty shall apply for the killing of policemen or prison guards, on the basis that it is an acceptable compromise and one that can be reasonably accepted by the Canadian people.

I hope that we shall not lose the element of mercy. I am speaking now of the royal prerogative. I have mentioned that in this bill there is provision for a jury to impose parole limitations, under which a man can be denied consideration for parole for up to 20 years. Surely that is punishment enough, without taking a man's life.

For this reason I believe that the honourable senator's amendment is a backward step, and that it would not be proper for me to support it.

I particularly wish to endorse the comments of Senator Manning, who referred to uneven justice. One jury might bring in a verdict which another jury would not. One judge might do something which would not be done by another. We could have people hung for the crime of murder because one court dealt with the case differently from another court in a different jurisdiction.

Hon. Mr. Choquette: Is the honourable senator talking about a hung jury, or the sentence of hanging.

Hon. Mr. Buckwold: Sometimes I get hung up on the word "hanged". If I used the word incorrectly, I apologize and ask that it be corrected.

In my opinion, I believe this amendment to be a retrograde step considering the spirit of what we are trying to do.

Hon. Mr. McIlraith: Honourable senators, I should like to place on record the commutation provision as it exists in the Criminal Code. Section 684 (1) provides:

> The Governor in Council may commute a sentence of death to imprisonment in the penitentiary for life, or for any term of years not less than two years, or to imprisonment in a prison other than a penitentiary for a period of less than two years.

I oppose the amendment. First, I would draw the attention of the committee to the fact that the clause in the amendment offered has no bearing on most of the horrible murder cases about which the honourable senator spoke when presenting his amendment. Under the law we are now considering, those murderers would not be convicted of the type of murder that carries with it the sentence of capital punishment. Therefore, there could be no commutation.

I am not familiar with all of the examples that he gave, but in nearly all of them—

Hon. Mr. Molson: Let us say "some".

Hon. Mr. McIlraith: Capital punishment now applies only to cases of murder of policemen or prison guards. It has no bearing on the type of murders about which the honourable senator spoke, unless one of them happened to be the murder of a policeman. There is that weakness in his argument.

There is also another weakness, in that it does not deal with capital cases where the accused is not tried by a judge and jury. There are still offences for which capital punishment may be imposed other than murder.

Hon. Mr. Molson: Where? Would the honourable senator explain?

Hon. Mr. McIlraith: Treason is a good example.

Hon. Mr. Molson: Have we had a treason trial in Canada?

Hon. Mr. McIlraith: Not for many years, that I know of. But there is always the first time. In any event, that is a defect in the wording.

• (1630)

But there is another defect in it. It restricts the power to commute by the Governor in Council to those cases where a jury has made a recommendation for mercy, or where a jury has been unable to agree. That is clear. However, it does not deal with those cases where a jury has made no recommendation for mercy, but the judge has. That is one example of a case where there would be no power in the Governor in Council to commute the sentence.

The defect in paragraph (c) has already been mentioned. I would point out that there are those cases where the judge makes a recommendation for mercy, notwithstanding the fact that the jury has failed to make such a recommendation. That would also have to be dealt with.

I would also point out the consequence of the absolute loss of the right to commute a sentence in cases such as the one referred to by Senator Hastings in his remarks on the second reading of this bill, the *Lurvey* case. In that case, if I remember correctly, there was no recommendation from the jury. There may have been one from the judge, but I am not certain. In any event, there was a

commutation in that case, as the man was suffering from a terminal illness. This amendment would take away the power to commute in such a case.

Some years ago there was a case—I am not now referring to a murder case—with which I, as a minister, was directly concerned. Again the individual was suffering from terminal cancer. I hesitate to think that anyone would want the Governor in Council to be powerless in that circumstance.

What I am trying to indicate is that the power of the Governor in Council to commute a death sentence should be retained, however critical many honourable senators may be of the way that power has been exercised in some cases. I would hate to see honourable senators restrict it in this way. To me it is unconscionable that we should accept a concept here that there is no power whatever in the Governor in Council, or some other place of last resort, to commute before the penalty of capital punishment is carried out. It seems to me that there must be a place of last resort—something beyond the trial and the court.

For that reason, honourable senators, I would hope that we reject the amendment, although I appreciate the point the honourable senator was seeking to make in putting it forward.

Hon. Mr. Beaubien: Honourable senators, I will vote in favour of Senator Molson's amendment. I should like to remind you that for 11 years now every death sentence has been commuted. In my view, that is uneven justice. I do not think there is any question but that in the future every sentence is going to be commuted. After all, if I were the Prime Minister I would certainly commute every sentence. Would I want to be called by the mass media and everybody else a hanging Prime Minister?

It must be 10 years since Marcotte shot that policeman. He is probably dusting off his Santa Claus suit now, and hoping to wear it this Christmas. If I am right, that officer's wife has been a widow for 10 years, and his three children have been orphans for 10 years.

Honourable senators, I cannot see how we can logically pass a bill which says on the one hand that there is capital punishment, when we know very well that there is not going to be capital punishment. I do not say this to be critical of any of the cabinet ministers who have ruled this country over the last 11 years. That is not their job. When we talk about uneven justice, I ask: What could be more just than having an honest, hard-working experienced judge, with 12 citizens sitting as a jury, doing their very best to arrive at a reasonable and accurate verdict? After all, nothing is perfect in this world. If any of us were in the Cabinet, do you think we would have a better idea of whether this man should hang or that one should go free than the judge who has devoted his life to that sort of thing, and who has the evidence before him? I do not think it makes any sense at all.

I feel we should pass this amendment of Senator Molson's. Otherwise we will not be making any sense at all.

I say all these things even though I am very conscious of the sanctity of human life. I just want to remind you, honourable senators, that in the last 11 years hundreds upon hundreds of people have died violent deaths, and not one drop of the blood that has flowed came from a murderer. If we are talking about the sanctity of life, let us look at it from that angle. I think it is about time we made some sense by accepting this amendment. If it turns out that too many are being hanged, then let us have abolition. But let us not say we are doing one thing when in fact we are doing something else.

Hon. Mr. Perrault: Mr. Chairman, the essence of commutation is surely that it is an extrajudicial process outside the vagaries of juries, outside of the vagaries of judges and courts. It is a fact that we have imperfect justice in our society, that there are some judges more inclined towards capital punishment than others. There are some juries which could be called hanging juries. Also, there are attitudes towards capital punishment in some parts of the country that are not held in other parts of the country. It is also a fact that there is an unequal amount of justice distributed to those of limited economic means in Canada today. The situation is improving, but I find remarkable the statistics which show that those on the lower end of the economic scale all too often are convicted of crimes, whereas those in better economic circumstances are able to hire more proficient counsel who are often successful in having their clients acquitted or their punishment mitigated.

The process of Cabinet commutation is outside all of this. It provides the Cabinet with the right to exercise the quality of mercy after all the facts are made known, and many of those facts emerge only after a court has dealt with a particular case.

Senator McIlraith has talked about instances in which a terminal illness has come to light after a murderer has been convicted. Society certainly would not tolerate the prospect of a convicted murderer in the final stages of a terminal illness being dragged or carried on a stretcher to the hangman's noose.

I oppose this amendment. I am persuaded by the eloquence of Senator Manning, when he pointed out the unequal nature of justice in Canada today. In so far as it is possible, I think we should attempt to dispense justice for all, regardless of economic circumstances, and I prefer to see a continuation of the right of the Cabinet to commute as an integral part of their responsibility. Thus, I shall oppose this amendment.

● (1640)

Hon. Mr. Hayden: My friend Senator McIlraith and I do not disagree very often in our points of view, but I am wondering whether he has given full consideration to the import of this amendment. In effect, what the proposed amendment does is impose a condition upon the exercise by the Governor in Council of the power of commutation. It applies only to those who have murdered police officers, prison wardens or prison guards. In those circumstances, the quality of mercy, so-called, that may be involved in the commutation of a death sentence to one of life imprisonment would, under this amendment, if it became law, mean that there must be a condition in existence before the Governor in Council could exercise that power of commutation. The condition is that the jury recommend mercy.

I can tell you, honourable senators, that in the years before 1967, when the Cabinet still reviewed death sentences, one of the first things they looked for was whether

there had been a recommendation to mercy by the jury. I would think that in almost 99 per cent, perhaps 100 per cent, of the cases where there was a recommendation to mercy by the jury the sentence of death was commuted to life imprisonment. In all other cases the facts were fully and independently inquired into.

The only change that is proposed here is to prevent the 100 per cent commutation of the death sentence in the case of the killing of prison guards or policemen. In other words, there must be some factual basis that must be met, other than a universal rule that all death sentences will be commuted to life imprisonment. On that basis, I am prepared to support the amendment.

Hon. Mr. Everett: Honourable senators, I would like to support the amendment, for I think that an on-going policy by the Cabinet to commute all death sentences is nothing more than a frustration of the act. However, both Senator McIlraith and Senator Perrault raised a point that bothers me a great deal, and it arises out of the *Lurvey* case. If indeed no recommendation for mercy is made, and if additional facts are adduced that would normally cause the Cabinet rightfully to commute the death sentence, then according to this amendment they would be powerless to use that power.

There is section 683(2) of the Criminal Code, which gives the Governor General the right to grant what is called a conditional pardon. There is also a saving section, section 686, which states:

> Nothing in this Act—

The Criminal Code.

> —in any manner limits or affects Her Majesty's royal prerogative of mercy.

I shall find it easy, and indeed I shall desire, to vote for the amendment if Senator Molson can assure me that either of those sections—the conditional pardon section or the royal prerogative section—allows either the Governor in Council or the Governor General not to wipe the sentence off the record, not to act just so as to free the person, but rather to act in the same way as under the commutation section, to reduce the sentence from a death sentence to a life imprisonment sentence. I wonder if Senator Molson could assure me that that is the way those sections will operate.

Hon. Mr. Molson: Honourable senators, there have been a great many points thrown at me, some of which will test my legal knowledge and training. I have already pointed out quite clearly that I am not a lawyer. I would, however, like to express my appreciation for the views that have been put forward, starting with Senator Manning.

First, let me say that, regardless of what the press made of me when I spoke earlier, I am not in favour of brutality, or corporal punishment, or hanging people by the neck, and all such horrible things. I am very much opposed to them. As I said at the beginning of my remarks on second reading, I believe that capital punishment is a deterrent.

I also said that I believe there are certain types of people in this world whom we describe as brutes, very often bullies, nearly always cowards, who simply do not respond to normal humanitarian efforts to bring them back into the fold. I have seen some of those people in my civilian life and in the armed forces. I am sure you have all seen them. You can reason with these people, you can argue with them, you can support them, you can help them, but every time you are let down by this minority of people who are brutish, and who will not respond to anything but a tough approach.

I do not favour hanging. I never have favoured hanging. I think it is horrible. However, I think capital punishment is a deterrent for certain classes of people.

Senator Forsey validly raised the point, which Senator McIlraith also mentioned, that my belief that brutal executioner-type murderers should be put to death is not achieved by the amendment. All I can say is that I was trying to deal with something practical. For years we have had discussion and debate on capital punishment for premeditated and brutal murder, and that has now been definitely discarded. The only compromise we have had so far is in respect of prison guards and policemen. I was trying to stay within what seemed to be the possibilities of the situation.

Senator Manning referred to his fears about the way in which a jury reacts, and the way in which a judge reacts. With respect to a judgment by a judge alone, I was told before presenting this amendment that it was redundant; that in fact no murder case would ever be heard by a judge alone. Again, I am ignorant of the law, and I can only repeat what I was told in the course of reasonably serious inquiries. I cannot talk about treason.

Hon. Mr. Flynn: I wondered whether there is a mistake, and what you mean is "in the case of a trial with a jury, the judge has included . . . " I wondered whether "without" is a mistake. If you say "with a jury", it makes sense.

Hon. Mr. Choquette: That would go with the explanation given by Senator McIlraith, when he said a judge could do that notwithstanding the fact that a jury omitted to do it.

Hon. Mr. Flynn: It is "with a jury".

Hon. Mr. Molson: Thank you, honourable senators. I would point out that I am not a legal draftsman. In view of the points that have been made, particularly the small ones, on this amendment, I would be very pleased if something emerged that had the general effect of getting rid of these apparently minor faults in the drafting. Perhaps this should be included in a second subsection, paragraph (b) should read differently, or a paragraph (d) should be added to refer to the recommendation of a judge. Any minor change of that sort would be perfectly acceptable to me. In fact, I am very grateful for that help.

● (1650)

Coming back to Senator Manning's reservations, which I thought were expressed excellently, I point out that we are dealing, under the present conditions, with a very small number.

In the first place, any question of insanity today seems to be dealt with pretty well. I understand that the question of whether a person is insane or not, it is all gone into in the court. I do not think that it presents a problem when we come to commutation. If it does, I do not think I have ever heard of it. So that eliminates quite a good number of them.

Senator Hastings gave us a good analysis of types and numbers of cases. I think that either he or somebody else in the debate mentioned that in all the various circumstances over the years there are only very few people in respect of whom there was an element of doubt, or who would not have had a recommendation for mercy.

I do not know where I got the number of seven but it is in my head that it is a very small number. Marcotte and Dion are names I happen to remember but there were a few others. There were also cases of mental instability or mental health that were exceptions, but frequently there were extenuating circumstances. We heard that among all those cases we missed there was one person who had terminal illness, but that was three years ago. I do not know how that person is today. If the illness was factual and the termination of life was imminent, it is inexcusable to me that that man was not properly examined medically and this fact known. I do not think that is an excuse for having another condition in the law. It is simply perfectly rotten administration that a man with a terminal illness is in custody for I do not know how long—before his trial was over I would be terribly surprised if it was less than six months—with no one knowing he was dying. I find that inexcusable and ridiculous, and we had better wake up and find out if people have a terminal illness before they come up for trial on a charge of a major offence, particularly one like murder.

Secondly, there is the point made by Senator Buckwold that a sentence of 20 years' imprisonment should be enough. I cannot argue with him. I do not know what is enough and I am not trying to tell you what is enough. I have very grave reservations about our having too much opinion on what is enough, when a man has taken a life. Circumstances in every case are different. I am not sure that we should say that in no case should the sentence be less than 20 years' or 25 years' imprisonment. I do not think we can sit here and make that decision. I believe that the full power of the maximum punishment for taking human life should be available, and then the way that power is handled is what we are interested in and what we are capable of influencing.

Senator McIlraith made the point that it is not a good principle to limit power of commutation in the Cabinet to certain aspects, or to a certain extent. He read subsection 684(1) to which I was suggesting an amendment. That subsection has been there now since 1967. It provides that the Cabinet or the Governor in Council may commute the death sentence.

Well, you know how effective that has been. It means nothing. As a matter of fact, it could be written in Greek, because the fact remains that in every instance—every instance—including the Marcottes and the Dions they have been commuted.

All I am trying to say is that in such cases of extreme brutality the load should not be on the Cabinet to say, "Well, we commuted all the others; we must commute this one, too"—especially in cases of mad dog killers like Marcotte, who, after wounding a policeman, who was lying bleeding on the ground, comes up and lets him have about four more shots. There is no place for mercy in cases like that.

[Hon. Mr. Molson.]

Now I come to the question raised by Senator Everett about the royal prerogative. I am afraid it is beyond my competence to give him an answer. My understanding of the matter is that the power of mercy, the power of appeal to the foot of the throne, has always applied, and I was led to believe that this is available, in general terms, in connection with any conviction; but you really should not pay much attention to my saying that. I do not know.

Hon. Mr. Everett: Would you like me to remind you of the question, Senator Molson?

Hon. Mr. Molson: Please.

Hon. Mr. Everett: Really, the operative part of that is whether or not the royal prerogative, or, indeed, the conditional pardon, is available to reduce the sentence from capital punishment to life imprisonment. If in the event that the recommendation for mercy has not been granted, and in the event that additional evidence comes to light on which the Cabinet would commute, if it has the right, the power to do so, which it would not have under your amendment—and all Canadians, in conscience, would want to see that sentence commuted—is it your belief that the royal prerogative would be sufficient to reduce the sentence, in that particular narrow case, from death to life imprisonment?

Hon. Mr. Molson: I cannot answer Senator Everett, but I would ask Senator McIlraith if he would give us an answer, because he is the most competent person to tell us about it.

Honourable senators, I have taken up too much of your time now. Really, as I said before, what bothers me most about this bill is the fact that we are passing it and saying that if you kill a prison guard or a policeman you can be sentenced to death, when we know there will be no such sentence carried out. As far as I am concerned, I just cannot see why we do it. It is terribly hypocritical. An amendment like this, where a death sentence could be commuted when there has been a recommendation for mercy, would change the whole complexion. It would also do something Senator Lamontagne referred to. It would put the Cabinet in a very different position—at least, I hope it would because that is the intention. It should lighten the burden on their consciences.

So, I think we should either be voting for abolition or for retention, but if we insist on this compromise then I really feel that it is not unreasonable to set some very modest conditions under which the Cabinet may exercise its prerogative of the power to commute. There would be many cases where there would be a recommendation for mercy, and in the relatively few cases where there was no such recommendation the Cabinet could say, "This is the law. This is what Parliament has ordained, and we can only follow the dictates of Parliament."

Hon. Mr. Hayden: Senator Everett, may I point out to you that section 686 of the Criminal Code, on your question of the royal prerogative, says:

> Nothing in this Act in any manner limits or affects Her Majesty's royal prerogative of mercy.

Hon. Mr. Everett: Yes, indeed, senator. That was one of the two sections I was referring to, and I am asking for your opinion as an eminent lawyer as to whether that

would operate in the narrow case I have given the facts on, to allow the Crown—

Hon. Mr. Hayden: The words, as far as I am concerned, are very simple and very clear.

Hon. Mr. Everett: But would they allow the Crown, in the case which I have given, to commute the sentence of death to imprisonment for life.

Hon. Mr. Hayden: By the exercise of mercy?

Hon. Mr. Everett: Under section 686, that is right.

Hon. Mr. Hayden: Well, I have read section 686.

Hon. Mr. Everett: I am asking, is it your opinion that that section would operate to allow the Crown to reduce the sentence?

● (1700)

Hon. Mr. Hayden: Even after the limitation on commutation proposed by Senator Molson's resolution was effective, yes. I would say the royal prerogative would override that.

Hon. Mr. Cook: There is no limit to the royal prerogative.

Hon. Mr. McIlraith: I find myself in an awkward position, when I am beleaguered with requests to deal with an argument which must of necessity involve an interpretation of the law. Much as I dislike giving a legal opinion, and in this case I am not able to give a complete legal opinion, I must point out to my greatly respected friend, Senator Hayden, whose legal opinion I respect most highly, that the matter is not quite as simple as he indicates. I am in a similarly awkward situation with my friend Senator Cook.

The royal prerogative of mercy is set out in the Letters Patent to the Governor General, and they are quoted in Senate *Hansard* in this debate. The relevant section is quoted in the speech of Senator Connolly (Ottawa West), of November 14.

The royal prerogative of mercy has always been regarded in practice as something in the nature of a pardon, and it will be seen that members will have to put their own interpretation on the article quoted. However, I feel I must point out one or two things about it. It starts off in formal language dealing with the question of pardon, and reference is made to that. The only part that would preserve its applicability to capital cases is near the end, and even this is pretty obscure—

Hon. Mr. Flynn: Leave it as is.

Hon. Mr. McIlraith: This is what it says:

> . . . to remit any fines, penalties or forfeitures which may become due and payable to Us. And We do hereby direct and enjoin that Our Governor General shall not pardon—

Notice the reference to "pardon," which is a different thing.

> —or reprieve any such offender without first receiving in capital cases—

And that is the only reference to capital cases.

> —the advice of Our Privy Council for Canada and, in other cases, the advice of one at least, of his Ministers.

Now, in interpreting that, notwithstanding section 686, we are caught in a situation where the Cabinet and the members of the Privy Council are specifically limited as to their powers, in another section. Where the Governor in Council's powers are limited specifically in the light of this limiting clause in the proposed amendment, I am not prepared to adopt so easily the rather direct and simplistic view which Senator Hayden adopted. The Governor in Council is limited by section 684, and the Governor General, exercising the royal prerogative of mercy, is required to take the advice of those men whose powers in capital cases are limited by section 684. There you have it. It is not very clear, but it seems to me that the Governor in Council, being limited in its powers on the subject by the proposed amendment, cannot give contrary advice to the Governor General under the royal prerogative of mercy provision in the Letters Patent, et cetera.

Hon. Mr. Molson: You can see now how simple it is for us.

Hon. Mr. McIlraith: I admit very frankly the difficulty the case presents.

Hon. Mr. Croll: Have you considered in your disagreement with my opinion the effect of section 683(2) of the Criminal Code, which provides that:

> The Governor in Council may grant a free pardon or a conditional pardon to any person who has been convicted of an offence.

Hon. Mr. McIlraith: Yes, but I do not believe that free pardon is relevant in connection with a section dealing directly with commutation of a capital sentence. With great deference, I have to preserve that difference of opinion. I have, of course, been known to be wrong, but a great many judges over the years have also been known to be wrong in cases before them.

Hon. Mr. Everett: What, then, is a conditional pardon?

Hon. Mr. McIlraith: A conditional pardon is a pardon in which a condition is set. I am not sure whether we actually used it or not in those cases dealt with immediately before the Criminal Records Act was enacted. We may have, in that type of case.

In any event, I wish to clear up one small matter. I made reference to the *Lurvey* case a few minutes ago. I find in referring to that case I had told honourable senators that there was no recommendation of mercy. I am now advised that in that particular case there was a recommendation of mercy by the jury and no recommendation of mercy by the judge. There are many cases in which one has recommended mercy and the other has not.

Hon. Mr. Molson: That would fit in with the proposed amendment.

Hon. Mr. Langlois: Senator Molson, would you care to confirm or not the suggestion made by Senator Flynn to the effect that the first line of paragraph (c) of the proposed section 684 should read "with" instead of "without"?

Hon. Mr. Choquette: That is right.

Hon. Mr. Molson: I think I will have to consult my lawyer.

Hon. Mr. Langlois: It is very important, though.

Hon. Mr. Molson: I must be quite honest and say that in looking at that section myself and discussing it, when I was told that this will never happen I did not read the wording carefully.

Hon. Mr. Flynn: It is "with".

Hon. Mr. Molson: But if an amendment to the amendment is moved, I would be perfectly happy.

Hon. Mr. Flynn: I move that the letters "o-u-t" be deleted.

Hon. Mr. Choquette: Yes, let them go out.

Hon. Senators: Agreed.

The Chairman: Are members ready for the question?

Hon. Mr. Everett: I am sorry, but before we get to the question, Senator McIlraith did raise a point on the royal prerogative. At page 1128 of the *Debates of the Senate*, Senator Connolly (Ottawa West) in his speech quoted from the royal prerogative, which provides that the Governor General shall have the right to:

> . . . grant to any offender convicted of any such crime or offence in any court, or before any Judge, Justice, or Magistrate, administering the laws of Canada, a pardon, either free or subject to lawful conditions, or any respite of the execution of the sentence of any such offender, for such period as to Our Governor General may seem fit—

It further provides that in the case of capital punishment he must have the advice of the Privy Council. So I would have to respectfully disagree with Senator McIlraith. It would seem to me that section 686 would act to override any other section, and that in a case like the *Lurvey* case, the Cabinet, through the Governor General, could act to reduce the sentence in the event that facts came to light after the non-recommendation of mercy but before the execution. Because of that possibility, I shall vote in favour of the amendment.

● (1710)

Hon. Mr. Martin: We have to consider the difference between commutation of a sentence for murder and a reprieve for some kind of crime.

Letters Patent of 1947, conferred on the Crown, include the limiting language that Senator McIlraith read out:

> And We do hereby direct and enjoin that Our Governor General shall not pardon or reprieve any such offender without first receiving in capital cases the advice of Our Privy Council for Canada and, in other cases, the advice of one at least, of his Ministers.

As Senator McIlraith pointed out, the Governor in Council has the further proscription, as the authority capable of giving a commutation in a capital case, the restriction that he may commute a sentence of death to imprisonment in a penitentiary for life or for any term of years not less than two years or to imprisonment in a prison other than a penitentiary for a period of less than two years.

In 1956, in the case of a very young boy in connection with a crime, not murder, the Governor General did act. It was not murder, because the Governor General does not have that automatic power. Is it conceivable in this country, with the law that exists, both with regard to the Letters Patent and to the criminal law itself in which has been enshrined the act of executive clemency, that it would be possible for this matter to be resolved simply by an act of the Governor General acting on behalf of the monarch? This is the realism of the present situation.

On the merits of this resolution, I know of no country where there does not reside, as I said the other day, the residuum of action regarding clemency by the ultimate authority. That, in our country, is the legal fact of the executive.

To assume that we can put in the law final dispensation of mercy in the case of unknown situations would just not be practical. I am sure we will recognize the importance of leaving this power in the hands of the executive, unrestricted, and to presume on its responsibility and honest judgment.

Hon. Mr. Everett: But it has not been an honest judgment.

Hon. Mr. Martin: There was a royal commission in England on this subject, which was concerned about the exercise of clemency by the executive. It recommended restrictions, but not in the case of murder. I mentioned this the other day. I am sure that we could not do otherwise in this country.

I am one of those who favour the abolition of capital punishment. I would have liked the bill to have gone further than it does, but we all know why it does not do so. There is no secret about that. It was the only way that we could move forward in this matter of capital punishment, on the theory that half a loaf is better than none.

Those who argue in favour of this amendment, sincere as is the intention of Senator Molson, are putting an obstacle in the way of avoiding the application of capital punishment in particular situations. That is what those who are in favour of the abolition of capital punishment must recognize in dealing with this amendment. I say it would be a serious thing to take away this right of commutation.

I have sat in Cabinet for a long time, over many years, as has the Leader of the Opposition—

Hon. Mr. Flynn: For many years! Six months.

Hon. Mr. Martin: —as has the former Solicitor General and as have other honourable senators who have been ministers, and they will all attest to the fact that every Cabinet takes this matter of commutation seriously. There is no Minister of Justice, there is no Solicitor General, where there is both a Solicitor General and a Minister of Justice, who does not make his recommendation or presentation to the Cabinet with the utmost concern and seriousness.

Hon. Mr. Choquette: You mean that you are trying to convince us that for 11 years those people who took themselves so seriously and this question so seriously never made one mistake? They have consistently commuted.

Hon. Mr. Martin: I did not say that they did not make mistakes. I do say that in every such meeting in which I participated—and I have participated in all but one—speaking for myself and from what I could see of my colleagues, they acted towards those matters in the most objective and honourable way possible.

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: The Prime Minister has said that we will recognize the law, and we have recognized the law.

Hon. Mr. Flynn: When?

Hon. Mr. Martin: Well, my honourable friend—

Hon. Mr. Flynn: When?

Hon. Mr. Martin: My honourable friend has sat and examined all the evidence. Here is what happens when a capital case it brought forward—

Hon. Mr. Flynn: We know all about that.

Hon. Mr. Martin: Well, my honourable friend does not seem to recall. Here is what happens. The Solicitor General, if he is the one charged with the matter, or the Minister of Justice, brings forward the recommendation. He then teils us all about the case. We have a large dossier—

Hon. Mr. Flynn: Just words, just words. Tell us when the government has allowed the law to be applied? Tell me when?

Hon. Mr. Martin: I will explain—

Hon. Mr. Flynn: You don't have to tell me about the files and everything.

Hon. Mr. Martin: Why does my honourable friend not allow me to finish? No one interrupts him when he is speaking.

Hon. Mr. Flynn: I don't know why.

Hon. Mr. Martin: We examine the evidence. We examine the evidence of psychiatrists who have visited the prisoner, and all the circumstances that have been gone into by officials of the departments concerned—matters that were not brought up at the trial for one reason or another, either because there might have been professional incompetence—and that often happens—or because of some prejudice on the part of the jury or judge. The matter is gone into with the greatest care and attention. It does not take us just 15 minutes. I recall, as Senator McIlraith will, one case that took more than a full day to consider. There is the fullest examination, following which each of us comes to a conclusion, in the exercise of our responsibility as Privy Councillors and our oath as to what we think should be done in the situation.

Hon. Mr. Choquette: And it has been identical for 11 years. It has been identical!

Hon. Mr. Martin: In every case I rendered a decision in accordance with my conscience. I did not defy the law. As the Prime Minister said, not one of us has defied the law in the exercise of this highest responsibility, no matter what the results might be. In the future, if this bill is passed in the form in which it is proposed, and again we have to consider cases, we will consider them not in defiance of the law but in pursuit of our own individual consciences.

If there were a case where I felt there was no reason for commutation, even though I stand for abolition, I would not hesitate to express my view that the punishment as handed down should be administered, as provided in the law for such situations. In two cases that was my view. Let no one say I have acted deliberately against the law. It is a serious thing to say to any minister that he has acted deliberately against the law. In the other place, Mr. Stanfield did not say that to the Prime Minister, and he was one who supported this bill. He simply asked the Prime Minister, "Will you act in accordance with the law?" The Prime Minister said, "We have and we will continue to." Mr. Stanfield accepted that.

● (1720)

Hon. Mr. Flynn: There is no evidence of that.

Hon. Mr. Martin: I always understood that would be accepted in any parliamentary system, in Canada or in other areas where there is a similar parliamentary system.

I say that to accept this amendment, notwithstanding the fact that it is put forward by a man for whom I have great friendship and respect, would in my judgment be to delay the progress that is being made towards the achievement of the abolition of capital punishment. That is the fact for consideration by everyone who feels strongly on this matter. Of course, I understand those who are opposed to capital punishment. I understand them fully, and I respect their views. I ask them to respect ours. I ask those who share this view not to permit a delay to take place, as it inevitably would if this kind of amendment were to pass. What would happen? It would mean a return to the status quo ante-1962.

Hon. Mr. Molson: No.

Hon. Mr. Flynn: No. 1967.

Hon. Mr. Martin: Excuse me, 1967. The Cabinet would be in a position where it could not have the liberty of judgment it is enabled to have under this bill.

Hon. Mr. Everett: I disagree.

Hon. Mr. Martin: My honourable friend says he disagrees, and that is the free right of anyone who sits in a deliberative assembly. However, that is my view based on long experience, on a strong belief that this bill, imperfect as it is, brings us forward to the abolition of a punishment that we do not find acceptable in this day and age. It does not mean that we are going to be easy on those who have killed. It means that we are going to be more severe, we are going to impose a form of punishment that we hope may acquire a deterrent value.

Honourable senators, those are the views that I put forward on this amendment. I ask that we turn it down and that we support this bill.

Hon. Mr. Flynn: For the record, I want to make it clear that the eloquence we have just heard from the Leader of the Government was merely an appeal to the faithfulness of the Liberal senators here not to bring in any amendment which would create problems for the government. It meant nothing else, because otherwise it was meaningless. It was a discussion beside the point. This amendment does not touch the royal prerogative.

Hon. Mr. Martin: I want to say one thing. I am sorry that Senator Flynn has made that statement.

Hon. Mr. Flynn: I am not sorry to have made it.

Hon. Mr. Martin: There have been many statements that I am sure, when Senator Flynn has read them the next morning, he was sorry he had spoken.

Hon. Mr. Flynn: That has not happened yet.

Hon. Mr. Martin: Senator Langlois has taken issue with the view I take, and so have other honourable senators on this side, so why should Senator Flynn think that is the case? I could say to him that he should look at the way his supporters have reacted. Was he not taking a party position?

Hon. Mr. Flynn: Not at all.

Hon. Mr. Martin: I have not made that charge, and I am not going to lower myself by making it. I am sure Senator Flynn will regret having said what he did.

Hon. Mr. Flynn: No. You said it was a free vote.

Hon. Mr. Molson: Honourable senators, I thought it had been decided that this was not a party matter, but perhaps my party should intervene at this stage. Let me say to Senator Martin that I do not think there has been any suggestion—at least I hope there has not been—that members of the Cabinet have not carried out their duties to the best of their ability and their consciences. I do not think that is the question at all.

Hon. Mr. Flynn: Nobody has discussed that.

Hon. Mr. Molson: Nobody has made any such comment.

Hon. Mr. Flynn: No.

Hon. Mr. Molson: I do not think we have any doubts about that. I am not going to be very long on this argument either. Senator Martin's eloquence is, of course, so moving that I am rather afraid it may influence too many of us, but that is what we would expect.

Hon. Mr. Choquette: No, no.

Hon. Mr. Molson: He says that the Cabinet has only, and always, lived up to the law. That is all right. I am not quarrelling with that. All I am suggesting is that we slightly change the law so that they can continue to live up to the law.

Hon. Mr. Flynn: They are slipping.

Hon. Mr. Molson: When we think of one of these five, six or seven brutal murders over the five years, like the *Marcotte* case, I suggest we say that the Cabinet is not under an obligation to treat such cases in the same way as the average killings we hear about, where there is no premeditation and where they are not brutal. We are simply trying to make the Cabinet's lot a little easier and simply make them do as Senator Martin says, live up to the law.

The Chairman: It has been moved by the Honourable Senator Molson, seconded by the Honourable Senator Desruisseaux—shall I read the amendment?

Hon. Senators: Dispense.

The Chairman: Is it your pleasure, honourable senators, to adopt the said amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Chairman: Would those in favour say "yea"?

Some Hon. Senators: Yea.

The Chairman: Would those against say "nay"?

[Hon. Mr. Flynn.]

Some Hon. Senators: Nay.

The Chairman: In my opinion the "nays" have it.

Hon. Mr. Flynn: It is just that they were louder. You might as well have a vote.

An Hon. Senator: A standing vote.

The Chairman: Will all those in favour of the motion please rise?

The Clerk of the Senate: Fifteen.

An Hon. Senator: Party discipline.

The Chairman: Will all those against the motion please rise?

The Clerk of the Senate: Forty-one.

The Chairman: In favour of the motion fifteen, and against the motion forty-one. I declare the amendment lost.

Shall clause 6 carry?

Hon. Senators: Carried.

The Chairman: Clause 6.1. Shall clause 6.1 carry?

Hon. Senators: Carried.

The Chairman: Clause 7. Shall clause 7 carry?

Hon. Senators: Carried.

The Chairman: Clause 8. Shall clause 8 carry?

Hon. Senators: Carried.

The Chairman: Clause 9. Shall clause 9 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 10 carry?

Hon. Mr. Flynn: Mr. Chairman, on clause 10 I will not detain honourable senators very long. I mentioned that this clause will not only continue or revive the state of the law between 1968 and 1972, but will provide for an indefinite continuance of this legislation, by providing that before December 1977 a joint resolution of both houses—not a bill, a mere resolution of both houses—may direct that "the said subsection 214(2) . . . shall continue in force."

In other words, we may continue this absurd method of dealing with murders, indefinitely, by a mere resolution of both houses. Therefore, I move the following amendment:

Strike out lines 37 to 40, inclusive.

● (1730)

Hon. Mr. McIlraith: As I understand the amendment, it simply takes away the right of Parliament to deal with the possible extension of the period—

Hon. Mr. Flynn: By way of resolution.

Hon. Mr. McIlraith: By way of resolution. I am not sure whether the honourable member made the argument, but some made it here, and certainly I sought to deal with it in my original presentation of the bill, as to why that was not done instead of this bill being in its present form. I would hope that honourable senators would not restrict Parliament in this way, if by any chance they should want an extension of the bill in the simple form provided by this clause.

Hon. Mr. Flynn: I want to make it difficult for the government to continue the status quo—or this thing. I want the government to be in a position where it will come clean and present definite legislation which will be appropriate.

Hon. Mr. McIlraith: I would point out to the honourable senator, that in seeking to make it difficult for the government he is in fact limiting the authority of Parliament, and I do not think that that is what he intended.

Hon. Mr. Flynn: Not at all.

Hon. Mr. Hayden: Is it not a fact, and also the law, that at the next session of Parliament a bill could be introduced making changes in this bill?

Hon. Mr. McIlraith: Yes.

Hon. Mr. Hayden: So what are the restrictions that exist, because you talk about a joint resolution instead of a bill, or instead of some other form of legislation? There is nothing in this bill which would interfere with Parliament's taking a different course of action next year.

Hon. Mr. McIlraith: That is right.

Hon. Mr. Flynn: I agree with that point, mind you, but I think that by leaving it there we are suggesting that this kind of legislation may become permanent. That is what it means.

Hon. Mr. Martin: No, no.

The Chairman: I will put the question. It has been moved by Honourable Senator Flynn, seconded by Honourable Senator Macdonald—shall I read the amendment?

Hon. Senators: Dispense.

The Chairman: Is it your pleasure, honourable senators, to adopt the said amendment? Would those in favour say "yea"?

Some Hon. Senators: Yea.

The Chairman: Would those against say "nay"?

Some Hon. Senators: Nay.

The Chairman: In my opinion the "nays" have it. I declare the amendment lost.

We have just voted on the proposed amendment to clause 10. Shall clause 10 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 11 carry?

Hon. Senators: Carried.

The Chairman: Shall clause 12 carry?

Hon. Senators: Carried.

The Chairman: Shall the title and clause 1 carry?

Hon. Senators: Carried.

Hon. Mr. Flynn: I want to say that after this exercise this afternoon I am not very happy with what we did, or the stand we took, and I will vote against the bill in committee, as I did on second reading.

Hon. Mr. Choquette: I think we should report progress.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

Hon. Mr. Flynn: On division.

The Hon. the Speaker: The sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Mr. Macnaughton: Madam Speaker, the Committee of the Whole, to which was referred Bill C-2, to amend the Criminal Code, has considered the said bill and has the honour to report the same without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Argue: Now.

An Hon. Senator: With leave.

Hon. Mr. McIlraith: At the next sitting.

Hon. Mr. McIlraith moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1189*)

CRIMINAL CODE (CAPITAL PUNISHMENT) BILL C-2

PROPOSED AMENDMENTS BY SENATOR ARGUE

1. *Page 1:* Strike out clause 1 and substitute therefor the following:

"This Act may be cited as the *Criminal Law Amendment (Punishment for Murder) Act.*"

2. *Page 1; clause 2:* Strike out the words following the word "repealed".

3. *Page 2:* Strike out clause 3 and substitute therefor the following:

"3. Section 218 of the said Act is repealed and the following substituted therefor:

"218. (1) Every one who commits murder is guilty of an indictable offence and shall be sentenced to imprisonment for life.

(2) Notwithstanding anything in the *Parole Act* and unless the Parliament of Canada otherwise directs, no person

(a) upon whom a sentence of imprisonment for life in respect of murder has been imposed after the coming into force of this section,

(b) upon whom a sentence of imprisonment for life is deemed by section 8 of the *Criminal Law Amendment (Punishment for Murder) Act* to have been imposed, or

(c) in respect of whom a sentence of death in respect of murder has been commuted after the coming into force of this section to imprisonment for life, shall be released pursuant to the terms of a grant of parole under the *Parole Act* unless

(d) at least ten years of that sentence calculated in the manner described in subsection (4) have been served, and

(e) the National Parole Board, by a vote of at least two-thirds of its members, has made a decision that parole under that Act be granted to that person.

(3) Notwithstanding paragraph (2)(d), the judge presiding at the trial of an accused who is or was convicted of murder or, where such judge is unable to do so, another judge of the same court may

(a) at the time of sentencing of the accused, in a case referred to in paragraph (2)(a), or

(b) at any time on application made to him within a reasonable time after

(i) the coming into force of this section, in the case referred to in paragraph (2)(b), or

(ii) the execution of an instrument or in writing mentioned in subsection 684(2) declaring that a sentence of death has been commuted, in a case referred to in paragraph (2)(c),

having regard to the character of the accused, the nature of the offence and the circumstances surrounding its commission, and to any recommendation made pursuant to section 596.1, by order substitute for the number of years specified in paragraph (2)(d) a number of years that is not more than twenty but more than ten.

(4) In calculating the time referred to in paragraph (2)(d) or the time substituted therefor pursuant to subsection (3), there shall be included any time spent in custody between,

(a) in the case of a sentence of imprisonment for life, the day on which the person was arrested and taken into custody in respect of the offence for which he was sentenced to imprisonment for life and the day the sentence was imposed or was deemed by section 8 of the *Criminal Law Amendment (Punishment for Murder) Act* to have been imposed, or

(b) in the case of a sentence of death, the day on which the person was arrested and taken into custody in respect of the offence for which he was sentenced to death and the day the sentence was commuted.

(5) Notwithstanding the *Penitentiary Act* and the *Parole Act*, in the case of any person described in paragraph (2)(a), (b) or (c), no absence may be authorized under section 26 of the *Penitentiary Act* and no day parole may be granted under section 10 of the *Parole Act* until the expiration of all but three years of the time referred to in paragraph (2)(d) or the time substituted therefor pursuant to subsection (3), as the case may be.

(6) For the purpose of Part XX, the sentence of imprisonment for life prescribed in subsection (1) is a minimum punishment."

4. *Page 5:* Strike out clause 4 and substitute therefor the following:

"4. Section 511 and subsections 538(3) and 589(2) of the said Act are repealed."

5. *Page 5:* Strike out clause 5 and substitute therefor the following:

"5. The said Act is further amended by adding thereto, immediately after section 596, the following section:

"596.1. Where a jury finds an accused guilty of murder, the judge who presides at the trial shall, before discharging the jury, put to them the following question:

"You have found the accused guilty of murder and the law requires that I now pronounce a sentence of imprisonment for life against him. Do you wish to make any recommendation with respect to the number of years he must serve before he is eligible for release on parole? You are not required to make any recommendation but, if you do, your recommen-

dation will be considered by me when I am considering whether I should substitute for the ten year period, which the law would otherwise require the accused to serve before he is eligible for release on parole, a number of years that is not more than twenty but more than ten."

6. *Page 6:* Strike out clause 6 and substitute therefor the following:

"6. The definition "sentence" in section 601 of the said Act is repealed and the following substituted therefor:

"sentence" includes a declaration made under subsection 181(3), an order made under section 95, 653, 654 and 655 or subsection 218(3), and a disposition made under subsection 662.1(1), subsection 663(1) or subsection 664(3) or (4);"

7. *Page 7:* Strike out lines 23 to 40, inclusive, and substitute therefor the following:

"8. Where, either before or after the coming into force of this Act, a person has been convicted of having committed a murder that

(a) was alleged by an indictment to have been committed on, or on or about, a day that is within the period from December 29, 1972 to the coming into force of this Act, or between two days within that period, and

(b) was, at the time alleged by the indictment to have been the time when the murder was committed, punishable by death,"

8. *Pages 8 and 9:* Strike out clauses 10 and 11, and renumber clause 12 as clause 10.

THE SENATE

Thursday, November 22, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED AND PRINTED AS APPENDIX

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, presented the following report of the committee, to which was referred supplementary estimates (A) laid before Parliament for the fiscal year ending March 31, 1974, and asked that the report be printed as an appendix to the *Debates on the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent record of this house.

The Hon. the Speaker: Honourable senators, is it agreed that this report be printed as an appendix to the *Debates of the Senate* and the *Minutes of the Proceedings* of today and form part of the permanent record of this house?

Hon. Senators: Agreed.

(*For text of report see appendix, pp. 1218-1224.*)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Everett: Honourable senators, I move, seconded by Senator Cook, that this report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

AGRICULTURE

CHANGE IN COMMITTEE MEMBERSHIP

Hon. John M. Macdonald, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

That the name of the Honourable Senator Yuzyk be substituted for that of the Honourable Senator Haig on the list of senators serving on the Standing Senate Committee on Agriculture.

Motion agreed to.

AIR CANADA

ABORTED LANDING AT OTTAWA AIRPORT—QUESTION

Hon. Mr. McElman: Honourable senators, I have a question which I should like to ask of the Leader of the Government in the Senate and of which I have not been able to give him notice, so I assume he will take this as notice for future reply.

If I may, honourable senators, I should like to give some background to my question. On Tuesday, November 13, Air Canada Flight No. 637 out of Montreal, landing in Ottawa at approximately 2 p.m., was waved off in the last stages of its approach to the runway. The airport was then under an extremely low ceiling of mist and heavy fog, and visual contact with the ground had just been attained.

The first officer advised, after rapidly pulling up into the cloud layer again, that the landing had been aborted because, and I quote, "a truck was on the runway." He stated that another attempt to land would be made, but because of the low ceiling it might be necessary to arrange for an alternate airport for landing. Therefore, my question is this:

1. Has the Ministry of Transport received a report that Air Canada Flight No. 637 out of Montreal had its initial landing attempt at Ottawa Airport, at approximately 2 p.m. on Tuesday, November 13, 1973, aborted?
2. If so:
   (a) What was the reason for such action?
   (b) Have the person or persons responsible for the cause of such action been identified?
   (c) What has been done to insure against any repetition of the cause or causes of such action?

Hon. Mr. Martin: I shall take the question as notice, as Senator McElman asked, and, as Senator Flynn might have said, this is a technical question and this is what I would be expected to do.

PUBLIC WORKS

HIGH COST OF DECORATING FEDERAL GOVERNMENT BUILDINGS—QUESTIONS ANSWERED

Hon. Mr. Martin: Honourable senators, on October 31, Senator Molson asked some interesting questions having to do with the decoration of government buildings, and Senator Forsey added a supplement about the "scrap iron in front of the buildings."

I have a long reply here, and I wonder if it would be agreeable to honourable senators for me to table this for the scrutiny of honourable senators.

Hon. Mr. Molson: Will it be printed in the proceedings of the day?

Hon. Mr. Martin: Certainly, if that is agreed.

Hon. Senators: Agreed.

(*The answers follow*)

1. DND

It is noted that the Honourable Senator Molson's question relates to potted plants and external Art Work only and the reply therefore is structured accordingly.

(1) The potted palms were purchased direct by the Department of National Defence at the time they

purchased their furniture. The Bureau of Management Consulting Services were engaged by DND to design all of the interior layouts and they prepared the specifications for all internal furnishings.

(2) There are three pieces of externally placed sculpture, two of these are constructed in metal and one in fibreglass on a plywood frame. The total cost of the three works of Art is $123,000.

2. CONFEDERATION BUILDING

This portion of Senator Molson's question relates to $1 million spent in refurbishing the Confederation Building for the use of 88 members and five ministers.

(1) 85 members and 7 ministers are accommodated on floors 2 to 6 inclusive along with their administrative staffs.

(2) The cost of renovating these floors amounted to $475,000.

(3) The allotment of funds expended on this contract are accounted for as follows:—

Area	Cost	Status
(1) Floors 2 to 6	$475,000	Completed
(2) Support areas	$587,800	"
(3) Furniture	$300,000	"
(4) Cafeteria-lounge	$693,000	"
(5) Recreation wing	$165,000	"
(6) Other items	$ 60,000	"
Total	$2,280,800	

3. EXTERNAL AFFAIRS

This portion of the question relates to the costs involved in connection with the "absolutely oriental splendour of the External Affairs Department."

(1) Construction cost of building by DPW, including partitions and carpets—$27.2 million (i.e. $25 per square foot).

(2) Plants for the cafeteria cost $1,110 and were purchased by DPW. Monthly maintenance cost is $60. These are the only plants in the building.

(3) The Department of External Affairs supplied all moveable furniture.

(4) Fine art work piece (Haida) which is located in front of External Affairs costs $35,000 and was part of the approved fine art allowance of $217,000 for the building.

OFFICIAL REPORT

QUESTION OF PRIVILEGE

Hon. Mr. Argue: Honourable senators, I rise on a question of privilege to point out an error in yesterday's *Debates of the Senate*, an obvious and indisputable error. The appendix at page 1206 contains the total amendments that I would have moved at various stages had proceedings gone as I anticipated. However, the title of this appendix is as follows:

Speeches delivered on the occasion of the dedication of the Newfoundland book of remembrance in the Confederation Room, West Block, Parliament Buildings, Ottawa, October 21, 1973

What a dream world this is. The date on the page is October 30, 1973. It has been pointed out to me quite accurately that this error was not made by our staff, the amendments having been sent to the Printing Bureau in the correct form and with the correct title. Presumably, however, it was fed into a computer which changed the heading and the date.

There is a further error, which I cannot blame on the computer but must take the responsibility for myself. Clause 3, which proposes amendment to section 218.(2)(c) of the act, contains a series of words which appear twice in the same paragraph. I do not have to explain it, but if that paragraph is read it will be seen that there are words which are not required and are in fact repetitious and should be deleted from the standpoint of accuracy and good drafting.

[*Editor's note: p. 1206 corrected accordingly.*]

CUSTOMS ACT

BILL TO AMEND—THIRD READING

Hon. Salter A. Hayden moved the third reading of Bill C-189, to amend the Customs Act.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE (CAPITAL PUNISHMENT)

BILL TO AMEND—THIRD READING

Hon. George McIlraith moved the third reading of Bill C-2, to amend the Criminal Code.

The Hon. the Speaker: Is it your pleasure honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Jacques Flynn: No. I think I should say a word. I read *Hansard* this morning and it occurred to me that the Chairman of the Committee of the Whole had yesterday indicated a method whereby we could have the Senate decide whether it wishes to make a decision in connection with the vital and essential question which this bill implies—that is, whether we are in favour of the total abolition or retention of capital punishment.

The suggestion, as I understand it, was that we proceed by way of a motion that would return the bill to the Committee of the Whole with specific instructions to make amendments which would bring about total abolition. I see that Senator McIlraith nods his head. In fact, it was his argument against the admissibility of the amendment moved by Senator Argue.

• (1410)

On the other hand, after reading *Hansard* and remembering the votes, I thought this would be an exercise in futility, because there is obviously no disposition on the part of this house to take the bull by the horns and make clear its opinion on the subject of abolition. It would rather have the bill pass as is and not create any problem either for the Government of Canada or for the House of

Commons. I am so convinced of this view that I think we should completely forget about it and let the bill go.

Motion agreed to and bill read third time and passed, on division.

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—ORDER STANDS

On the Order:

Resuming the debate on the consideration of the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community".—(*Honourable Senator Carter*).

Hon. Mr. Martin: Honourable senators, I wonder if Senator Carter would agree to letting this matter stand until later this day?

Hon. Mr. Carter: I agree.

Order stands.

[*Later:*]

Hon. Mr. Martin: Honourable senators, earlier in the day I asked Senator Carter whether he would mind allowing Order No. 7, which is the resumption of the debate on the consideration of the report of the Standing Senate Committee on Foreign Affairs regarding Canadian relations with the European Community, stand until later this day. The order does stand in Senator Carter's name, but I know he does not wish to go on today. It had been my intention to proceed, but because of the hour I will not do so.

I simply wanted to make the observation that I do not think there is anything on the Order Paper that is more important than this question of Canada's economic and trade relations with countries of the European Community.

A month ago we had a conference in this city in which senators and members of the House of Commons participated, along with representatives of the European Community, and I would say, particularly to the news editors, that if they really want to get their teeth into something, this is the subject.

As a member of the government I certainly intend to participate in this debate. However, for the reasons mentioned, I do not intend to go on today. I simply wanted to take this opportunity to bring the attention of the Senate to this matter.

Order stands.

PUBLIC WORKS

ART ADVISORY COMMITTEE—INQUIRY STANDS

On the Inquiry of Honourable Senator Forsey:

That he will inquire of the Government:—

1. Who are the members of the Art Advisory Committee of the Department of Public Works?
2. When were they appointed?
3. For what terms of office?
4. What is the remuneration of each member?
5. What are the qualifications of each member?

An Hon. Senator: Stand.

Hon. Mr. Forsey: Honourable senators, I hear somebody say "stands". I think I can take it as affirmation of the fact that I have risen and am now standing.

I shall be brief on this subject. Some honourable senators may recall that some time ago I drew attention to the monstrosity known as "Traffic", that so-called sculpture, that manufacture of fibreglass, in the square opposite the Lord Elgin Hotel. I endeavoured to find out at that time how much had been spent on this trash.

I was fobbed off with the outrageous statement, as I consider it, that it was not "policy" to reveal what was spent for these things.

Somebody else has evidently been more successful than I in discovering how much is spent on this kind of thing. I see Honourable Senator Molson smiling at me, and I recall that I suggested that he add something about these concoctions to the questions that he asked the other day about certain government expenditures.

Somebody else has been more successful than I in finding out what is spent on these things. I noticed, in the Ottawa *Journal* on Wednesday, November 7, and again, I think, in the issue of the next day, illustrations of the performance—I find it difficult to use parliamentary language about these things, and possibly I am outraging the dictionary in calling it a performance—in front of the National Defence Building. I think there is more than one of them. There is also, of course, the thing outside the Pearson Building, the External Affairs Building, which I believe was described by a high personage, who cannot be mentioned I think under the rules of the house, as, "Hello, what's this? Something left behind by the builders' labourers?"

Well, somebody has found out what some of these things cost, because the Ottawa *Journal* heading says, "What's blue, tubular and costs $50,000?" It goes on to describe something about the so-called sculpture and says that it was commissioned after approval by the Public Works Advisory Committee on Art. Later it says that the expenditure for this particular affair was $50,000 and that the other things surrounding the Defence Headquarters, including the Robert Murray "Tundra" object—which I have not had the dubious advantage of seeing—on the canal side of the building, have cost the Canadian taxpayer a total of $201,000.

Well, this takes my curiosity a stage farther. I not only want to find out what these things are costing the Canadian taxpayer—I think we are being hoaxed and played practical jokes on to a most astounding tune for the benefit of people whose qualifications in the field of art seem to me extremely dubious—but I find this is being done on the basis of recommendations by some, as far as I know, anonymous committee known as the Art Advisory Committee of the Department of Public Works, or the Public Works Advisory Committee on Art. I may not have the title exactly right, but I trust there will be no attempt to say that the question is so ill-phrased that it is impossible to know what I am driving at.

So I am asking now, who are the members of this committee; when were they appointed; for what term of

office; what is the remuneration of each member; and what are the qualifictions of each member?

If we can get that information we may be in a better position to decide whether, as I believe, we are being "had," hoaxed, trifled with, fooled, swindled by these people, who, I suppose, are avant-garde and people whom most persons of cultivation and education would hesitate to blaspheme against.

Well, I still think that "the intelligentsia, though God knows why they're called so", as the late Healey Willan once said, sometimes make asses of themselves. I suggest that on this occasion they may have done so also, and that this, in fact, may be a conspicuous illustration of that. The bien-pensants and the cultivated are sometimes afraid to say anything against these distinguished people because they are afraid of being called boobs and idiots and back-numbers.

Well, I am willing to risk all that. I should like to find out who these people are who are advising on these kinds of things and what qualifications they have. I suspect their qualifications may be very open to question.

When we have this information we may be able to pursue the matter further and prevent the Canadian taxpayer from being swindled, hoaxed, fooled, trifled with, and mulcted in the fashion in which it seems to me he is now being "had" in connection with these excrescences which are flourishing, bursting forth, all over the landscape of this city.

Hon. Mr. Molson: I wonder if my honourable friend would permit a question? When he refers to this object that cost $50,000, is he alluding to the item which I think on an earlier occasion was described as being a very great or large intestine?

Hon. Mr. Forsey: No, honourable senators. That was the large fibreglass affair opposite the Lord Elgin Hotel, in what was formerly a very pleasant little park, now ruined for anybody with any aesthetic sense at all. This is something of wrought iron—I don't know—a steel affair that is stuck in front of the new National Defence building. There are two illustrations in the Ottawa *Journal* referring to two different things. One of them appears to be more or less hollow and we have a delightful picture of one of the workmen sticking his head into the thing with the caption, "Anybody home?" A very appropriate inquiry, I think.

● (1420)

It reminds me of a student of mine who once answered a question on an examination paper on the House of Lords by saying, "The House of Lords has a total of about 700 members, but they are usually not all there." I am inclined to think that possibly one of those personages may have had something to do with the designing of this, and this skeptical-looking workman who was peering into it—doubtless a very uncultivated person, like me—is asking what this is supposed to be, and whether the people who put it up there have taken leave of their senses and ought not to be at large. Sometimes when I see these things I am inclined to wonder whether perhaps the public pillory should have been abolished.

Hon. Mr. Grosart: Honourable senators, I perhaps should say at this moment that I would not like to let the impression get abroad that Senator Forsey's views are shared by all senators. The very extravagant language he has used reminds me very much of the language that was used when the Group of Seven first broke upon the Canadian scene.

Hon. Mr. Forsey: Don't be silly. Don't give us that again, please.

Hon. Mr. Grosart: I could quote the exact things that were said. It was called the "Hot Mush School" by the most eminent art critic of the time. That is my immediate answer to Senator Forsey, who says, "Don't give us that again." At a later date I would be glad to give him some more quotes from that time, and some more quotes about the French Impressionists in much the same kind of extravagant language that we have just heard.

I rise to say that in my view this is merely Senator Forsey's opinion. I dislike certainly the one so-called art item that he referred to every bit as much as he does, perhaps more. But I do not condemn it on that account. It so happens that I myself have been collecting paintings for many, many years. I find myself reaching a point of lack of understanding of a great deal of modern art. There is a great deal that I dislike. My own personal opinion of it might be couched in the same kind of language as Senator Forsey has used if I were talking to myself.

Having in mind, however, the long history of, if you like, art appreciation, art understanding, I think it is a mistake for anybody, who merely does not understand or appreciate modern art, to condemn it out of hand in the kind of language we have just heard. I repeat that I have not and, as far as I know, will not buy a so-called avant-garde modern painting; I do not want to have it in my house. However, I have some knowledge of the bridges that have had to be gone over between one school of art, one period of art, and another. Anybody who has crossed those bridges almost inevitably finds the land on the other side more inhospitable than the land he has just left. But on reflection that person is likely to find that he regards this new land as inhospitable only because he does not understand it. Persons entering a new land and finding it inhospitable, almost immediately find it ugly just because it is inhospitable.

I make these remarks because I would not want to be associated with such an extravagant, one-sided and vehement a criticism of some of the works that Senator Forsey has referred to. Although I am not a modernist in art, I do not have the same reaction that he does to the art work in front of the External Affairs Building, the Lester B. Pearson Building. I find it difficult to understand, but I do not find it, as I do the piece opposite the Lord Elgin Hotel, ugly, and I think I am beginning to understand it.

Inquiry stands.

ADJOURNMENT

Leave having been given to revert to Notices of Motions:

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, December 4, 1973, at 8 o'clock in the evening.

This, of course, is subject to the usual reservation as to recall.

Motion agreed to.

TRANSPORTATION

NORTH SYDNEY-PORT AUX BASQUES FREIGHT AND PASSENGER SERVICE: PRINCE EDWARD ISLAND-MAINLAND FERRY SERVICE—DEBATE ADJOURNED

Hon. Frederick William Rowe moved pursuant to notice:

> That in the opinion of the Senate, the Government of Canada should, in future, guarantee and ensure the continuous maintenance, at all times and in all contingencies, of a freight and passenger service between North Sydney and Port aux Basques, and an efficient ferry service between Prince Edward Island and the mainland of Canada, in accordance with the Terms of Union of Newfoundland with Canada and the Order of Her Majesty in Council admitting Prince Edward Island into the Union.

He said: Honourable senators, in 1948 the people of Newfoundland by a small majority—an extremely small majority, as it happens, barely over 50 per cent—elected to throw in their lot with the Canadian nation. Accordingly, Terms of Union were negotiated in the succeeding months, and those Terms of Union were adopted by a statute at Westminster and became part of the British North America Act. From the standpoint of the Newfoundland people, one of the most important terms in that document was term 32, paragraph (1), which provides:

> Canada will maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques, which . . . will include suitable provision for the carriage of motor vehicles.

Honourable senators, I am going now to make a categorical statement. I do this with all the emphasis at my command, because it is most important that this body, and others whom we hope to influence, and the Canadian people generally, appreciate the fact that I am going to state now. Without that term, it is extremely doubtful that the Newfoundland people would have agreed to becoming part of Canada.

Let me interject at this point that what we are talking about is not a single thing. To take as an example the Province of Ontario, for purposes of comparison, we are talking about every road and every railway line that connects that province with the other provinces of Canada and the United States of America. That is what we are talking about. It is very easy to single out a ferry service, but a disruption in the ferry service to Newfoundland is the equivalent of closing off every single highway and railway line that goes into or comes out of the Province of Ontario. I repeat, without that term the people of Newfoundland would not have agreed to becoming part of the Canadian nation. That fact must be clearly understood by the rest of Canada, although I am afraid it has not been properly appreciated.

[Hon. Mr. Langlois.]

• (1430)

Honourable senators will notice that the term makes no provision for disruption of service, and this for a very simple reason. Apart from the normal short delays of a few hours or a day that might be occasioned by what we call acts of God—for example, a hurricane—it was never envisaged by the Newfoundland signatories to that agreement, or by the people generally, that any disruption in that service would ever be tolerated by the party responsible for maintaining it, and that party, let me say now, is not the Canadian National Railway services; that party is the Government and the Parliament of Canada. That is the party responsible for maintaining that service.

Let me interject here and say that the fact that the Canadian National Railway is operating the service is purely incidental. In this case, Canadian National was the chosen instrument of the Government of Canada, and it was chosen as a matter of convenience and practicality. The method used by the Government of Canada and the Parliament of Canada to meet its responsibilities, however, is not the concern of the people of Newfoundland. It is not my concern now, and I am not going to discuss it at all. What is the concern of the people of Newfoundland, and my concern and, I hope, the concern of the Senate, is that Canada shall not renege on its responsibilities. But this is what Canada has done, and we have had repeated trouble since 1949 concerning this matter. I do not refer to any one administration. This motion, if adopted, will, I hope, influence all administrations.

Last summer, at the height of the passenger traffic to and from Newfoundland, this service was disrupted, directly or indirectly, for practically the whole of the summer season. It is true that the actual period of cessation of service was just less than two weeks. There were two weeks when nothing happened. The service was suspended for two weeks, which, in the case of the Province of Ontario, would have meant that every road and railway line leading into or out of that province would have been cut off. Just picture in your minds, honourable senators, that situation obtaining in the Province of Ontario for two weeks.

I said that the period of actual cessation was just under two weeks, but the threats and the uncertainty that preceded the actual date of cessation, and the inconvenience subsequent to the resumption of service that resulted from the backlog that had built up, meant that for all practical purposes there was either partial or full interruption of that service for most of the summer.

Newfoundland is an island. I do not need to tell you that. However, it has more than a half a million people on it, and although there is a reasonably good air service between Newfoundland and the rest of Canada, the fact is that the real lifeline of Newfoundland is that ferry service between Port aux Basques and North Sydney.

I might interject again and draw attention to the number of ships involved in this, and the size of those ships. I am sure that most honourable senators do not have any idea of the magnitude of that service, or of the size of those huge ferries. There are not one or two but, at times, a dozen operating back and forth, carrying thousands and tens of thousands of motor vehicles, thousands and tens of

thousands of people, and, of course, thousands and tens of thousands of tons of freight.

As I said earlier, the cutting-off of that ferry service for any period of time is analogous to completely isolating any other province on the mainland of Canada by cutting all its road connections and all its railway connections simultaneously. This has never happened with any other province of Canada. It has never happened with Ontario. Why has it not happened? There is a very simple reason. It would not be permitted to happen. No Government of Canada would sit idly by, and no Parliament of Canada would sit idly by, even for 48 hours, and allow a province like Ontario to become completely isolated in every respect.

Let us consider just one aspect of this incredible injustice—because that is what it is—to Newfoundland. I am confining my remarks to Newfoundland, because I am quite sure my honourable colleague, Senator Bonnell, and perhaps others, will wish to speak on this motion, particularly in so far as it refers to Prince Edward Island.

In 1950 the value of the tourist trade to Newfoundland was between $1 million and $2 million. Over the succeeding 20-odd years, by building and improving the roads, by encouraging the erection and operation of hotels and motels, and other catering services, and by extensive promotion and advertising—in other words, by investing hundreds of millions of dollars that was badly needed for schools and universities, trade schools and hospitals, and a hundred other services—by investing our money in those things that I have just enumerated, we have been able to build up the tourist trade. I am very happy to say that this has been done with the active participation and co-operation of the Government of Canada, particularly with respect to building up and improving the ferry service across the Cabot Strait. I do not need to tell you what one of those huge boats like the *William Carson* would cost if we had to build it today. If we had to build it today that one boat would cost $20 million. But, as I said earlier, there is more than one boat involved here.

By investing the money of the people of Newfoundland and by making that sacrifice—and it was a sacrifice—we have been able to build up a tourist trade which, this past year, was projected to reach $100 million.

I remember, when I was chairman of the governing committee of "Come Home Year" in Newfoundland in 1966, that in 1965 the value of the tourist trade in Newfoundland was $40 million. Largely through our efforts, in a variety of ways, in 1966 we drove the figure up to, I think I am correct in saying, $60 million. That was in that one year, and it has been increasing ever since, and would have reached $100 million this year.

That may not sound very large to people in Ontario, but let me remind this house that it means that the tourist industry is the single biggest industry in Newfoundland today; it is bigger even than the fisheries, and bigger even than our paper mills—and we have two of the largest paper mills in the world. It means that the tourist industry is of more value to the Province of Newfoundland than are those two great paper mills.

I might say that this estimate of $100 million is not my figure at all, but is based on authoritative records. For example, the gross value of the tourist industry to Newfoundland in 1972 was $85 million—incidentally, that was 22 per cent higher than it had been the previous year. The tourist authorities had projected a 25 per cent increase for 1973. Please note that figure. In 1972 the gross value was actually $85 million, and projected for the following year, 1973, was a 25 per cent increase, particularly for the three months of July, August and September which, of course, comprise the high season for us. Instead of being 25 per cent higher than it was the previous year, the actual gross value for those three months of July, August and September was 10 per cent lower. Translated into bodies, this means that in that period alone there were 30,000 visitors who would have come to Newfoundland but did not come.

Each one of those visitors would have spent an average of approximately $200. These would have been people from all over Canada and the United States. Indeed, there would have been people from other parts of the world, but mostly our visitors come from the mainland of North America. If those 30,000 people spent $200 each the total would amount to $6 million. The generating capacity of tourist money is considered by economists to be greater than that from any other source. The multiplier effect in the case of tourist money is higher, but even those figures, if used, do not tell the full story.

• (1440)

Honourable senators, during that period of acute disruption thousands of visitors from every province of Canada and from every state in the United States were stranded, most of them in the Port aux Basques area, without hotel accommodation. Port aux Basques is a lovely little town of about 7,000 people and it has some very nice hotels, but it certainly does not have the capacity to accommodate thousands and thousands of people. Those people—men, women and children—through no fault of their own, were stranded, and most of them were deprived of the obvious amenities of life. Some of them were even deprived of the necessities of life. The Port aux Basques area became almost a ghetto.

Picture a family from California, their money gone, worried, perhaps somebody in the family is sick, children not ready for school—and bear in mind that this was almost the end of August—stranded on the rocks at Port aux Basques, more than 4,000 miles from home, with a car and possibly a trailer, and not knowing whether they would be forced to stay two days, six days or six weeks. The majority was there for two weeks, and some for more than that. It does not require very much of an imagination to understand what kind of goodwill ambassadors they will be for Newfoundland for the next 20 years. We can readily understand what their advice will be to other people in California, British Columbia and Alberta about visiting Newfoundland. The multiplier effect here will be almost astronomical. What it really means is that for year after year Newfoundland will be deprived of millions of dollars that would otherwise have been brought into the province.

So far, honourable senators, I have mentioned only the tourist industry. But the disruption in freight services caused, and is causing, further financial loss and hardship. At this moment there is not a construction project on the island of Newfoundland that has not been hamstrung by a failure to get necessary supplies. Two days ago, on November 19, I contacted the railway authorities who informed

me that they still had at North Sydney, and destined for Newfoundland, a backlog of 424 cars of freight. This figure has remained constant ever since the disruption in August. When you consider that priority has to be given to perishable goods, you can imagine what this backlog has done to the people in the construction industry. Asbestos and steel will not rot in two or three days.

Furthermore, honourable senators, consider the fact that in August of 1972, 39,000 tons of freight came across the Cabot Strait into Newfoundland. That was in just one month. The projected increase, according to Canadian National authorities—these are not my own figures—for this year was 12 per cent. In other words, approximately 44,000 tons of freight should have come into Newfoundland. This freight was needed; people were waiting for it. But in the month of August this year the actual amount that arrived was just over 22,000 tons, and we have not been able to catch up. At this moment there are actual shortages in Newfoundland because of this disruption.

Honourable senators, historically, Newfoundland has had a continuous struggle in trying to overcome the handicaps caused by geography, by climate, and by a limited economy which is extremely vulnerable to changes and fluctuations in world markets. In the last 25 years we have made enormous progress, thanks, in part, to the help and goodwill of the rest of Canada—and I know of no Newfoundlander who does not appreciate that fact. We, in turn, have been able to make some contribution to the Canadian nation. But Newfoundland's progress and that contribution cannot be maintained if, in addition to the other natural obstacles I mentioned, we are going to be subjected to periodic severance of our lifeline.

Such a severance cannot be justified under any condition. It becomes all the more regrettable, indeed all the more incomprehensible, when it is realized that the people of Newfoundland accepted, in good faith, the pledge of the Canadian Parliament—and that is what it was, honourable senators, not of the government but of the Parliament of Canada—that this ferry service, this lifeline, would be maintained without any ifs or buts.

Perhaps I should interject at this point that even without those Terms of Union, section 91 of the British North America Act specifically declares that the operation of ferries between the provinces, and between Canada and other countries, is completely, wholly and solely a federal responsibility. So, let me point out that in our case we have a double assurance. We have the Terms of Union that were negotiated and signed in good faith back in 1949, and we have section 91 of the British North America Act. We in Newfoundland hold that at all times and under all conditions there is a constitutional and a moral obligation and responsibility on the part of the Government and Parliament of Canada to maintain this service, and because of this I have no hesitation whatever in inviting all my colleagues in the Senate to support this motion.

Hon. Mr. Deschatelets: Would the honourable senator permit a question? You are asking in your motion that in future the Government of Canada guarantee and ensure the maintenance of the services you have mentioned at all times. At the end of your motion you say that you would like this in accordance with the Terms of Union. Are you asking for something that is not provided for in the Terms of Union?

Hon. Mr. Rowe: No, the Terms of Union are quite specific and quite clear. What we are asking is that the Government and Parliament of Canada live up to its obligations in this regard. I am not thinking of any particular administration. I am thinking of all administrations in the future, for as long as Canada is one nation and Newfoundland is part of that nation.

Hon. Chesley W. Carter: Honourable senators, I should like to say a few words in seconding the motion just introduced by my colleague, Senator Rowe. As I listened to what he had to say, I could not help but think what a sad commentary it is on the state of affairs in Canada that a motion such as the one now before us should become necessary. I say that because, in its essence, this motion, as Senator Rowe has just pointed out, calls on the Government of Canada to obey the Constitution.

● (1450)

The Terms of Union, drawn up under the authority of the British North America Act, were incorporated into and became part of it. Term 3 of the Terms of Union states as follows:

> The British North America Acts, 1867 to 1946, shall apply to the Province of Newfoundland in the same way, and to the like extent as they apply to the provinces heretofore comprised in Canada, as if the Province of Newfoundland had been one of the provinces originally united, except in so far as varied by these Terms and except such provisions as are in terms made or by reasonable intendment may be held to be specially applicable to or only to affect one or more and not all of the provinces originally united.

The Terms of Union then are not merely an agreement between two countries. They are not a treaty. Even a treaty would be binding upon both parties to live up to its terms, but the Terms of Union are a part of our Constitution, which is the guarantee of our rights and freedoms. If any one part of our Constitution can be disregarded, then every other part can be disregarded, and the Constitution becomes only a scrap of paper with no real significance. It becomes mere window dressing, which sounds nice to the ear and looks nice in print, but is actually worthless as a safeguard of our rights and freedoms. This is a matter with which this chamber, the Senate of Canada, as a watchdog of our rights and freedoms—particularly the rights and freedoms of regions, provinces and minorities—should certainly and most properly be concerned.

Senator Rowe, therefore, is to be commended for bringing this matter to our attention, and providing a means whereby we can discuss it and urge upon the Government of Canada the necessity of taking such steps as will ensure that the Terms of Union will be lived up to in the same way as any other part of our Constitution.

Senator Rowe stated that the Terms of Union require the Government of Canada to take over and operate certain services in Newfoundland. The exact term that deals with this is term 32(1), which I should like to put on the record. It provides:

> Canada will maintain in accordance with the traffic offering a freight and passenger steamship service

between North Sydney and Port aux Basques, which, on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles.

I will not quote the other provisions of term 32, as the essence of the commitment is contained in paragraph (1).

Hon. Mr. Martin: May I ask Senator Carter, just so that I can follow, to read term 3, to which Senator Rowe referred? What are the provisions of term 3?

Hon. Mr. Carter: Term 3 provides that the British North America Act shall apply to the Province of Newfoundland in the same way as it applies to all other provinces, and as it had applied to all other provinces before Newfoundland became a part of Canada. That is all it says. In other words, the British North America Act is Newfoundland's Constitution also, as well as Canada's.

Hon. Mr. Martin: Yes.

Hon. Mr. Carter: And just as all other parts of the Constitution are important, so is this particular part important and ought not to be disregarded, or allowed to be disregarded.

Hon. Mr. Martin: Yes. Thank you.

Hon. Mr. Carter: Under term 31, in accordance with the commitment to provide certain services, the Terms of Union provided:

> At the date of Union, or as soon thereafter as practicable, Canada will take over the following services and will as from the date of Union relieve the Province of Newfoundland of the public costs incurred in respect of each service taken over, namely,
>
> (a) the Newfoundland Railway, including steamship and other marine services;
>
> (b) the Newfoundland Hotel, if requested by the Government of the Province of Newfoundland within six months from the date of Union—

The term continues to list ten other services from paragraphs (c) to (l) inclusive, which I shall not read because they do not relate to the motion we are now debating.

The motion before us emphasizes that the Government of Canada should, in effect, guarantee and ensure the continuous maintenance, at all times and in all contingencies, of a freight and passenger service between North Sydney and Port aux Basques. The operative words in the motion are "guarantee and ensure" but term 32 of the Terms of Union, which I just read, goes beyond that, providing that not only should it guarantee and ensure the services, but the services themselves should be commensurate with the traffic offered. That part of the Terms of Union has never been honoured.

Perhaps, as I have quoted several Terms of Union, I might be permitted to quote one more. Term 33 reads as follows:

> The following public works and property of Newfoundland shall become the property of Canada when the service concerned is taken over by Canada, subject to any trusts existing in respect thereof, and to any interest other than that of Newfoundland in the same, namely,
>
> (a) the Newfoundland Railway, including rights of way, wharves, drydocks, and other real property, rolling stock, equipment, ships, and other personal property;
>
> (b) the Newfoundland Airport at Gander, including buildings and equipment, together with any other property used for the operation of the Airport;
>
> (c) the Newfoundland Hotel and equipment—

Term 33 continues and lists six other classes of properties, facilities and assets, from paragraph (d) to paragraph (j). Therefore the whole communication service of Newfoundland, particularly the rail and ferry service, and the facilities connected therewith, became the property of the Canadian government. They are the owners.

● (1500)

The Canadian government appointed the Canadian National Railways as their operating agent for the Newfoundland railway service, the gulf ferry service, the coastal steamship services, and the railway express service. Nevertheless we must not lose sight of the fact that ownership of those facilities rests with the government of Canada, and, as Senator Rowe pointed out, it is their responsibility to see that satisfactory services are maintained. That responsibility cannot be sloughed off on to another party, and certainly not on to the operating agencies.

In my humble opinion, it was a mistake to turn those services over to the CNR to operate. The CNR had no experience in operating coastal steamship services, and the company was not enthusiastic about operating the Newfoundland railway. It treated it from the beginning as a poor orphan, and it has downgraded the services to the point where they are now worse than they were 25 years ago when Newfoundland first became part of Canada.

Although a rail and car ferry service has been provided, and the number of ferries increased, yet the service on those ferries is deteriorating considerably. Records will show that when I was a member of the other place, I complained unceasingly—

Hon. Mr. Martin: You were a very good member, as I recall.

Hon. Mr. Carter: —about this state of affairs, about the type of service being provided by the CNR. I did not receive a satisfactory reply. In response to my questions and correspondence, I always received the stock answer that the CNR operates under the Railway Act and the federal government could not interfere in the management of the CNR.

That does not make sense. Any government or person can interfere in the operations of their agents. However, I must be honest and say that one of the reasons I did not have more success was because the provincial government itself did not express much concern about this state of affairs. To some extent I was a lone voice in the wilderness.

Had there been a breach of the British North America Act with regard to education, the welfare service, or anything else, there would have been an immediate uproar on the part of the provincial government. But as it concerned railway services there was no outcry, and, in my opinion, the provincial government was a little too quiet, which

encouraged the CNR to continue in the pattern it was following.

The stock answer that I always received was that the CNR was operating under the Railway Act, and, as an independent body, could not be interfered with in any way. But the Railway Act did not compel the federal government to use the CNR as their operating agent. Neither was there any other legislation that prevented the Canadian government from taking those Newfoundland services from the CNR and setting up another operating agency for that purpose.

As a result, the CNR continually downgraded the railway passenger service and finally discontinued it, and replaced it by a bus service. I have travelled by the CNR bus from Port aux Basques to St. John's, a distance of over 600 miles, and while I recognize that it is a faster service than by rail, it is a cruel and hazardous experience, particularly for elderly or sick people, and mothers travelling with young children. The winter before last one of the buses became lost in a snow drift and was missing for, I believe, almost 24 hours before being located.

Hon. Mr. Buckwold: Did they miss it?

Hon. Mr. Carter: It might appear to be funny to some honourable senators, but they should consider the unpleasant experience of the people concerned. The bus carried between 60 and 80 passengers, and it was lost on the highway in winter without food, heat or means of communication. The passengers had to wait until a bulldozer operator from the Department of Highways located the bus and pulled it back onto the road. That is the sort of hazardous experience that Newfoundlanders are called upon to undergo. It is no laughing matter for a little child to be cooped up in a bus lost for 24 hours during the winter.

Hon. Mr. Martin: That, of course, is one thing that the honourable senator will not become.

Hon. Mr. Carter: This is not a subject for wisecracking. It is a miracle that no disaster has occurred to date. However, there have been many near misses, and sooner or later one is likely to occur. Perhaps the current fuel shortage will compel the CNR to reinstate the rail passenger service.

With regard to the express service, I should like to relate a story that I read in one of the St. John's newspapers a short time ago. The newspaper contained a letter to the editor, written by a someone I know personally.

The story, as related by the letter, was about a person in Grand Bank, Newfoundland, who wrote to a mail order house on the mainland for some goods. It takes from six to seven months to receive freight from Toronto, and the person about whom I am speaking requested that the goods be sent by express.

When nothing was received after a period of seven or eight weeks, inquiries were made, and it was found that the parcel had been returned to Toronto because there was no express office at Grand Bank. The parcel was re-addressed to St. John's, and arrangements had to be made to get the parcel from St. John's to Grand Bank.

Hon. Mr. Laird: How far is that?

[Hon. Mr. Carter.]

Hon. Mr. Carter: It is nearly 200 miles by road, and practically the same distance by sea. There used to be an express service at Grand Bank. I recall that in days gone by I could always express a parcel to Grand Bank, and have it delivered. But apparently they have discontinued the service.

Senator Rowe emphasized the hardships to Newfoundland's economy when our lifeline is cut. The ferry service is our lifeline. We could not live without it. Last summer the ferry service was disrupted for two weeks. As Senator Rowe pointed out, when freight becomes congested and piles up for two weeks in the terminal at North Sydney, all kinds of problems occur, and when goods start to move, preference must be given to perishable items. Consequently, the goods which do not perish get very low priority, and move much more slowly. As a result, the cost of building houses in Newfoundland has skyrocketed in the last two or three months. I myself know a person in St. John's who started remodelling his house in June. The contractor expected supplies to arrive within two weeks—by the middle of July at the latest. That remodelling is still not completed because the supplies are not yet in. As Senator Rowe pointed out, these supplies would not be perishable and, therefore, are moved at a much slower rate. Goods such as building supplies have to wait, and God knows how long they will sit there before being moved. The result is, of course, that the whole building industry is disrupted, and the cost of living goes up. This is all taking place at a time when the cost of living in Newfoundland is already higher than in any other part of Canada.

● (1510)

What disturbs me most in connection with this matter is that I do not see any measures being taken as a result of what happened last summer to ensure that it will not happen again. All that has happened so far is that an announcement has been made that the ferry services are going to be consolidated under a single management. But it is still the CNR management—the same corporation which acts as a buffer between the people and the government, the same corporation which was involved in the situation that caused the disruption, the same organization, the same corporation, which is responsible for the poor service and the downgrading of the service which I just described.

The motion is that Canada in the future should guarantee and ensure service. I do not know how the Government of Canada can guarantee and ensure continuous maintenance of freight and passenger service, but at least they could show that they are trying to do something in that direction. As of this moment they have not shown that they intend to deal with the problem at all, that they intend to do anything other than continue what has been going on over the last 25 years.

There are certain things which could be done. A separate operating agency could be set up outside the Canadian National service. That would be one solution. Another solution would be for the Ferry Corporation, which is now the body which is going to manage all ferry operations, should have as part of its employment conditions a provision dealing with the non-interruption of the service. In other words, when people sign on for a job with

that company they should do so under the condition of employment that they will not interrupt the service or allow the service to be interrupted.

Another solution would be to use naval personnel. Perhaps there could be a provision that in the case of a recurrence of what happened last summer, naval personnel would take over and operate these ferries.

Those are three possibilities. Personally, I think this problem should be studied by a Senate committee, possibly by the Standing Senate Committee on Transport and Communications. To simply get up and sound off in the Chamber is not going to accomplish anything. It will simply evaporate in words which will come out in print, and that will be the end of it.

To some extent it is going to be an exercise in futility unless some concrete action results from this debate. I do hope that we will take this seriously; that we, as senators, will regard it as part of our duties and obligations to impress upon the Government of Canada that every part of the British North America Act is sacred; that every part of our Constitution should be lived up to. It should not be regarded as a mere piece of paper. We should go a little farther than that and make suggestions to the Government of Canada as to what can be done to prevent a recurrence of the disaster, as I view it, which occurred last summer.

On motion of Senator Inman, for Senator Bonnell, debate adjourned.

The Senate adjourned until Tuesday, December 4, at 8 p.m.

25862—77

APPENDIX

(*See p. 1208*)

THE ESTIMATES

REPORT OF STANDING SENATE COMMITTEE ON NATIONAL FINANCE ON SUPPLEMENTARY ESTIMATES (A) FOR FISCAL YEAR ENDING MARCH 31, 1974

WEDNESDAY, November 21, 1973.

The Standing Senate Committee on National Finance, to which were referred Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1974, has in obedience to the order of reference of Thursday, 8th November, 1973 examined the said Supplementary Estimates (A) and reports as follows:

Witnesses heard by the Committee were the Honourable C. M. Drury, President of the Treasury Board, and Mr. B. A. MacDonald, Assistant Secretary, Program Branch, Treasury Board.

These Supplementary Estimates total $1,004,716,768 of which $8,783,522 are non-budgetary items, that is to say, loans, investments or advances. Budgetary expenditures total $995,933,246 of which $527,662,840 are statutory items. The total Estimates for the fiscal year ending March 31, 1974 are increased to $20,291,231,533.

The Committee notes with concern the increasing size of Supplementary Estimates in recent years. The following table indicates this trend:

Recent History of Supplementary Estimates
(Millions of Dollars)

	Supplementary Estimates (A)				Supplementary Estimates (B)			
Fiscal Year	Voted	Statutory	Loans Investments Advances	Total	Voted	Statutory	Loans Investments Advances	Total
1967–68	111.0	0	65.8	176.8	281.6	0	6.4	288
1968–69	0	0	0	0	151.9	0	70.4	222.3
1969–70	66.4	0	24.8	91.2	216	0	41.6	257.6
1970–71	293.1	195.8	172.2	661.1	28.9	43.0	196.6	268.5
1971–72	361.9	198.1	312.0	872	231.0	35.0	5.0	271
1972–73	473	0	817	1,290	203	122	110	435
1973–74	468	528	9	1,005				

Of the budgetary expenditures, the larger statutory items are as follows:

1. Finance—$147,290,000: Additional fiscal transfer payments to the provinces under the British North America Act, the Federal-Provincial Fiscal Arrangements Act and other statutory authority because of higher tax yields.

2. Finance—$59,000,000: Additional charges on the public debt due to higher interest rates.

3. National Health & Welfare—$222,000,000: Increases in the Family Allowances and Youth Allowances Programs to $12 per child.

4. National Defence—$78,640,000: Payment towards an actuarial deficiency in the Canadian Forces Superannuation Account based on the regular five-year assessment of the actuarial deficiency of that account.

5. Transport—$27,200,000: Payments to the railways for maintenance of passenger services and uneconomic branch line services pursuant to the provisions of the Railway Act.

Of the budgetary expenditures, the larger voted items are as follows:

1. Manpower & Immigration—$151,900,000: The carry-over and extension of the 1972-73 Local Initiatives Projects and for the costs of the 1973-74 Local Initiatives Projects to be borne in this fiscal year.

2. Veterans Affairs—$65,000,000: Increased pensions and allowances to veterans.

3. Agriculture—$52,790,000: Payments to subsidize the price of fluid milk and milk powder to the consumer.

These Supplementary Estimates do not include the additional increases to an average of $20 per child in family and youth allowances previously announced by the government, nor do they include the cost of the program subsidizing the price of bread.

The Committee examined various items contained in these Supplementary Estimates and received answers to their questions from the Treasury Board officials. In the case of eight items, answers were not immediately

available and the Treasury Board officials agreed to provide material as soon as possible. The questions for which answers are to be supplied are as follows:

1. With regard to the Department of Justice allowance, are the beneficiaries of this allowance being paid now or is payment being held up until passage of these supplementary estimates? How many people are being held up in terms of being paid this allowance or, in general, how is this situation being met?

2. Could the Committee have a tabular breakdown of the Estimates between federal transfer payments to other governments and direct federal payments to individuals? Could you also show the total federal expenditures on its own programs, i.e., payments from the federal purse to the private sector for goods and services?

3. Unemployment Insurance benefits are now taxable. Can you forecast how much additional tax revenue this will generate?

4. With regard to the new Family Allowances, could Mr. Drury present a precis of the whole scheme?

5. There was a press report that a Kitchener group of homosexuals were funded by Opportunities for Youth to produce a manual on homosexuality. Is this true and, if so, what excuse is there for it? Please provide full information on this project.

6. What percentage of LIP projects funded to date have resulted in unsatisfactory audits?

7. The Minister of the Environment undertook to amend existing legislation under which fishing vessels subsidies are made. Does the first item in the Supplementary Estimates under "Fisheries and Management Research Contributions", on page 30 of the Supplementary Estimates, mean that the Minister no longer intends to amend the legislation?

8. What is the present deficit in the Unemployment Insurance Fund?

The Committee discussed with the President of the Treasury Board the recent report of the Economic Council of Canada and more specifically the following two recommendations contained therein:

> 1. We recommend that the growth of government transfer payments to individuals not exceed an average yearly rate of approximately 11 per cent during the period 1973-76.
>
> 2. We recommend that the federal and provincial governments establish, for themselves and for the public sector as a whole, one or more indicators of the desirable level of increase in public expenditures for a three-year period. To this end, we recommend that they entrust the preparation of background documents to the continuing committee of officials on fiscal and economic matters or to the Economic Council of Canada.

The President of the Treasury Board stated that the government was examining the feasibility of these recommendations but noted that their implementation would require an agreement with the provincial governments. Such an agreement is presently being sought in respect to the escalation in hospital and medical care costs.

The Committee discussed with the President of the Treasury Board the Local Initiatives Program, the Opportunities for Youth Program and the Company of Young Canadians. The Committee is concerned that many items in these programs constitute unnecessary expenditures of public funds and that some of the sillier items tend to create a public attitude that government money is available for almost any project as a matter of right. The President of the Treasury Board reported that the departments concerned and the Treasury Board are studying the cost effectiveness of the Local Initiatives Program and the Opportunities for Youth Program as well as the grant procedures. The President of the Treasury Board indicated that he would consider a recommendation of the Committee to add the Company of Young Canadians to this study. Your Committee is of the opinion that following its present study of Information Canada, serious consideration should be given to a detailed examination by the Standing Senate Committee on National Finance of the cost effectiveness of the Local Initiatives Program, the Opportunities for Youth Program and the Company of Young Canadians.

The witnesses filed an explanation of the $1 items in the Supplementary Estimates (A), which is attached as an appendix to this report. The Committee expressed its repeated concern that in Schedule E of the explanation of $1 items the Supplementary Estimates are being used to amend existing legislation. The Committee strongly recommends against this practice and suggests that in the majority of cases amendments to legislation should be carried out by the normal parliamentary procedures.

Respectfully submitted.

D. D. EVERETT,
Chairman.

25862—77½

EXPLANATION OF ONE DOLLAR ITEMS

IN

SUPPLEMENTARY ESTIMATES (A), 1973-74

SUMMARY

The one dollar items included in these Estimates have been grouped in the attached schedules according to purpose.

A. One Dollar items authorizing the deletion of debts due the Crown—3 items.

B. One Dollar items for grants—7 items.

C. One Dollar items authorizing transfers from one vote to another—4 items (includes one item for Indian Affairs and Northern Development which is also listed in Schedule B).

D. One Dollar items which authorize amendments to previous appropriation acts—9 items (includes two items for Industry, Trade and Commerce which are also listed in Schedule C).

E. One Dollar items which specifically amend existing legislation other than appropriation acts—3 items.

Estimates Division
November 1973

SCHEDULE A

ONE DOLLAR ITEMS AUTHORIZING THE DELETION OF DEBTS DUE THE CROWN—3 ITEMS.

Indian Affairs and Northern Development

Vote 25a—Authority is requested to delete an uncollectable debt of $6,295.44.

Explanation—It is proposed to write-off a debt incurred by the Department in its Northern Natural Resources and Environment Activity. The Department has been unable to collect this debt due to the financial condition of the company. This amount has been examined and approved by the Standing Interdepartmental Committee on Uncollectable Debts due the Crown.

Veterans Affairs

Vote 5a—Authority is requested to delete certain debts due amounting to $74,580.53.

Explanation—To write-off the accounts of some ten debtors. Six of these are for debtors who have died with no known estate, three are for debtors who are considered to be indigent and one is for a liability which is not admitted and for which further collection expenses are not justified. The write-off of these accounts have been approved by the Standing Interdepartmental Committee on Uncollectable Debts due the Crown.

Vote 45a—Authority is requested to delete a debt amounting to $31,090.21.

Explanation—To write-off an outstanding debt of a debtor who has died leaving no known estate. This write-off has been approved by the Standing Interdepartmental Committee on Uncollectable Debts due the Crown.

SCHEDULE B

ONE DOLLAR ITEMS FOR GRANTS—7 ITEMS.

Environment

Vote 25a—To authorize grants totalling $46,000.

Explanation—The additional funds will be used to provide for the following grants:

(1) Chemical Institute of Canada—to provide a grant to assist in the cost of a symposium to be held on the Control of Insect Pests $ 1,000

(2) Creston Valley Wildlife Management—to provide a further $30,000 to this authority in order to effect a more equitable Federal-Provincial distribution of costs. The Department has already provided a grant of $25,000 to assist the authority with its operating expenditures $ 30,000

(3) Festival of Forestry—to provide an additional $15,000 to assist with the cost of the Festival (formerly the British Columbia Festival of Forestry). The Department has already provided a grant of $5,000 $ 15,000

Source of Funds—Vote 25—Contributions provided for Environment Management Services will be less than originally forecast.

External Affairs

Vote 10a—To authorize grants totalling $69,500.

Explanation—Additional funds are requested to provide for the following grants:

(1) Emergency Fund for the Westman Islands—to provide assistance to the volcanic disaster relief fund for the Westman Islands in Iceland $ 62,500

(2) Atlantic Council of Canada—to provide an additional $5,000 to assist the Council in meeting its higher costs for public information and conference activities. The Department has already provided a grant of $2,500 $ 5,000

(3) An additional $2,000 is requested to provide for gifts to countries attaining independence and to mark special occasions $ 2,000

Source of Funds—Vote 10—Contributions under the United Nations Voluntary Fund for the Environment are less than was originally anticipated.

External Affairs—Canadian International Development Agency

Vote 25a—To authorize the payment of grants totalling $752,050.

Explanation—It is proposed to provide additional grants to the following United Nations Organizations:

(1) International Planned Parenthood Federation—to provide an additional grant to assist with the Federation's work. The current Estimates provide for a grant of $1,230,100. $252,050

(2) United Nations Relief and Work Agency —to meet higher costs incurred in caring for Palestine refugees in the near East. The current Estimates provides for the payment of a grant of $650,000. $500,000

Source of funds—Vote 25—Funds are available as a result of less than anticipated payments to International Organizations.

Indian Affairs and Northern Development

Vote 35a—(This item is also included in Schedule C) To authorize the payment of a grant and contributions totalling $754,700.

Explanation—It is proposed to pay the following grant and contributions:

(1) Yukon Prospectors Association—to assist with the preparation of briefs in connection with proposed amendments to the Yukon Quartz Mining Act $ 1,000

(2) Government of the Northwest Territories —to assist in the provision of an arena for the community at Frobisher Bay $300,000

(3) Government of the Northwest Territories —to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $238,700

(4) Government of Yukon Territory—to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $215,000

Source of Funds—Vote 25—$453,700.—Funds are available due to the deferral of certain Constitutional Studies and Territorial Municipal Services Impact Studies and reductions in the level of operations elsewhere within the program.

—Vote 30—$300,000.—Funds are available due to a delay in the construction of the Resource Management Building at Yellowknife.

—Vote 35—$999.—Forecast expenditures for the amortization portion of the Transfer Grant to the Northwest Territories will be less than expected.

Vote 70a—To authorize grants totalling $40,000.

Explanation—The following grants are proposed:

(1) It is proposed to provide assistance in the form of scholarship to assist university students selected by the Department for post-graduate studies in resource conservation, outdoor recreation and other similar fields $ 30,000

(2) National and Provincial Park Associations in Canada—to provide financial assistance to a non-profit organization which assists the Department in the promulgation and comprehension of Parks Canada Policies and Plans through its participation at public hearings $ 10,000

Source of funds—Vote 70—funds are available due to the operating costs of certain parks being less than anticipated.

National Health and Welfare

Vote 45a—To authorize a grant of $100,000.

Explanation—It is proposed to provide an additional grant for family planning services. The number of applications for financial assistance received has been greater than was expected. The present Estimates provides for grants totalling $1,150,000 to assist in the family planning services and other projects in this area.

Source of funds—Vote 40—Funds are available due to contracts having been cancelled or delayed for the production of information materials. Some of this information is now being provided by the various applicants.

Secretary of State—National Museums of Canada

Vote 90a—To authorize a grant of $55,000.

Explanation—to provide a grant to the University of Toronto Press to meet the deficit which is expected to be incurred in the production of "Mammals of Canada".

Source of Funds—Vote 90—Funds are available due to the delay in negotiations for grants with qualified students engaged in graduate courses in the history of Canada art, and lower than expected expenditures for catalogue assistance.

SCHEDULE C

ONE DOLLAR ITEMS AUTHORIZING TRANSFERS FROM ONE VOTE TO ANOTHER—4 ITEMS (INCLUDES ONE ITEM FOR INDIAN AFFAIRS AND NORTHERN DEVELOPMENT WHICH IS ALSO LISTED IN SCHEDULE B).

Indian Affairs and Northern Development

Vote 35a—(This item is also included in Schedule B) Amount of the transfer to this vote $753,700.00.

Explanation—The additional funds will be used to provide for payment of the following contributions.

(1) Government of Northwest Territories—to assist in the provision of an arena for the community of Frobisher Bay $300,000

(2) Government of the Northwest Territories—to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $238,700

(3) Government of Yukon Territory—to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $215,000

Source of Funds—Vote 25—$453,700.—Funds are available due to the deferral of certain Constitutional Studies and Territorial Municipal Services Impact Studies and reductions in the level of operations elsewhere within the program.

—Vote 30—$300,000.—Funds are available due to a delay in the construction of the Resource Management Building at Yellowknife.

Industry, Trade and Commerce

Vote 1a—(This item is also included in Schedule D) Amount of transfer to this vote $1,764,931.

Explanation—The additional funds are required for the following reasons:

(1) Metric Commission—the additional funds will be used to hire staff and to provide for associated expenses which are required to meet the increased workload resulting from the promotional work necessitated by the Commission's program $626,800

(2) Additional funds are required to provide for the operating expenses and staff required by the Canadian Trade and Tariffs Committee in order that it may obtain the views of all interested Canadians including Provincial Governments, Businesses, Consumers and Labour as part of the process of developing Canada's objectives for the multilateral trade negotiations which is currently underway $127,500

(3) Defence, Industry and Productivity—Industry Modernizations for Defence Exports Program—funds are requested for the deletion of the unpaid balance of a loan provided to a firm under this program. This contract has now fallen into the default $ 55,831

(4) Regional Offices—Additional funds are required to cover the cost of upgrading and expansion of the existing Regional Offices and the opening of a new office in St. John's, Newfoundland $338,000

(5) Trade Commissioner Service—Additional funds are required as the result of the devaluation of the Canadian dollar and the increased cost of operations abroad $616,800

Source of Funds—Vote 10—Funds are available from the PAIT Program disbursements which are now forecast to be less than was expected.

Vote 32a—(This item is also listed in Schedule D)—Amount of the transfer to this vote is $1,699,999.

Purpose—This additional amount will be used to provide for payments under the two-price wheat program based on the bushels sold for human consumption in Canada in 1972.

Source of Funds—Vote 35—funds are available as the forecast contribution to the Brazilian Government for construction of grain silos at grain importing and distribution points in Brazil will be less than expected due to construction delays.

Regional Economic Expansion

Vote 11a—Amount of transfer to this vote was $14,999,999.

Explanation—These additional funds are requested to provide for forecast contributions required as the result of the extension of economic expansion and social adjustment assistance to all areas of Canada rather than the designated areas.

Source of Funds—Vote 10—contributions within this program are expected to be less than originally forecast.

SCHEDULE D

ONE DOLLAR ITEMS WHICH AUTHORIZE AMENDMENTS TO PREVIOUS APPROPRIATION ACTS—9 ITEMS (INCLUDES TWO ITEMS FOR INDUSTRY, TRADE AND COMMERCE WHICH ARE ALSO LISTED IN SCHEDULE C).

Finance

Vote L13a—To authorize an extension to the vote wording so as to permit Loans made under the Winter Capital Projects Program which are to be consolidated after March 31, 1976 to include interest accrued thereon to the date of consolidation.

Explanation—This extension is requested to enable the Government to capitalize interest which may accrue on loans made to the same debtor and to permit the consolidation of these loans into one loan. If these loans were not consolidated, the interest in some cases could prove to be a financial burden to the debtor.

Indian Affairs and Northern Development

Vote L81a—To authorize an extension to the vote wording so as to extend the purposes of the Working Capital Advance Account to cover the acquisition and management of stores required for the operation and maintenance of the canals.

Explanation—This extension is required since the present National Parks Act does not permit the use of the

Working Capital Advance Account to finance the stores operations under the Canals Activity.

Industry, Trade and Commerce

Vote 1a—(This item is also included in Schedule C)—To authorize through an extension to the vote wording the reimbursement of the Department for the unpaid balance of a loan totalling $55,831.40.

Explanation—The proposed revision to the vote wording is requested to authorize the write-off of a loan provided for the purchase of equipment to assist an industry under the Defence Industry Productivity Program. The equipment has been repossessed due to the termination of the contract by default and the Department has not been successful in finding a purchaser for this equipment during the past fiscal year.

Vote 32a—(This item is also listed in Schedule C)—To authorize additional funds required for payments to Canadian Grain Producers in 1973-74 based on the number of bushels of wheat sold for human consumption in Canada in 1972.

Explanation—The original estimate for 1973-74 as to payments under the two-price wheat program was made prior to the receipt of official figures. As a result, the number of bushels sold for domestic human consumption in Canada in 1972 was higher than expected.

Labour

Vote 1a—To authorize through an extension to the vote wording the expansion of the Adjustment Assistance Program to cover displaced workers in the leather footwear and tanning industries.

Explanation—Authority is requested to enable the Department to enter into agreements to provide Adjustment Assistance Benefits to displaced workers which become unemployed as a result of implementation of the Leather Footwear and Tanning Industries Adjustment Program.

Regional Economic Expansion

Vote 1a—To authorize through an extension to the present vote wording the transfer without cost of the Bow River and St. Mary irrigation projects to the Province of Alberta.

Explanation—This authority is requested so that the Minister may transfer without cost to the Province of Alberta all assets of the Bow River and St. Mary irrigation projects. This transfer is in accordance with negotiated Canada-Alberta agreements signed earlier this year, in which it was agreed to transfer to Alberta all rights and interests in the property.

Treasury Board

Vote 7a—To authorize the deletion from the Accounts of Canada of the Reserve for Retroactive Salary Increases.

Explanation—Authority is requested to delete the Reserve for Retroactive Salary Increases for 1969/70 and 1970/71 established by the Treasury Board from the Accounts of Canada. This Reserve is no longer required since collective bargaining procedures are now developed to a point where retroactive salary payments can be provided within annual appropriations.

Vote 15a—To authorize an extension to the vote wording so as to permit payment to the Unemployment Insurance Commission of the cost of developing bilingualism in that Agency.

Explanation—Authority is requested to enable the Commission to be reimbursed for the cost of developing bilingualism in accordance with the Government's announced policy.

Vote 20a—To authorize an extension to the vote wording so as to permit the payment to employees of their share of the premium reduction under the Unemployment Insurance Act.

Explanation—Authority is requested to amend the wording of this vote to permit the payment to employees of their share of the employer unemployment insurance premium reduction to be charged against it. This reduction is granted under the Unemployment Insurance Act in respect of employees who are entitled to accumulate sick leave credits, the payment of which would reduce the liability of the Unemployment Insurance Commission to pay sickness benefits.

SCHEDULE E

ONE DOLLAR ITEMS WHICH SPECIFICALLY AMEND EXISTING LEGISLATION OTHER THAN APPROPRIATION ACTS—3 ITEMS.

Justice

Vote 1a—Authority is requested through this Vote wording so as to enable the Minister under the Judges Act to reimburse District Court Judges for all travelling expenses incurred in performing duties at a place other than that at which they are obliged to reside.

Explanation—The present Judges Act provides for the payment of a maximum travelling allowance of $500 per annum to district Court Judges in Ontario. This was found to be insufficient to cover travelling expenses of District Court Judges who regularly travel to judicial centres which are located some distance from the centre at which he resides. It is therefore proposed to reimburse these judges on the same basis for travelling expenses as county court judges.

National Health and Welfare

Vote 50a—To authorize an increase of $2,000,000 in the Statutory aggregate amount of payments that can be made under the Fitness and Amateur Sport Act.

Explanation—This increase in statutory ceiling is required to permit the provision of additional assistance to foster increased paticipation of Canadians in sport and fitness activities at all levels of endeavour, whether competitive or not.

Veterans Affairs

Vote 30a—To authorize an amendment to the Pension Act so as to enable the Canadian Pension Commission to accept and administer property and money bequeathed or donated in trust to the Commission for the benefit of pensioners and their dependents.

Explanation—The present Pension Act does not enable the Canadian Pension Commission to accept and administer properties and moneys bequeathed or donated in trust. Authority is requested to enable the Commission to accept and administer properties and moneys conveyed to the Commission in trust for the benefit of pensioners, their dependents and any other persons.

THE SENATE

Tuesday, December 4, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

FOREIGN INVESTMENT REVIEW BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-132, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Hayden: With leave, honourable senators, I move second reading now.

Hon. Mr. Molson: Honourable senators, there is nothing I am more anxious to do than hear my worthy friend explain this bill. I feel, however, that, the bill having been read the first time just now, there should be some explanation given to the chamber as to why it is considered necessary to go into second reading immediately without the usual notice. As honourable senators are well aware, second reading of a bill requires two days' notice.

Hon. Mr. Hayden: The reason I am asking for leave is that I would like to avoid what we have humorously termed "Christmas closure." I thought that if I explained the bill this evening, it would leave a fairly generous amount of time for debate of the subject matter and the principle of the bill on second reading. It means we would gain an extra day, and I am prepared to proceed on that basis. It is up to the Senate to decide whether I shall have leave to do so.

Hon. Mr. Molson: I would have no objection if the extra time would make a difference. I believe that is an excellent reason, but I would only say to my honourable friend that when we are asked to proceed with leave, some indication as to the reason is well worth while and I appreciate his giving it.

Hon. Mr. Flynn: Honourable senators, as far as I am concerned I have no objection to giving leave to the sponsor of the bill to proceed with the explanation tonight. As a rule, however, when we grant leave to proceed, it should be leave to proceed when the Orders of the Day are called. I do not believe that the second reading of this bill with leave should take precedence over the other items we have to deal with, such as presentation of petitions, the question period, and so on, but should be proceeded with as the first item of the Orders of the Day.

Hon. Mr. Hayden: Is my friend suggesting that this particular item be placed as No. 1 on the Orders of the Day, to be dealt with later tonight?

Hon. Mr. Flynn: Yes.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

• (2010)

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972
FEDERAL-PROVINCIAL FISCAL REVISION ACT, 1964
INCOME TAX ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-233, to amend the Federal-Provincial Fiscal Arrangements Act, 1972, the Federal-Provincial Fiscal Revision Act, 1964 and the Income Tax Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Hon. Mr. Cook: With leave of the Senate, I move that the bill be read a second time later this day. My reason for asking for leave is the same as that given by Senator Hayden for the previous bill, that it could become a victim of Christmas closure.

Hon. Mr. Flynn: Senator Cook is adopting the line followed by Senator Hayden. I would point out that we have three weeks until Christmas. We have rarely taken that length of time to pass a bill, even one of this importance.

Hon. Mr. Grosart: What about next Monday?

The Hon. the Speaker: It has been moved by Honourable Senator Cook, seconded by Honourable Senator Paterson, that the bill be read the second time later this day. Is it agreed?

Hon. Mr. Flynn: Next sitting.

The Hon. the Speaker: As unanimous leave has not been given, this bill will be set down for second reading on Thursday next.

Hon. Mr. Flynn: With leave, next sitting.

The Hon. the Speaker: Is it agreed that, with leave, the bill be set down for second reading at the next sitting of the Senate?

Hon. Senators: Agreed.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-228 (LASALLE)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-228, respecting the Electoral Boundaries Readjustment Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Denis: With leave, I move that the bill be read the second time at the next sitting.

Hon. Mr. Flynn: Thursday.

The Hon. the Speaker: As unanimous leave has not been given, the bill will be placed on the Order Paper for second reading on Thursday next.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-232 (OTTAWA EAST)—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-232, respecting the Electoral Boundaries Readjustment Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. McIlraith: Honourable senators, this being a simple bill to change the name of the constituency of Ottawa East to Ottawa-Vanier, I shall not ask for unanimous consent to waive the rule.

The Hon. the Speaker: Is the honourable senator moving that the bill be set down for second reading on Thursday next?

Hon. Mr. McIlraith: Yes.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of joint communiqué on the visit to the U.S.S.R. of the Secretary of State for External Affairs of Canada, November 18-24, 1973.

Copies of Notes, dated November 22 and 23, 1973, exchanged between the Secretary General of the United Nations and the Permanent Representative of Canada to the United Nations, relating to Canada's participation in the United Nations Emergency Force in the Middle East. (English text)

Copies of a document setting forth policies and principles governing international civil aviation which the Government of Canada has agreed upon, together with a statement thereon by the Minister of Transport dated November 23, 1973.

Copies of Memorandum of Understanding relating to the United Nations Emergency Force, dated November 23, 1973. (English text)

[The Hon. the Speaker.]

MEMBERS OF PARLIAMENT

CONFLICT OF INTEREST—PROPOSED REFERENCE OF GREEN PAPER TO SPECIAL JOINT COMMITTEE—QUESTION

Hon. Mr. Croll: Honourable senators, my question has reference to the Government Notice of Motion in the name of the President of the Privy Council:

> That the Green Paper entitled "Members of Parliament and Conflict of Interest", tabled July 17, 1973, be referred to the Standing Committee on Privileges and Elections.

It appears in *House of Commons Debates* of November 30, at page 8300. The Green Paper was also tabled in the Senate on July 17, 1973.

My question to the Leader of the Government is: Has he taken steps to recommend to the government that the Green Paper be referred to a special joint committee of both houses?

The title of the Green Paper is somewhat misleading, but it is clear that it extends to honourable senators as well as to members of the House of Commons. Here is clearly a joint interest. The interests and concerns of many honourable senators are involved and, indeed, may be seriously affected by the legislative outcome. This being the case, it would seem both logical and desirable that the Green Paper be considered jointly by both houses.

In addition, there would appear to be no good reason why the Green Paper should be considered separately by each house in view of the added expense, duplication of effort and repetition of debate that would be necessitated by that course.

For the foregoing reasons, I urge the Leader of the Government, if he has not already done so, to seek through the government the establishment of a special joint committee on the Green Paper.

Hon. Mr. Martin: Honourable senators, I have had some discussion respecting this question, but I feel that before taking any steps it would be interesting and perhaps useful to have the opinion of members of the Senate. Perhaps it would be desirable for Senator Croll to allow me to take his question as notice so that I can confer with the Leader of the Opposition and get his views, following which we could deal with the matter.

ECONOMIC COUNCIL OF CANADA

TENTH ANNUAL REVIEW—PROPOSED STUDY OF ECONOMIC SITUATION—QUESTION

Hon. Mr. Flynn: Honourable senators, I have a question for the Leader of the Government, but before putting it there is a preamble. We are used to that in this house.

The Economic Council of Canada recommended in its Tenth Annual Review:

> —that the House of Commons assign to an appropriate committee the task of periodically reviewing the overall economic situation of the country in the light of performance indicators and debate the committee's report.

The Economic Council recommended the review be carried out by a committee of the other place and that the

committee's report be debated by that place. I am wondering if this is not the very type of review that might not be usefully undertaken by the Standing Senate Committee on National Finance.

Would the Leader of the Government inform us as to whether or not he has given this idea any thought and, if so, what his conclusions are?

Also, has he given any thought to the idea that as a matter of course the Standing Senate Committee on National Finance might be requested to study the Economic Council's annual review with its recommendations, and formulate its own conclusions?

Hon. Mr. Martin: Honourable senators will remember that a few years ago the Economic Council of Canada suggested that there should be an examination of the question of poverty by the Senate. This time the council suggests that there should be an examination of the economic situation by a committee of the other place.

I agree with the Leader of the Opposition that the Senate, because of its record with regard to such inquiries, would be as appropriate a body as the other place, and perhaps the chairman of the Standing Senate Committee on National Finance, having listened to the question and the response, might be prepared to give the matter consideration. There could be further discussion of the proposal.

● (2020)

Hon. Mr. Everett: I should be very pleased to give the matter consideration.

MIDDLE EAST

UNITED NATIONS EMERGENCY FORCE—STATEMENTS BY CANADIAN MEDICAL OFFICER—QUESTION

Hon. Mr. Molson: Honourable senators, I have a question that I should like to address to the Leader of the Government. I wish to ask him if he would enlighten this house as to the circumstances of, and what has subsequently happened in respect of, the situation that arose in Canada's contingent to the United Nations Emergency Force in Cairo. If I am not misinformed, apparently the chief medical officer we sent there was a gynaecologist and obstretrician. I do not know whether that has any significance. I would ask why this particular medical officer was chosen for a task that he obviously found repugnant.

I would also ask the Leader of the Government if the allegations made by that officer to the press, in which he criticized the armed forces of Canada, the Department of National Defence, the Government of Canada and the United Nations, were founded in fact. I would further ask if the press report is true, that when this officer came home he had a chat with an understanding Chief of Staff, and has resumed previous duties.

I think many people in the country are concerned about this episode. It makes any normal Canadian feel unhappy, upset, and perhaps a little ashamed, that after all the build-up and all the problems of sending a force of some 500 or so men to Cairo, they are then housed in inadequate quarters on the racetrack in which this particular medical officer says they live like pigs, and his statement goes round the world. I wonder if the honourable leader would get the full story, and enlighten the Senate?

Hon. Mr. Martin: I have already asked if I can be furnished with an explanation. In the meantime, as Senator Molson himself has noted, the officer in question did make a statement which appeared in last night's paper, and I do not want to add anything that would in any way do injustice to him. However, he did make a statement, and it may be possible that there will be a further statement from the responsible minister, which I might be able to give the house at the proper moment.

In the meantime, I am sure that Senator Molson has noted the observations made by the commander of the force himself, who referred in the highest terms to the work of the Canadian component.

Hon. Mr. Phillips: Honourable senators, I have a supplementary question to that put by Senator Molson. Various reports and comments of the Chief of Staff indicate that Poland was responsible for providing hospital facilities for the United Nations Emergency Force. Did the Government of Canada commit approximately 1,000 Canadians to serve in this area while depending on another country to provide hospital facilities?

Hon. Mr. Martin: As I indicated a week ago yesterday, the division of responsibilities in the logistics field has been divided by the Secretary General of the United Nations between Poland and Canada. When I spoke then the disposition of these functions had not been finalized. I think they have been since, and I will give a supplementary statement later.

HONOURABLE MARTIAL ASSELIN, P.C.

FELICITATIONS ON RETURN TO CHAMBER

Hon. Mr. Flynn: Honourable senators, may I ask the Leader of the Government and other members of the Senate if they have noticed the return of our good friend, Senator Asselin? I am sure we all wish to say how happy we are to see him looking so well.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Mr. Martin: I wish to join with the Leader of the Opposition in saying to Senator Asselin that we are very happy to see him here in such good health.

Hon. Mr. Asselin: I thank the Leader of the Government, as well as my leader, for their very warm welcome here this evening.

My doctors told me that the year I was appointed senator by a Liberal prime minister was an unlucky one.

However, I expect to come back to the Senate with as much energy as possible, to co-operate with my colleagues in order to preserve this institution's well deserved reputation.

[*English*]

ENERGY RESOURCES

OIL SHIPMENTS—NAVIGATION AND POLLUTION HAZARDS—QUESTIONS ANSWERED

Hon. Daniel A. Lang inquired of the government pursuant to notice:

1. What quantity of oil does the government expect will be shipped during the next six months through the Strait of Juan de Fuca and destined for Eastern Canadian ports?

2. Under what flag or flags are those ships likely to be sailing?

3. Will those ships be by design or installation less vulnerable to oil spill hazards than the average single-hulled tanker?

4. What steps, if any, is the government taking or contemplating to minimize the navigational dangers involved in the passage of those ships through the Strait of Juan de Fuca?

Hon. Mr. Martin: Answered.

(*The answers follow*)

1. Shipments as high as 50,000 barrels per day may be sent from Vancouver via the Panama Canal to eastern Canadian ports but the length of the period cannot be determined, at this time.

2. In the event that Canadian ships are not available, foreign flags will be used subject to meeting Canadian standard regulations.

3. No.

4. The federal government is ensuring that standards for the safe movement of ships through the Strait of Juan de Fuca will be maintained.

TRANSSHIPMENT FOR DOMESTIC HEATING—TEMPORARY STORAGE—HEATING OIL SHORTAGE—QUESTIONS ANSWERED

Hon. Mr. Lang inquired of the government, pursuant to notice:

(1) Has the National Energy Board denied permits which would allow the transshipment at Montreal of Venezuelan oil to be used for domestic heating in Northern New York State, such transshipments to be effected either by

(a) transfer from oceanic tanker to seaway draft vessels,

(b) landing in Canada for temporary storage pending forwarding,

(c) landing in Canada for temporary storage in bond pending forwarding?

(2) If so, for each instance under (a), (b) and (c) above, under what authority, how often, under what circumstances and for what reasons?

(3) If so, to what extent, if any, has each or all such denials ameliorated the heating oil shortage in Canada?

Hon. Mr. Martin: Answered.

(*The answers follow*)

(1) (a) (b) & (c) The National Energy Board has not denied any applications for export of United States owned material stored in Canada or en route to Canada for transshipment or temporary storage.

(2) Not applicable.

(3) Not applicable.

[Hon. Mr. Lang.]

GOVERNOR GENERAL OF CANADA

INSTALLATION OF MR. JULES LEGER ON JANUARY 14, 1974—ANNOUNCEMENT

Hon. Paul Martin: Honourable senators, I wish to announce, as the Prime Minister has announced, that the installation of Mr. Jules Leger as Governor General of Canada will take place on January 14, 1974. The ceremony will be in the Senate chamber and will be attended by members of the Senate and House of Commons and other guests.

[*Translation*]

His Excellency Roland Michener and Mrs. Michener will leave Ottawa on January 9, but His Excellency's term of office will expire on January 14 only.

[*English*]

En route to Canada from Brussels, Mr. and Mrs. Leger will stop in Britain for a call on Her Majesty the Queen, and will arrive in Ottawa on January 11.

Hon. Mr. Flynn: Will we be sitting?

[*Translation*]

Hon. Mr. Martin: I do not think so.

[*English*]

Hon. Mr. Langlois: We will be "sitting" on that day.

PUBLIC WORKS

ART ADVISORY COMMITTEE—INQUIRY STANDS

On the Inquiry of Honourable Senator Forsey:

That he will inquire of the Government:

1. Who are the members of the Art Advisory Committee of the Department of Public Works?

2. When were they appointed?

3. For what terms of office?

4. What is the remuneration of each member?

5. What are the qualifications of each member?

Hon. Mr. Forsey: Honourable senators, may I ask the Leader of the Government whether the replies to my questions about the "masterpieces" have yet been received?

Hon. Mr. Martin: I know that they are somewhere within the precincts of this portion of Parliament.

Inquiry stands.

FOREIGN INVESTMENT REVIEW BILL

SECOND READING—DEBATE ADJOURNED

Hon. Salter A. Hayden moved the second reading of Bill C-132, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons.

He said: Honourable senators, it would now appear that all the ritual has been observed and therefore I may proceed to give an explanation of Bill C-132, the Foreign Investment Review Bill.

I should tell you that there is in the process of distribution now a copy of the report of the Standing Senate Committee on Banking, Trade and Commerce, which was made to this house on July 12.

I should tell you also that there are being distributed copies of the bill as reprinted after the House of Commons Finance Committee had made its report preceding third reading. The purpose in distributing this copy of the bill is that in it you will find the amendments which were made in the committee of the other place. The black underlining, gives you an indication as to what the amendments were. I thought it might be a convenience to members of the Senate to have this material readily available.

Honourable senators, the objectives of the bill, as presented, are to secure for Canada and Canadians the maximum possible economic benefits of foreign investment in Canada. Whether the bill will achieve those objectives is a matter for some consideration by this house.

● (2030)

The principle of the bill, so far as I can gather, is something that is supported by a majority of the people in Canada.

I should point out that right after the bill had been introduced in the House of Commons, and before it was officially before the Senate, we sat in committee considering this bill. We heard quite a number of witnesses, and quite a number of briefs were filed. The objections in the main centered on particular provisions in the bill, and were addressed as well to a lack of certain provisions which appeared to be necessary for its fairness in actual operation.

I should, first of all, indicate that its purpose is stated in the bill itself, and you will find that in clause 2 under the heading "Purpose of Act." The reason I do this is that it is a well-known expedient that, when there appears to be any question as to whether or not there is validity in the proposed piece of legislation, you will find a preamble, longer or shorter as may be necessary, in order to support the constitutional authority of the government to proceed in the fashion in which it does. For instance, I think in terms of the Oleomargarine Act of 1885 where there was a fairly lengthy preamble reciting the deleterious nature of the article as a basis for the assumption of jurisdiction by the federal authority.

In this case we have as clause 2 of the bill the enunciation of the purposes of the bill. I would think its inclusion in the bill is to emphasize the validity or the presumption of validity or constitutionality. It reads:

> 2.(1) This Act is enacted by the Parliament of Canada in recognition by Parliament that the extent to which control of Canadian industry, trade and commerce has become acquired by persons other than Canadians and the effect thereof on the ability of Canadians to maintain effective control over their economic environment is a matter of national concern, and that it is therefore expedient to establish a means by which measures may be taken under the authority of Parliament to ensure that, in so far as is practicable after the enactment of this Act, control of Canadian business enterprises may be acquired by persons other than Canadians, and new businesses may be established in Canada by persons, other than Canadians, who are not already carrying on business in Canada or whose new businesses in Canada would be unrelated to the businesses already being carried on by them in Canada, only if it has been assessed—

And these are the critical words.

> —that the acquisition of control of those enterprises or the establishment of those new businesses, as the case may be, by those persons is or is likely to be of significant benefit to Canada, having regard to all of the factors to be taken into account under this Act for that purpose.

You can hear the ring of phrases which occur in the many constitutional cases where the subject matter has come up—the test of "national concerns," for example. So that you have a presumption of validity as the basis for proceeding with this legislation.

Hon. Mr. Flynn: May I ask the honourable senator a question? It seems to me that the English text is wrong. It says, "may be acquired by persons other than Canadians". I think it should be "may not be acquired".

It seems to lack the word "not", which exists in French, "que le contrôle des entreprises commerciales canadiennes ne puisse passer aux mains de personnes autres que des Canadiens".

It seems to me there is something wrong in the English text.

Hon. Mr. Hayden: I do not think so.

Hon. Mr. Flynn: Well, "may be acquired"—

Hon. Mr. Hayden: It will appear as I proceed, but I do not mind interjecting now, and telling you what I think the answer is. This bill does provide a basis upon which people other than Canadians may acquire investments in Canada, and it provides a formula under which they may do so. For the moment I will continue to elaborate, and I will keep in mind—

Hon. Mr. Flynn: If you did not see it, it may be I am wrong.

Hon. Mr. Hayden: —the problem which you have raised, and see if I can get that negative approach out of your mind.

Hon. Mr. Flynn: If you take it out of the text, it would be better.

Hon. Mr. Hayden: I know that sometimes it is. However, it is worth the effort, and I shall make the effort in the hope that as a reasonable man you will see that my explanation is an intelligent one.

I should tell you that the purpose of this bill, as recited in the long title, is to regulate what we call "foreign takeovers"—that is, where a non-Canadian, described here as a "non-eligible person," makes a bid for shares of a Canadian business enterprise. It is also intended to deal with the establishment of new businesses in Canada.

The scheme, or plan, of the bill—and you will find it on page 2—and the plan that has been followed, is to set out the factors which the minister must consider in arriving at a conclusion that the approval of the acquisition of control of a Canadian business enterprise by a non-eligible investor is "of significant benefit to Canada."

Now, the words, "significant benefit to Canada," have been the cause, or the occasion, of much discussion in the representations that have been made to us. There is no definition in the bill as to what is meant by "significant benefit," but there is the formula which the minister must follow in his review of the application and the facts, and in his decision on the assessment as to whether the acquisition of control should be allowed in the particular case which he is considering. You will see those items set out as (a), (b), (c) and (d) on page 2, and (e) on page 3.

I do not propose to read them all, but I suggest to you that a fair reading of them would appear to relate those factors more to the manufacturing industry than any other industry. There is, however, a particular one that I would call your attention to, and that is (e), because it brings in the position of the provinces. One of the factors that the minister must consider, or must take into account, in making his assessment is:

> (e) the compatibility of the acquisition or establishment with national industrial and economic policies, taking into consideration industrial and economic policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the acquisition or establishment.

● (2040)

It has been said that paragraph (e) requires consultation with the province. It is not my view that it requires such consultation. The minister must gather, in whatever way would be best and most intelligent, an understanding of the industrial economic policy objectives of the province which may be affected by the establishment of this particular enterprise within its borders.

An additional provision which you will find at the top of page 21 was put in the bill to assist in providing for some consideration of this particular aspect of provincial policy by the minister. This is found in clause 9 of the bill, starting at the bottom of page 20, which provides for the review and assessment by the minister of the application for permission to carry through a takeover bid, for instance, and is part of the material which is taken into consideration by the minister. Paragraph (d) is:

> any representations submitted to him by a province that is likely to be significantly affected by the proposed or actual investment to which the notice relates—

Therefore, honourable senators, if there is in existence, or if a province prepares and submits, a statement of its economic and industrial policy in relation to the government of such an operation as is envisaged in the particular takeover bid, the view of the province would get before the minister. But there is nothing in the bill which requires the province to make such a submission.

One would expect, however, that a province likely to be affected by the location of a business enterprise of this kind in that particular province, and being desirous of having it established, would be anxious to do everything that it could to influence the decision of the minister in that direction so that he would recommend approval to the Governor in Council, because it is the Governor in Council who makes the actual decision.

[Hon. Mr. Hayden.]

I should tell you, honourable senators, that these are the preliminaries in connection with the bill, and I shall very quickly get into the detail of it.

The bill provides that the legislation shall come into force by proclamation.

Honourable senators, in connection with the first part of the bill—which is what I call the takeover provision—an amendment was added on third reading in the House of Commons to clause 31(1), and that amendment provided that following the words "this Act shall come into force on a day to be fixed by proclamation" there should be added the words "such a day to be not later than 180 days after Royal Assent." You will see that by virtue of that amendment there is a projected time limit within which the proclamation has to be made after the bill has received Royal Assent. In other words, the minister cannot dally with the date of proclamation; it must be within 180 days after Royal Assent.

So far as the establishment of a new business is concerned, the legislation is also to come into force by proclamation—and this you will find at clause 31(2)—but here there was no amendment, and the provision concerning this second portion of the bill dealing with the establishment of a new business or a non-related business is that it may be proclaimed at any time after the date or proclamation of the takeover part of the bill, and it is not subject to the 180-day limitation.

It has been indicated by the minister in the course of statements he has made that it would not be possible, and that it is not intended, that the second portion of the bill—that is the portion dealing with the establishment of new businesses—be proclaimed within less than a year after the bill receives royal assent. I think the answer as to why it would not be proclaimed earlier than that may well be that, having regard to the mechanics and the work involved in dealing with the takeover portion of the bill, the department and its administration might suffer from a case of gigantic indigestion in trying to bring the second portion of the bill into operation at an earlier date.

Honourable senators, there is no definition of "significant benefit," and there is no definition of "unrelated business." The point I should like to make in connection with that is that where you have a non-eligible person proposing to establish a new business in Canada, then there must be the screening process. But if the non-eligible person is already in Canada, and the new business is related to the business then being carried on, then the screening is not necessary. If the non-eligible person has not heretofore carried on business in Canada, or is seeking to carry on a business which is unrelated to the business that he has previously carried on, then there must be a screening, but the "unrelated" part is not defined in any way.

Having dealt with that, I should tell you, since I have been using the expression "non-eligible person" that this term has been defined, since, as one might expect, one cannot go on forever without some definitions. The definition of "non-eligible person" is that it means a person who is neither a Canadian citizen, ordinarily resident in Canada, nor a landed immigrant. It means also a government of another country, and a corporation, wherever

incorporated, controlled directly or indirectly by non-eligible individuals.

● (2050)

That is the category of non-eligible persons. These are the persons who are required to have their transactions, their takeover bids, or the establishment by them of a new business or a non-related business, screened—that is screened by the minister. When I use the word "screened" I mean examined by the minister in the light of the responsibility imposed on him by the act to determine whether the acquisition of control in those circumstances would be of significant benefit to Canada.

There are certain exceptions. A trader or a dealer in securities in the ordinary course of his business is not required to submit to the screening process, and, under prescribed conditions, a person carrying on a business of providing in Canada venture capital is also not required to submit to the screening process.

The next step, as you go along, is the review process. This is the technical and perhaps better language than that which I have used, "screening process," but whether "review" or "screening" is used it means the same thing. The screening—I almost said "screaming," and I think at different times some have been doing that—process is required if a non-eligible person is proposing to acquire a Canadian business enterprise with gross assets of more than $250,000, or gross revenues in excess of $3 million. One might be inclined to say that $250,000 of gross assets is a pretty low level at which to start processes as involved as this. It is a figure, however, upon which some of those who appeared before the committee made adverse comment, but I would not say that generally there was adverse comment.

The procedure then is by way of the establishment of an agency to be known as the Foreign Investment Review Agency, the sole function of which will be to receive notices from those non-eligible persons who are subject to the screening process. The agency in turn will pass notices on to the minister who, when he has a communication which he wishes to make to the non-eligible persons, does so via the agency. The agency has no participation in the determination of the question at issue, and no other such authority. Therefore, if the minister is not able to make a decision favouring the application and consequently grant the right to purchase the shares in question, the applicant must be notified of the unfavourable decision, and invited to make his submissions as to why the application should be granted. He may also make additional representations and add conditions in order—I suppose this is one way of putting it—to sweeten his purpose and intent in the operation of the business which would be taken over in the event of a favourable decision being made.

I should tell you also about the acquisition of control, which has been the subject of much debate. The condition as a result of which in a takeover bid an applicant is deemed to have acquired control is that the acquisition of shares of a Canadian business enterprise to which are attached more than 50 per cent of the voting rights is conclusively deemed to constitute acquisition of control. There is nothing mysterious or surprising about that, it being the usual situation. If in excess of 50 per cent of the voting shares are held, unless those rights are given away in some fashion, voting control is achieved. This is important. The acquisition of less than 5 per cent of the voting shares of a publicly traded company, or less than 20 per cent of the voting shares of a corporation whose shares are not publicly traded, is deemed not to constitute acquisition of control. The provision which caused the protest we received from many of those who appeared before us, is that between these two limits—that is, between the 5 per cent of the voting shares in the case of companies whose shares are publicly traded, and the 20 per cent in the case of companies whose voting shares are not being publicly traded—a non-eligible person proposing a takeover of in excess of 5 per cent in the one case or in excess of 20 per cent in the other case shall be deemed to be acquiring control unless the contrary is proven.

I can tell you what the objection was. A delegation from the Toronto Stock Exchange appeared before us, and I also recall immediately the delegation from the Province of Ontario. On this point they both suggested that the 5 per cent should be 10 per cent, because they said it would be more in line with provision in the security laws of the various provinces of Canada under which the determination of whether you are or are not an inside trader is made on the basis of ownership of 10 per cent or more of the voting shares. One who possesses more than 10 per cent of the voting shares is deemed to be an insider. Mr. D'Arcy McKeough, who headed the delegation from the Government of Ontario, and who, I may say, made a very interesting and fairly impartial statement of that government's position, said that Ontario felt it should be 10 per cent because that would be in line with the security laws and their provisions. The same view was expressed by the delegation of the Toronto Stock Exchange, and that of the Investment Dealers Association.

I can relate an incident which occurred when the staff employed by the committee and I were having an interview with two representatives of the minister. I asked how they had arrived at the figure of 5 per cent, and why would it not be 6 per cent, 7 per cent or 4 per cent; how had they picked on 5 per cent. The answer I received was to me an astounding one. It was that voting shareholders of large companies are notoriously apathetic in exercising their voting rights in relation to their holdings. I mentioned the names of banks and companies like the CPR and Bell Canada. I said, "You mean that if some non-eligible person purchased voting shares of such a company, it would so endanger the matter of control, putting it into the hands of the non-eligible person, that you fix a limit of 5 per cent for that purpose?" I then asked, "Do you know what the proxy appearances were at the last annual meetings of the banks, Bell Telephone, and CPR? How many shareholders appeared personally?" The answer was no. The figure of 5 per cent was arrived at because it was assumed that the shareholders in large companies were apathetic.

● (2100)

This is one of perhaps two or three issues which I would call pretentious. We made about 10 recommendations in our report some of which contained two or three subdivisions. I would say that about seven of our recommendations were carried into the bill following consideration by the Commons committee. So that a reasonable effort was made to meet the recommendations of the Senate commit-

tee—although I do not know, frankly, what else could have been done other than to incorporate them because they were so necessary, so well supported, and so sensible.

The following points have not been recognized: provincial participation in the decision-making in connection with the acquisition by non-eligible persons of control, as stipulated in the bill, of a Canadian business enterprise.

Secondly, appeals. There are no appeals provided for in the bill, except certain appeals at the stage of court proceedings, where the non-eligible person, or a person who is thought to be non-eligible, does not comply with the directions of the minister and an order is secured from the court to compel that. There is a right of appeal there. This is the only right of appeal, even though civil rights, and serious civil rights, are involved. The Canadian Bar Association made a very specific recommendation on the question of the right of appeals, the rights of people, and the opportunity to have a review of the minister's decision as a matter of law.

Transactions in real estate was a third matter which was not dealt with in what our committee would say was a reasonable way. There was nothing in the bill dealing with real estate transactions. The bill apparently recognized this as a business, and therefore if it met the conditions stipulated in the bill, if the gross assets were in excess of $250,000, or more than 5 per cent of the voting shares were involved in the acquisition of shares, it was subject to screening. An exception was provided for in one of the amendments made in the Commons committee. It was that the acquisition and development of raw land for personal use and enjoyment would not be subject to the screening process.

Let us say that non-resident persons purchase an office building or apartment house for in excess of $250,000, and the shares involved exceed 5 per cent of the voting shares in the case of a corporation the shares of which are publicly traded, or 20 per cent in the case of a corporation the shares of which are not publicly traded. If you try to set that kind of transaction against the factors enumerated in clause 2(2) of the bill for the purpose of determining whether or not there is significant benefit, you come up at least with a neutrality. If it is a neutrality—we had briefs submitted on this point—it does not meet the significant benefit test and fails. Let us take the factors in clause 2(2) of the bill and apply them to such a transaction. If you take subclause (a) on page 2 of the bill—certainly in the acquisition of an office building or apartment house—in those circumstances the level and nature of economic activity in Canada, including employment, would not be affected unless efficiencies were to be introduced resulting in a lessening of employment. Certainly a property acquired from another non-eligible person would not affect the degree and significance of participation by Canadians, and if acquired from a Canadian it would reduce the degree of such participation by Canadians. There would be no effect on productivity, industrial efficiency, technological development, product innovation, and product variety in Canada. There would be no effect on competition, and the national industrial and economic policies of Canada would be equally unaffected.

It was the recommendation of your committee that, in neutral situations of that kind, these transactions dealing with real estate should be exempt from the provisions of the bill. This was one of the recommendations we made which has been acknowledged only in relation to raw land, which is relatively insignificant. Yet I wonder whether, in any strict sense of the word, the acquisition of an office building or apartment house by non-eligible persons could be said to be a business.

[Hon. Mr. Hayden.]

● (2110)

A way out of the dilemma, short of an amendment, could easily be by the route of binding rulings or guidelines or regulations. We did recommend the establishment of guidelines to be issued by the minister and to be binding on him, and that has been done in the bill. We did recommend guidelines. That has been done, although they are not binding. I would say, based on my experience over quite a period of time in dealing with ministers, that if there is a guideline issued in connection with a certain transaction, whatever the provision in the bill is in relation to that, it would be observed. Then, of course, there are regulations which could be passed under the bill. But this is a matter that the committee will have to consider. The committee has staff and they will seek the advice of the staff. The committee will hear the minister and find out what he has to say in support of these matters and why he did not deal with these questions. The minister, of course, will have an opportunity to bring his experts to support this.

All I am doing now is pointing out the situation at this time. Some of the things that we said in our report will have to be qualified because of the fact that they have since been dealt with by way of amendment. To make it convenient for honourable senators, I have had prepared two tables. Table 1 contains the headings "Subject," "Senate recommendations," and "Commons amendments". Table 2 contains a list of clauses amended by the House of Commons and not discussed in table 1. I suggest that it would be useful to have these tables printed as appendixes to today's *Hansard*.

Hon. Senators: Agreed.

(*For tables see Appendix "A", pp. 1239-1240.*)

Hon. Mr. Hayden: We now come to what I regard as the critical portion of the bill. I should like to make a comment or two on the provincial participation and on the constitutional feature of the bill. I should tell you that your committee did not express any opinion on the constitutionality of the proposed legislation. However, as we have said in our report, and I quote:

> Rather, the committee would sound a note of warning in view of the apparently precarious foundations of the bill and suggest the possibility of referring the bill to the Supreme Court of Canada prior to its enactment. Otherwise, a climate of uncertainty as unsatisfactory for the federal and provincial governments as for potential investors and owners of Canadian businesses will prevail, since the constitutional question is bound to arise at some stage.

On this question of constitutionality, we were told in committee by the representative from the Department of Justice that that department had advised the minister that the bill was constitutional. We cross-examined him at length, discussing the various constitutional aspects, et

cetera. He enunciated certain principles which certainly fell far short of what were regarded as necessary by the members of the committee in order for them to make a statement that the bill is constitutional. Therefore, we felt that at that stage, since we were not a court, what we should do is simply sound a word of warning.

Many problems arise. For instance, if the takeover is in relation to a federally incorporated company, the federal authority would have jurisdiction to deal with such a takeover. That would be conceded. However, if the takeover is related to the shares of a provincially incorporated company, then certainly on balance it would appear that the authority to deal with the provincially incorporated company would be the authority that created it, unless there is some element inherent in the legislation which would rout out of that provincial jurisdiction what is apparently within it and within the subject of property and civil rights. There are legal decisions for it under the Peace, Order and Good Government sections of the Constitution. Therefore, we felt that we would not be justified in going beyond the point of raising the issue of constitutionality.

I can tell you that representatives of the Province of Quebec appeared before your committee and presented a brief. I put a question to that delegation as to whether or not it was likely that the provincial authorities there would support an agreement by legislation whereby an American business enterprise came to Quebec wishing to make a takeover bid, and I think their statement was to the effect that, "Well, if such a request were made, to show the complete support of the government to the enterprise, that might well be done." Then some members of the committee said to the leader of the delegation, who, I believe, was the deputy minister—

Hon. Mr. Flynn: It was Mr. Lalonde who is now a minister in the Bourassa government.

Hon. Mr. Hayden: Yes. The committee's response then was: Well, you see where you end up. If the federal minister comes along and requires that this non-eligible person—whose deal with Quebec has been ratified by statute—screen the transaction federally, then there is an issue. One of two things can happen. The provincial government can challenge the validity of the federal statute, or the individuals concerned, the non-eligible person or persons, can refuse to file a Notice of Compliance on the direction of the minister that they screen the transaction, in which event the minister has the right to prosecute. In either case, validity or constitutionality would be the issue, and would get into the courts.

● (2120)

It therefore seems to me that, rather than immediately say we should abandon this legislation because of these difficulties in it, we should see if there is any way in which harmony can be achieved. Ontario has said, "We think this legislation should go forward," and they used some very strong arguments and clear language. Ontario is a province that would likely be substantially affected.

Hon. Mr. Flynn: It would be affected, but not adversely.

Hon. Mr. Hayden: No; it would be affected. This is what the Honourable D'Arcy McKeough said:

> As an underlying theme to the Ontario position, we believe the primary objective of the proposed review process should not be to restrict foreign investment *per se* but to ensure that future investments by foreign corporations make an effective contribution to the achievement of national economic and social objectives.

He went on to develop the contribution that the federal authority can make by virtue of its position in negotiating in connection with any such transaction. In dealing with the role of the provinces, since they seem to mesh together, Mr. McKeough had this to say:

> With respect to the consideration of provincial policy objectives by the federal government, it is of serious concern to Ontario that there be clarification of the manner in which the federal government proposes to ascertain the nature and status of provincial policy objectives for the purposes of the review process. In this regard, Ontario stresses that the provinces should alone be responsible for articulating their policy positions to the federal government, as an integral part of the process of federal-provincial consultations.

Quebec, in its brief, made a statement that, if anything, was a little stronger. I am meshing together the questions of constitutionality and the provincial role because they seem to fit together. What Quebec said was this:

> Indeed, we have reason to be satisfied with the commitment of the federal government and the minister who would eventually be responsible for carrying out the act to consult the provincial governments and take into account the needs of regional economies. But consultation, especially if dependent on good will only, would be clearly insufficient if the federal government were to have the authority of deciding alone on the objectives, priorities and needs defined by the provincial governments themselves.
>
> To take on real significance, the reference made for form's sake by the federal government, under Section 2.2e, to "the industrial and economic policy objectives of the provincial governments" should be followed by a procedure for the participation of each government in the elaboration of policies or their application standards . . . and in the evaluation of actual cases. As the control of foreign investments has vital effects on a number of provincial policies and determines to a large extent the development of regional economies, it should therefore be the object of parity decisions between both levels of government.

May I add these words. At first blush it may be felt that there are too many problems involved in the constitutional aspect to take the time and make the effort to see if it can work. Ontario has praised the leadership taken in the effort by the federal authority. Quebec has not been critical of the leadership by the federal authority, but it has been critical of what appears to be the inferior position of the province in relation to articulating what is its economic objectives, et cetera.

In those circumstances, it might be well to consider what the alternatives are. It is true that foreign investment capital is still a very necessary thing for Canada. It

is true that we should not deal with foreign investment capital and those who are the non-eligible persons in a way that would cause them to lose confidence, to be concerned about the stability of the country, but we should rather keep encouraging them, in proper cases, where we would exercise a fair measure of control. This seems to be the attitude of the day, that there should be more and more in the way of control, not exercised like swinging a big stick, but exercised in a more subtle and agreeable way that would be acceptable to the non-eligible persons. Many countries in the world are doing this sort of thing today. I do not mean necessarily in the form in which we are doing it, but they are doing it.

Therefore, in these circumstances, before saying that this bill presents these problems of constitutionality and, particularly, provincial participation, and it is too big a load to try to work out and we should thus abandon the idea, it should be remembered that nothing was ever done by simply giving in. I think there may be a way in which to resolve for the present the provincial problem, and thus resolve the constitutional problem, because if the provinces are satisfied it is not likely that they will raise the constitutional issue.

If the non-eligible investors are fairly treated and they present a substantial case that can stand on its own feet—in other words, a legitimate case—then I do not think from that avenue you would be likely to have the decision of the minister and the Governor in Council attacked on the constitutional basis. In those circumstances, my reaction would be that these non-eligible persons taking that kind of position without having what I would regard as being the proper kind of case would not enjoy the support of the people of Canada, or the Government of Canada. There are so many areas where that support is necessary. It is one thing to acquire control of a Canadian business enterprise, but then you have to operate it. If you are subject to control and direction, such as policy direction, trade policies, taxation, et cetera, then the desire to retain good will might be overpowering and might carry the day.

Perhaps I should not express a personal view, but let me put it this way. My own view is that we should look very carefully and exhaustively into the areas, short of rejection of the bill, of the binding rulings, guidelines and regulations to see in how many directions we can satisfy ourselves on points that we think are essential to the proper carrying out of the purpose of this bill.

● (2130)

We may conclude that there are several items that, in the state in which the bill is, we cannot subject to that treatment. One that bothers me at the moment is how to establish appeals. There is a great variety of public opinion, all going the one way—that is, that there should be the right of appeal, open to an applicant against whom the minister has made a decision. At the stage when the minister makes the decision, he makes the recommendation. True, the final decision is made by the Governor in Council. True, the Governor in Council can reject the recommendation of the minister. True, the Governor in Council is entitled to have before him any submission that the provincial authority chooses to make. The Governor in Council therefore may come to a contrary decision. But while I point out all these things that exist, we also have good will and a desire to promote something that may have many beneficial aspects. It is true that in some areas they may have over-reached in their provisions, but that is a fault found in a lot of legislation, and time catches up on these things. If you run into a flock of legislation and slow up the whole procedure, why, then you are going to affect Canada adversely if you do anything that will stop the legitimate flow, even under this bill, of foreign investment capital.

I recognize that we have quite a problem here. The problem is in trying to resolve the conflict that exists between two desires. On the one hand, we want to assure a sound and solid economic position for Canada and an economic involvement for Canadian investment. That is one side of the picture. On the other hand, we have a need for the input of capital for purposes of our operation.

Honourable senators, I might take about two minutes to give you an illustration. We have been assuming that all the decisions of the minister and the Governor in Council are going to be against the proposed takeovers by non-eligible persons, or the proposed establishment of new business.

One of the provinces we heard from was Newfoundland. Newfoundland gives us an example, for it says that if it had not been for their ability to get foreign capital they could not have reached any stage of development. I shall cite five examples given in a letter from Mr. Doody, the Minister of the Department of Industrial Development of Newfoundland:

1. First oil refinery at Come-By-Chance, total investment, $160 million; Government of Newfoundland contributed $30 million; foreign investment money, $130 million; Canadian money, nil.

2. Second oil refinery, Come-By-Chance, total investment, $308,500,000; Government of Newfoundland $78,500,000; foreign investment money, $230 million; Canadian money, nil.

3. Linerboard mill at Stephenville, total investment, $162 million; Government of Newfoundland, $73 million; foreign investment, $89 million; Canadian, none.

4. Churchill Falls hydro development, total investment in hydro facility, $920 million; foreign investment, $500 million; Canadian investment, $420 million; of the $420 million Canadian funds, only $50 million was raised on the private capital markets; the remaining $380 million was provided by the Government of Quebec, Newfoundland or company equity.

5. Twin Falls Hydro Development, total investment $60 million; foreign investment $52 million; Canadian equity, $8 million.

These developments that I have referred to are of tremendous magnitude and are of such importance to Newfoundland, and, therefore, to Canada, because Newfoundland is part of Canada—and I do know some of the background, certainly in connection with the Churchill Falls development—that the decisions in those cases, without any doubt, would be that they were of significant benefit to Canada.

Even saying that, if you ask me to define "significant benefit", I would have trouble doing so. I would prefer to use the language which the Australians use when they

talk about "in the national interest." I can understand that and I would say therefore that if anything is "in the national interest" it should be of significant benefit to Canada. It may be that in the guidelines it could be tied in in that way. Whether it will or not, I do not know.

Honourable senators, I have taken more time than I expected, but this is what happens when you get wrapped up in a subject. I have not developed all these areas, nor have I indicated all the various subject matters covered in our report. There were many recommendations that we made which were accepted by the House of Commons committee, and which were reasonable recommendations. For instance, one was that if a non-eligible person gets a clearance by satisfying the authorities that the transaction is of significant benefit to Canada, and he then wants to go out and buy some more shares, he should not have to be screened again.

These are things which I would think were so obvious that they would only need to be stated, but somebody had to study them. The committee certainly did a wonderful job. I was only one member of the committee, being the chairman. We had good staff and we think the report is, by and large, a good report. We think the report should be read in conjunction with the amendments which have been made, and with the tables which I have filed to show the extent to which our recommendations have been acted on.

There is a hard core that we are going to have to wrestle with and, quite obviously, the bill should go to committee. It will be up to the committee to give the minister the opportunity to explain the situation in relation to what I call the hard core items. It will be up to the committee and its staff to see what answers they can work out, and then come back to this house and tell you what the story is. Then it will be up to the Senate to make the final decision.

On motion of Senator Grosart, debate adjourned.

● (2140)

COMMONWEALTH PARLIAMENTARY ASSOCIATION

CONFERENCE HELD AT LONDON, ENGLAND—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Connolly, P.C., calling the attention of the Senate to the Nineteenth General Conference of the Commonwealth Parliamentary Association, held at London, England, in September, 1973, and in particular to the discussions and the proceedings of the Conference and the participation therein of the delegation from Canada.—(*Honourable Senator Macdonald*).

Hon. Mr. Macdonald: Honourable senators, when I adjourned this debate it was for the purpose of keeping it alive, as it were, in order that any other senators who might wish to speak on it could do so. I am now informed that so far as this side is concerned no other senator wishes to speak on this matter. Unless there is someone on the government side who wishes to speak on it, I would ask that it be removed from the Order Paper.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

SCIENCE POLICY

CONSIDERATION OF VOLUME 3 OF REPORT OF SENATE SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Wednesday, November 14, consideration of Volume 3 of the Report of the Special Committee of the Senate on Science Policy, tabled in the Senate on Tuesday, 11th September, 1973.

Hon. Allister Grosart: Honourable senators, Senator Lamontagne on an earlier occasion gave us an excellent overview of Volume 3 of the Report of the Special Committee of the Senate on Science Policy. It is my intention on this occasion to deal with one section only of that Volume 3 of the report which is described as "The Interfaces of Science Policy." Perhaps, to put my remarks in context, I should review very briefly the earlier reports of the committee.

Volume 1, as honourable senators will be aware, I am sure, was called, "A critical review: Past and Present," of Canadian science policy, which reached certain conclusions, namely, that we had arrived at a point a few years ago of what the committee called "science policy by accident," and which was documented by charts and tables. Certain conclusions were arrived at as to the dreadful state of Canadian science policy at that time, and those basic conclusions have not, to my knowledge, been controverted.

Those conclusions were that in Canada today we are at the bottom of the list of comparative OECD and other countries in many essential aspects of science policy, including our funding of science at the national level and at the government level. We found at the same time that we were at the bottom of the list in the very important matter of the transfer of scientific discoveries into industrial innovation.

I say this because Volume 3, the report which is before us, deals with the very important subject of the government organization of science, the science policy decision-making in the seventies.

It is necessary of course to give this background to indicate why government reorganization is as immediately necessary as Volume 3 of the science policy report indicates.

The first two parts of Volume 3 deal with the broad subject of reorganization of the government structure, and Senator Cameron will, I believe, in due course deal with the second part, following the very full explanation of the first part which has been given by Senator Lamontagne.

The interfaces of science policy are, in broad terms: federal-provincial relations; international relations at the government level; private international relations; relations of the government with Parliament and parliamentarians; relations with the science and engineering community; and, finally, the report has a footnote on the lamentable situation in regard to French-language scientific and technological terminology.

On the important question of the interface of national science policy with federal-provincial relations, our report points out that the present status of federal-provincial relations in national science policy has created, and perhaps deepened, the very great danger that our now very weak innovative capacity will become even weaker. When I say the "innovative capacity," I again refer to the finding of the committee that we are at the bottom of the list of comparative countries in the transfer of scientific discoveries into industrial and commercial innovation.

The committee hopes in its recommendations that flexible compromises between decentralized needs and the desirability of co-ordinated and coherent R & D programs undertaken at the proper scale will inspire the building of an industrial R & D and innovative ability in Canada, the development of social innovations, and our smooth entry into the post-war industrial revolution.

The problem that we found here is that we are not altogether sure that we are going to make a smooth entry into the post-war industrial revolution. As honourable senators are aware, a crucial problem in Canada is: Where are we going to stand in the international science and technology race? So far we have not scored very highly in that race. The finding of the committee is that it is of the utmost importance to the entire economy of Canada, to our social development, and to our cultural development that we remedy this situation as soon as possible. This means that we must embark, according to the committee, on a reasonable decentralization of our scientific activities. This has not been the case in the past.

One of the findings of the committee was that no comparable country had centralized its national scientific activities, particularly its research and development activities, to the extent that we had in Canada. Of all countries in the world none was even close to us in the very high level of the performance of research and development that we were doing in house—that is, in government laboratories. And this in itself was one of the main reasons why we had this very low level of transfer of science into invention and innovation.

Perhaps I should say at this time that in none of our reports has the committee been critical of the Canadian science effort as such. Over and over again we have found that Canadian science, through the NRC and other agencies, has reached a high level—certainly, in the judgment of the peers of our scientists around the world. The problem we found was that our science was not transferred into innovation.

The committee, to resolve this problem of too much centralization, recommends the formation of an inter-ministerial federal-provincial committee on science and technology to meet at least once a year before the federal annual estimates for science activities are finally approved, and that the committee be presided over by the Minister of State for Science and Technology.

This goes to what is perhaps the central recommendation, the most important recommendation, in Volume 3. Senator Lamontagne spoke of this, and in the context of my remarks it should perhaps be repeated. That central theme is the necessity of bringing our federal science policy decision-making under the Minister of Science and Technology, and a Cabinet Committee on Science and Technology.

● (2150)

At the present time the role of the minister is largely advisory. The committee finds this an intolerable situation. It is a situation in which science policy decisions are still being made by the Treasury Board which, under no possible assumptions, is capable of making the necessary science policy decisions that we must have if we are to make our way in the science and technology race.

The committee recommends, first of all, that there be a visible science budget; that is to say, that each department, in presenting its estimates, should separate its proposed expenditures on science activities, including research and development, of course, and present them separately in the budget so that the science activity expenditures will be visible. Honourable senators will appreciate why that is important when I say that at the present time our national funding of R & D runs over $1 billion.

Hon. Mr. Connolly (Ottawa West): Federal alone, or—

Hon. Mr. Grosart: Federal alone. Federal funding alone is over $1 billion at the present time. It has risen from about $300 million ten years ago to its present level of $1.2 billion.

The committee recommends that when these items are shown separately in the departmental and agency budgets, they then be brought together and presented to the Ministry of State for Science and Technology, which, as honourable senators will remember, was established as a result of one of the recommendations of our committee. The purpose of this is to bring together into a macro-decision situation all the micro-decisions that are made in the departments and agencies, so that we will have a single, visible science budget.

Honourable senators will realize that this is a fairly revolutionary departure in the handling of estimates, because it means that this part of the budget—the science part of the budget, this $1 billion which at the moment would be one-twentieth of our total federal expenditure—would be examined in a different way from all the other items in the department and agency budgets.

It would be looked at by the Minister of State for Science and Technology, who would then pass it on to the Treasury Board. The Treasury Board will, of course, still have its present right to decrease the total, and to say, "This is too much;" but it would not have the right to say which items are to be cut. If the Treasury Board decided that this $1 billion or $1½ billion should be reduced for reasons of national economy, then it would go back to the Minister of Science and Technology, and ultimately to an inter-ministerial committee of the cabinet, which would be comprised, of course, of the ministers heading the heaviest spending departments in science and technology.

This, as I say, is revolutionary in Canadian terms, particularly in view of our concept of ministerial responsibility. However, it would not require any constitutional change; merely an order in council.

It is not entirely revolutionary in international terms. It is very similar to the French system, sometimes called the "enveloppe frappée," in which exactly the same thing happens. The science budget is brought together, exam-

ined at the top level, and then the "enveloppe" is "frappée", and the items go back into the departmental estimates, which is exactly what the committee recommends here.

I will not go into all the items that we dealt with in the committee, but the committee does recommend that the rather interesting new institute, now known as the "Institute of Public Policy," have its name changed to "Institute of Social Policy," and be brought under the federal-provincial ministerial committee on science and technology which I have already referred to. The reason for that is that the committee finds a very large gap in our decision-making in the realm of social policy.

As honourable senators are aware, it is often said that we are now in the "second generation" of science policy. The first was the generation when the emphasis was on defence and economic factors. Today the swing is over to the social consequences of science policy, which take in such things as fall-out pollution, and more importantly, perhaps, the great problems of health, welfare and education, where we are all aware that we have just bungled along up to now—not only Canada, but almost every country in the world.

Here is an area in which we are spending billions of dollars in Canada. For example, of our total government spending of $40 billion today—that is, all governments—no less than $10 billion is accounted for by transfer payments to provinces and individuals. Almost a quarter of the whole budget of all governments is transferred to individuals.

We have done practically no research in this area. Nobody really knows whether we are spending the money efficiently in housing, education, health, or in hospitals, because there has been practically no research into the matter. In this second generation of science policy, informed people all over the world are saying, "Here is an area where we must apply the same rules of research and development that we have applied in other areas."

The second interface is in our international relations. The committee finds:

> —the Canadian government has neglected these relations and has shown itself reluctant to make the investment required to get the maximum benefits from them.

I am aware, that we have made bilateral agreements in this area of science and technology, but the fact is that it has not been realized in the past that there is no possibility of the whole of the Canadian science and technology effort, in research and development, and invention and innovation, contributing more than about two per cent of the world's total of scientific discovery and invention. This means that 98 per cent of scientific innovation in the world takes place outside Canada.

At the present moment we have completely inadequate structures to obtain an input of this. Obviously, nothing could be more wasteful than for Canada to attempt to do the whole job of scientific discovery that we might need for our national requirements. We shall have to look around the world for at least 98 per cent of it, and that means a much better structure of information-gathering than we have at the present time.

For example, we have science attachés now in Washington, London, Bonn, Brussels and Paris, and that is all. By and large, they are not at important levels of the embassy hierarchies. The committee recommends that these science attachés should have the rank of ministers, so that they can deal with the science communities in those countries at the kinds of levels that are necessary if they are to do the job that the committee feels they should do for Canada.

The committee also suggests that we immediately set up science attachés in other countries, certainly in the European Community, and in Japan, Holland, Sweden and Switzerland, for starters. There is a sub-area to our international—

Hon Mr. Desruisseaux: Would the senator permit a question?

Hon. Mr. Grosart: Of course.

Hon. Mr. Desruisseaux: Have we any science people in the United States of America?

• (2200)

Hon. Mr. Grosart: Yes, we have a science attaché with the rank of counsellor in Washington. I hope I did not forget to mention that.

There is a sub-area which is sometimes called Private International Relations but we do not have at the moment any adequate structure for dealing with this important input source for new science and innovation. The committee recommends that the Royal Society of Canada should be charged with this important function. The Royal Society has not been in the past as active as other comparable bodies around the world such as the Royal Society in England or the National Academy of Sciences in the United States. But it has come to life very recently, and the committee is satisfied that the Royal Society as presently constituted could set up the necessary structures for the very important contact between private scientists and engineers and their societies around the world.

The committee makes in this area a rather interesting suggestion which it calls the "marriage bureau suggestion" dealing with this problem of critical mass in scientific production. As honourable senators are aware, the more sophisticated the scientific innovation is, the more expensive it is and therefore the greater the requirement for a mass market. The committee makes the somewhat novel suggestion that facilities be provided by the government by which small firms and middle-sized firms in Canada could enter into partnerships with similar firms in the same field of production abroad so that between them they could increase their size, increase their innovative capacity and increase their markets.

Another area of interface between the government and science policy is in its relations to Parliament. Of course, the first and most important step would be the visible budget I mentioned earlier. The fact of the matter is that there is no debate in our Parliament today, other than the debates which have taken place in the Senate, on science policy as such. Occasionally there are quibbles about some science activity item in the estimates of a particular department, but there has never been a full-scale debate on science policy in the House of Commons. Perhaps it is not quite true that there has never been one, since we had

debates on nuclear policy a number of years ago and also one or two others on a small scale, but these were not in any sense of the word full-scale debates on national science policy. In other countries there is very active debate in Parliament on national science policy. In other countries, parliamentarians are well aware of the total funding, at the gross level and the national level, on science and scientific activities. They are well aware of the distribution by various performance sectors, government in-house, industry and others, but this is not the case in Canada. It is a matter of some regret that no party in the other place, in my opinion, has a person who could be described as an informed spokesman for the party on science policy. Here, I should, of course, except the Minister of State for Science and Technology, Madame Sauvé, and her predecessor, the Honourable Alastair Gillespie.

The committee also recommends that Canada take the initiative in setting up an interparliamentary association of science and technology. I had the privilege of making this same recommendation to the Science Conference of the Council of Europe, and it was accepted, and the Council undertook to take the initiative in due course. We have since been in touch with them and they have not moved on it as yet. The committee now recommends that Canada take the initiative. I think it would be a very important initiative and it would be a feather in the cap of Canada if we were to do that.

The committee also recommends that we set up the equivalent of the Swedish RIFO. This is an acronym of the initials for the Swedish equivalent of the words parliament and science. I know that the Riksdag is the Swedish Parliament but I forget what the word for scientist is in Swedish. We had the opportunity of observing the work of RIFO in Sweden. It is a remarkable organization, where about 200 members of Parliament and 200 scientists meet regularly in discussion and inform themselves on important questions. There are two important aspects to this. Scientists often say that parliamentarians do not understand science, and parliamentarians often say that scientists do not understand parliamentarians. Anything that would bring about a change in this situation would be to the national advantage.

Hon. Mr. Martin: Scientists are not the only ones who don't understand us.

Hon. Mr. McIlraith: Some do; Dr. MacKenzie, for one.

Hon. Mr. Grosart: We have two qualifications of my statement. The Leader of the Government says that scientists are not the only ones who don't understand parliamentarians, and Senator McIlraith says that there are some scientists who do understand parliamentarians only too well.

Hon. Mr. Martin: He said that Dr. MacKenzie was one, and I fully agree with him.

Hon. Mr. Grosart: That would take me back to Volume 1 of our report, and I am afraid I shall need all the time at my disposal to complete my remarks on Volume 3.

Another interface of science policy, honourable senators, is that between the Canadian government and the Canadian scientific and technological community and others responsible for innovation. There are something like 119 scientific associations in Canada. One of the beneficial results of our committee work was the formation of SCITEC. It is an extraordinary thing that until we prodded the science community into forming an overall association, Canada was probably the only comparable country in the world that had no academy of sciences. SCITEC may not completely fill that role, which may be the reason why we have recommended in our report that the role of representing the science community at an overall level be divided between the Royal Society and SCITEC, and particularly that they be adequately funded by the government, as occurs in other comparable countries.

Finally, honourable senators, and I add this by way of what I might call a footnote, in dealing with the interfaces the committee draws attention to this important problem—the very inadequate state of science and technical terminology in the French language. It is said that at the moment there are about 5,000 English-language scientific terms that have no equivalent in the French language. The committee recommends that here again Canada, because of our special position in the world in relation to the two major languages, English and French, take the initiative in setting up in Canada an institution, suggesting the name SITEST, Service international de terminologie Scientifique et Technique, which would undertake the responsibility of bringing up to date the status of scientific terminology in French.

● (2210)

The committee has concluded that these matters I have raised and the other matters that are raised in Volume 3, the total re-organization of our governmental science structure, are of very great urgency. The discussion of our national science policy has been going on now since 1969, since our committee started its deliberations and began its hearings. We feel it is time now for a decision. Actually, after years of hard work, years of input from the whole science community, thorough discussion at all levels of the matter of national science policy, we still lack an adequate mechanism, an adequate structure, for the making of good decisions in our national science policy. The committee believes that the time has come to stop talking and for the government to act.

On motion of Senator Buckwold, for Senator Carter, debate adjourned.

PUBLIC WORKS

ART ADVISORY COMMITTEE—INQUIRY ANSWERED

Hon. Eugene A. Forsey inquired of the government, pursuant to notice:

1. Who are the members of the Art Advisory Committee of the Department of Public Works?
2. When were they appointed?
3. For what terms of office?
4. What is the remuneration of each member?
5. What are the qualifications of each member?

Hon. Mr. Langlois: Answered.

(*For text of answers see Appendix "B", pp. 1241-1244.*)

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX "A"

(*See p. 1232*)

FOREIGN INVESTMENT

TABLE 1

Subject	Senate Recommendations		Commons Amendments	
	No.	Summary	Clause	Summary
Provincial participation in review process.	1.	Mandatory consideration of policy objectives of provincial governments; copies of notices and information received by the Agency to be sent to the relevant province; province must concur in a recommendation that the investment not be allowed.	9(d) and 11(2)	Provincial representations must be submitted to the Cabinet.
Binding rulings	2.	Binding ministerial rulings to be given, on application, within fourteen days on all questions under Act except application of 2(2) criteria.	4(1)	Binding rulings to be given valid during such period not in excess of two years as the facts related in the application remain unchanged.
Appeals	3.	Statutory appeal to Trial Division of the Federal Court from ministerial rulings and decisions to recommend that an investment not be allowed (see Senate Report, pp. 876-877).		Nil.
Delays	4.	Reduce delay within which Cabinet must decide from ninety to thirty days and impose limit even in situation where parties have been given opportunity to be heard because the Minister was about to recommend that the investment not be allowed.	10, 11(1), 12(2), 13(1)(a)	Delay reduced to sixty days but still unlimited where parties have been heard.
"Significant benefit" test	5.	It was proposed that in order to allow the Minister some flexibility, he be permitted to apply a less stringent test in the case of certain transactions (see Senate Report, p. 877).		Nil
Exemptions:				
Real Estate	6(a)	Complete exemption in view of virtual impossibility of establishing significant benefit and because criteria are designed to evaluate manufacturing and industrial businesses.	3(9)	Applies to acquisition of raw land and certain limited expenditures thereon and improvements for personal use only.
Investment companies	6(b)	Establishment of should be exempt because of impossibility of meeting criteria.		Nil
Amalgamations	6(c)	Clarify intra-corporate amalgamations not covered.	3(3)(e)	Clarification amendment made.
Other non-arm's length transactions	6(d)	See Senate Report, p. 878.		Nil
Presumption of control	7.	Change 5% to 10%.		Nil
Similar provisions in other Acts	8.	Foreign control regulation of banks, insurance and trust companies should be confined to provisions in special Acts governing these institutions.		Nil
Other amendments:				
Subsequent acquisitions	9(a)	Exemption recommended.	3(3)(d)	Acquisition of over 50% of the shares not subject to screening if the acquirer already had *de facto* control.
Rights issues	9(b)	Receipt of rights to subscribe to shares should be exempted.	(3)(6)(c)	If exercise is stated to be subject to screening, mere receipt of right is not screenable.
Foreclosure by security holder	9(c)	Taking possession of property the subject of a NEP lender's security should not be screened.	3(6)(d.1)	
Status of borrowers	9(d)	A borrower should not be "contaminated" with NEP status merely because the lender is a non-eligible person.	(36)(d.2)	
Powers of court	9(e)	Removal of the word "nugatory" and limitation of court powers to those set out in clause 20(2).	20(2)	The nugatory concept remains but provision has been added requiring that no court order can direct the doing of anything by a person who was in good faith and who was not involved in the investment or in any subsequent transaction.

TABLE 2

List of clauses amended by the House of Commons not already discussed in Table 1

Amendments proposed in Commons Committee on Finance, Trade and Economic Affairs

2(2)(a)—Elaboration of criteria.

3(1)—Definition of non-eligible person

(a) Restricts classes of non-resident Canadians who would otherwise not be non-eligible.

(b) Ambiguity corrected.

(e) "Control in fact" emphasized.

3(3)(f)—Non-eligible trusts.

3(5) Consequential on amendment to 3(1).

3(6)(b.1) Relaxes somewhat provisions regarding control where a corporation is controlled by a group.

3(6)(h) Consequential upon amendment to 3(1).

3(7)(c) Reduces to some extent the number of cases which fall into the definition of non-eligible person.

4(2) Enables the Minister to issue guidelines.

8(3.1) Self explanatory.

15(1) Rewording?

16(1)(b) Typographical error corrected.

16(e) Delay to return documents reduced.

30 Substitute "within 180 days" for the words "as soon as possible".

31(1) Add at the end: "such a day to be no later than 180 days after Royal Assent."

APPENDIX "B"

(*See p. 1238*)

PUBLIC WORKS

ART ADVISORY COMMITTEE—INQUIRY ANSWERED

1. The current members of the Department of Public Works' Advisory Committee on Art are:

Mrs. Mayo Graham
Assistant Curator
Contemporary Canadian Art
National Gallery of Canada
Ottawa, Ontario
Mr. Peter Bell
Art Consultant
St. John's, Nfld.
Mr. Jean-Louis Lalonde
Architect
Montreal, Quebec
Mr. Kenneth Lochhead
Professor of Art
York University
Toronto, Ontario
Mrs. Suzanne Rivard-LeMoyne
Head, Visual Arts and Film Section
Canada Council
Ottawa, Ontario
Mr. Clifford Wiens
Architect
Regina, Saskatchewan
Mrs. Joan Lowndes
Art Consultant
Vancouver, B.C.

The continuing Chairman is Mr. K. C. Stanley, the Chief Architect, Design and Construction Branch, Department of Public Works.

2. The members appointments were made as follows: Mrs. M. Graham—September 1973; Mr. P. Bell—October 1971; Mr. J. L. Lalonde—October 1971; Mr. K. Lochhead—October 1973; Mme S. LeMoyne—October 1973; Mr. C. Wiens—October 1973; Mrs. J. Lowndes—October 1973.

3. 3 years

4. $100 per diem and expenses

5. The members of the committee share a lengthy involvement and resourceful expertise, both practical and administrative, in the field of contemporary Canadian Art. They include artists who have been associated with universities and galleries, architects who have earned important design awards and appointments to many distinctive committees and art consultants and administrators whose academic and practical experience have given them access to an understanding over-view of the Canadian art world and influential positions within it.

(See list of members and biographies following)

ADVISORY COMMITTEE ON ACT 1973-74 DEPARTMENT OF PUBLIC WORKS

Chairman:

Mr. K. C. Stanley,
Chief Architect,
Department of Public Works.—(continuing)

Headquarters Representative

Mrs. Mayo Graham
Assistant Curator
Contemporary Canadian Art
National Gallery of Canada,
Lorne Building,
Ottawa, Ontario.
K1A OM8—(1976)

Atlantic Region Representative

Mr. Peter Bell,
Box 14, Site 79
Marine Drive
St. John's, Nfld.—(1974)

Quebec Region Representative

Mr. Jean-Louis Lalonde,
Architect,
430 Rue Bonsecours,
Montreal 127, P.Q.—(1974)

Ontario Region Representative

Mr. Ken Lochhead
Apt. 2
372-4 Davenport Rd.
Toronto, Ontario
M4B 1B4—(1976)

Capital Region Representative

Mrs. Suzanne Rivard-LeMoyne,
Canada Council,
151 Sparks Street,
P.O. Box 1047,
Ottawa, Ontario.
K1P 5V8—(1976)

Western Region Representative

Mr. Clifford Wiens
Architect
1874 Scarth Street
Regina, Sask.—(1976)

Pacific Region Representative

Mrs. Joan Lowndes
Art Consultant
5760 Balaclava St.
Vancouver 13, B.C.—(1976)

BIOGRAPHIES:

Mr. Kelvin Stanley:

Continuing Chairman of the Department of Public Works' Advisory Committee on Art.

Mr. Stanley is Chief Architect of the Department of Public Works of Canada.

Prior to the present appointment, Mr. Stanley had been section head in charge of co-ordinating construction of 71 national and industrial pavilions at Expo '67 in Montreal. He assumed his new duties in the Design Branch at the Department of Public Works' Headquarters on June 1, 1967.

Born in Calgary, he was educated in Calgary schools, the provincial normal school and the University of Manitoba in Winnipeg, where he studied architecture. At the university, besides scholarships, he was awarded the thesis prize and university gold medal.

Mr. Stanley practised architecture for sixteen years in Edmonton, Alberta. He is a fellow of the Royal Architectural Institute of Canada and Past President of both the Edmonton Metro YMCA and the Alberta Association of Architects.

Mrs. Mayo Graham:

Member of the Department of Public Works' Advisory Committee on Art representing Headquarters.

Position (Present)

Assistant Curator of Contemporary Canadian Art, The National Gallery of Canada, Ottawa.

Position (Past)

Coordinator of Extended Loans (March-July 1973)—NGC.

Special Assistant to the Registrar (April 1971—March 1973)—NGC.

Docent, Education Department (January-March 1971, July 1968 to September 1969)—NGC.

Special Assistant, Strategic Planning (Town Planning Department), Greater London Council (October 1969—June 1970)—London, England.

Education:

Museum Training Course, National Gallery of Canada (1967-68).

B.A. (hon.) in Fine Art, University of Toronto (1967).

Born in Montreal; travelled in England and Europe 1969-70; 1967.

Executive member (for NGC), Ontario Association of Art Galleries, 1972-73.

Mr. Peter Bell:

Member of the Department of Public Works' Fine Arts Advisory Committee representing the Atlantic Region.

Born in Grantham, Lincs., U.K., April 21, 1918. Educated at Bradfield College—English public school education. Worked in insurance office City of London 1935-1938. Trained and entered Merchant Navy as Radio Officer. Enlisted in Royal Corps of Signals 1942-1946.

Emigrated to South Africa, and enrolled at Capetown University Architectural School 1947. After two years study, resigned and enrolled in School of Fine Art, Rhodes University, Grahamstown. Graduated with Education Diploma and B.A. (Fine Art) 1952. From 1952 to 1959, Mr. Bell was an Art Specialist at Ndaleni Teacher Training College (for Africans), Richmond, Natal. From 1959 to 1963, he was Head of Ndaleni Art School for training of African art teacher specialists. In 1963, Mr. Bell was appointed Specialist in Art, Extension Service of Memorial University, St. John's. In 1966, Mr. Bell relinguished art courses to devote full time as curator of the art gallery.

As a painter Mr. Bell has works in most gallery collections in the Atlantic Provinces, and in many private collections. His work is also represented in the National Gallery of South Africa, Capetown. He is a member of the CSGA, CSPEE, CSPWC and has exhibited extensively in the Maritimes in group and one-man shows, in society group shows across the mainland, print exhibitions, CNE, et cetera, also widely throughout South Africa. Mr. Bell is married and has two children, a son and a daughter.

Jean-Louis Lalonde:

Member of the Department of Public Works' Advisory Committee on Art—representing the Quebec Region.

Born in 1923 in Coteau Station, Quebec.

Education:

B.A., University of Montreal, 1944; Diploma in Architecture, School of Fine Arts, Montreal 1950; Post-graduate course at Architectural Association School, London 1951.

Professional Practice:

Fry & Drew, architects, London 1951, B.H. Zehrfuss, architect, Paris 1952; Breuer, Nervi, Zehrfuss, Paris 1952-56 Project; Architect for construction of UNESCO Headquarters in Paris; Rother Bland Trudeau, Montreal 1957-60; Private practice, Montreal 1960-67; Senior Partner, Hebert & Lalonde, since 1968.

Teaching:

Lecturer at McGill University 1958, Assistant-professor, University of Montreal, 1965-66.

Associations & other appointments:

President of the Royal Architectural Institute of Canada; Member & past-president, Province of Quebec Association of Architects; Associate and member of Council of the Royal Canadian Academy; Architect and member of the Jacques Viger Commission, Montreal; Member of the Advisory Committee on Design for the National Capital Commission; Canadian Correspondent for the international architectural magazine, "L'Architecture d'Aujourd'hui".

Kenneth Campbell Lochhead SM:

Member of the Department of Public Works: Advisory Committee on Art representing the Ontario Region.

Born in Ottawa, 1926. Studied at the Pennsylvania Academy of the Fine Arts, Philadelphia, Pa., 1945-49: The Barnes Foundation, Merion, Pa., 1946-48. Travelled and studied in Europe 1948, and 1958-59. In Canada 1949-50. Employed as Designer, Exhibition Commission, Department of Trade and Commerce 1949-50. During the same

period introduced Studio Courses at Carleton University. In 1950 appointed Director, School of Art, Régina College where he remained until 1964. During this period he was responsible for the development of the Emma Lake Artists' Workshop. Since 1953 he has exhibited in major art galleries in Canada and had work included in a number of international exhibitions including the Post-Painterly Abstraction Exhibition organized by the Los Angeles County Museum in 1964, and the Canada 101 Edinburgh International Festival Exhibition. He has been commissioned to execute murals at the Regina Branch of the Canada Legion, Gander International Airport Terminal, York University, the Canadian Chancery Building, Warsaw, Poland, and the Bank of Montreal, Mountain and McGregor Branch, Winnipeg. He has also executed designs for banners at Winters College, York University, the Pan-Am Swimming Pool in Winnipeg, Confederation Centre P.E.I., the Centennial Concert Hall, Winnipeg and the School of Architecture, University of Manitoba. He is the designer of the Manitoba Centennial Stamp.

His work is represented in major public and private collections in Canada. He is now Professor in Painting, School of Art, University of Manitoba. Awarded the Order of Canada Medal of Service, 1971.

Madame Suzanne Rivard-Le Moyne:

Member of the Department of Public Works Advisory Committee on Art representing the Capital Region.

The appointment of Madame Rivard-Le Moyne was made on the recommendation of the Canada Council.

Born in Quebec City, Madame Le Moyne completed her classical studies in that city and in 1950 received a diploma in Fine Arts from Quebec's Ecole des Beaux Arts. She taught for three years at that school and subsequently at the Ecole des Beaux Arts in Montreal. For the past year Madame Le Moyne has been on the staff of the Arts and Cultural Support Branch of the Secretary of State's Department. She is now on the Canada Council staff as officer responsible for assistance to the visual arts and film.

Madame Le Moyne's paintings have been shown at many exhibitions both in this country and in France, where she worked and studied for a three-year period. Among the awards she has received for her work is the first prize for painting in the Province of Quebec's 1958 Concours artistique. One of her better known murals was a feature of the Youth Pavillon of Expo 67 in Montreal.

Madame Le Moyne has appeared on arts broadcasts in Canada and France, and contributed art criticism to a number of newspapers and periodicals. In 1962 she served on a committee to advise the federal Department of Transport on the choice of works of art for the Edmonton airport.

Clifford Wiens:

Member of the Department of Public Works' Advisory Committee on Art representing the Western Region.

Education:

Studied Agriculture at University of Saskatchewan; the Rhode Island School of Design—USA B.Sc. in Architecture 1954; Special study course in concrete—London, England 1960.

Professional Practice:

Registered Architect in Saskatchewan, 1956; architectural practice since 1957.

Teaching:

Visiting Critic, faculty of Architecture University of Manitoba, 1968; lecturer, faculty of Sociology and of Art, University of Saskatchewan, 1966-67; faculty of Architecture, North Dakota State University, 1970.

Architectural Juror:

Federal Government Projects Awards—1968; Pilkington Awards—1968; Canadian Housing Design Council—1969; North Dakota Architectural Awards—1971.

Associations and other appointments:

Member—The Royal Architectural Institute of Canada; Member—Saskatchewan Association of Architects; Member of Council—(1967—1973 inclusive); Saskatchewan Association of Architects; Chairman—Public Relations Committee; Saskatchewan Association of Architects; Past President—1970; Saskatchewan Association of Architects; Past President (1960—1969 inclusive); Regina Chapter of Architects; Member—Education Committee R.A.I.C.; Member—Research Committee R.A.I.C.; Member—Traffic Committee; Regina Chamber of Commerce; Member—Society of Architectural Historians; Task Force Member; Mid-Canada Development Foundation; Associate Member—Royal Canadian Academy of Arts; Patron—Norman Mackenzie Art Gallery Society; Patron—Friends of Chamber Music; Advisory Board—Globe Theatre—Saskatchewan.

Mrs. Joan Lowndes:

Member of the Department of Public Works' Advisory Committee on Art representing the Pacific Region.

Mrs. Lowndes is art critic for the Vancouver *Sun*. Mrs. Lowndes is fluently bilingual, having graduated in modern languages from the University of British Columbia with a French Government scholarship. This enabled her to travel to Paris where she studied for three years, obtaining her Ph.D. with very honorable mention from the Sorbonne.

Mrs. Lowndes is a steady contributor to Arts/Canada, which commissioned her in June 1973 to go to Paris to give an account of two important Canadian shows: Canada: Trajectoires '73 at the Musee d'Art Moderne de la Ville de Paris and Selections from Art Bank at the Centre Culturel Canadien. In 1968 Mrs. Lowndes was one of six critics picked by the National Gallery to similarly fly to Paris to review Canada: art d'aujourd'hui at the state Musee d'Art Moderne. Immediately following this assignment she was awarded a Canada Council short term grant to familiarize herself with contemporary art in Paris, London and New York.

Mrs. Lowndes was invited by the Canada Council to Stanley House in 1969 to help prepare the agenda for the meeting in Canada of the International Association of Art Critics. She attended the sessions of the association the following summer in Montreal, Quebec, Ottawa and Vancouver. Mrs. Lowndes was for many years art reviewer for

the C.B.C.'s *Critics at Large* and has so written for *Vie des Arts*.

Before she decided to concentrate on the visual arts about twelve years ago, Joan Lowndes had a varied career. It included teaching French and German at the University of British Columbia, working as a translator for the French section of the Office of War Information, New York (later The Voice of America); and four years as producer of Talks and Public Affairs for the C.B.C.'s English network in Montreal. She has been a commentator on the C.B.C.'s English and French networks, an actress for the B.C. School Broadcasts in French; and West Coast correspondent for the French section of the C.B.C.'s International Service. Mrs. Lowndes is married and has a daughter.

THE SENATE

Wednesday, December 5, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

Bill read first time.

Hon. Mr. Martin moved that the bill be placed on the Orders of the Day for second reading on Friday next.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on the administration of the Emergency Gold Mining Assistance Act for the fiscal year ended March 31, 1973, pursuant to section 10 of the said Act, chapter E-5, R.S.C., 1970.

Report of the Superintendent of Insurance for Canada, Volume II, Annual Statements of Fire and Casualty Insurance Companies, for the year ended December 31, 1972, pursuant to section 8 of the Department of Insurance Act, chapter I-17, R.S.C., 1970.

ENERGY RESOURCES

TRANSSHIPMENT OF OIL FOR DOMESTIC HEATING—SUPPLEMENTARY QUESTION

Hon. Mr. Lang: Honourable senators, I should like to draw the attention of the Senate to the answers kindly furnished to the series of questions I asked last week and which appear in the *Debates of the Senate* for yesterday.

I particularly draw attention to the fact that the answer which appears to my second series of questions—this is no reflection on our leader, because I presume he had some assistance in preparing the answers—completely evades the question.

Hon. Mr. Flynn: Then he did not have any assistance.

Hon. Mr. Lang: My question was:

(1) Has the National Energy Board denied permits which would allow the transshipment at Montreal of Venezuelan oil—

And so on. I received the following answer:

The National Energy Board has not denied any applications for export of United States owned material stored in Canada—

That is a complete and obvious evasion of my question, and I ask the Leader of the Government if he will reconsider the answer with which I have been furnished.

Hon. Mr. Flynn: He will reply in the same way.

Hon. Mr. Martin: I assure Senator Lang that I had nothing to do with the formulation of the answers. I have neither the ministerial responsibility nor the technical competence to have done so. I assure the honourable senator that the matter about which he complains will be looked into forthwith.

Hon. Mr. Flynn: Forthwith!

AIR CANADA

ABORTED LANDING AT OTTAWA AIRPORT—QUESTION ANSWERED

Hon. Mr. Martin: Honourable senators, on November 22 Senator McElman asked me a question concerning the November 13 Air Canada Flight No. 637 out of Montreal bound for Ottawa. His question was as follows:

• (1410)

1. Has the Ministry of Transport received a report that Air Canada Flight No. 637 out of Montreal had its initial landing attempt at Ottawa Airport, at approximately 2 p.m. on Tuesday, November 13, 1973, aborted?

2. If so:

(a) What was the reason for such action?

(b) Have the person or persons responsible for the cause of such action been identified?

(c) What has been done to insure against any repetition of the cause or causes of such action?

The answer is as follows:

1. Yes.

2. (a) It was the captain's decision to overshoot as he was too high on the approach. There was no truck on the runway.

(b) Not applicable.

(c) Not applicable.

HONOURABLE F. ELSIE INMAN

BIRTHDAY FELICITATIONS

Hon. Mr. Martin: Honourable senators, although it is not our regular custom, I do not think we would want this occasion to pass without extending to one of our most beloved and most respected members, Senator Inman, our warmest congratulations on this her birthday.

Some Hon. Senators: Hear, hear.

Hon. Mr. Flynn: May I say that it is unanimous.

Hon. Mrs. Inman: Thank you, honourable senators. I certainly appreciate your thoughts. I can tell you that when you get to my age you feel every birthday is a gift.

BUSINESS OF THE SENATE

Hon. Mr. Molson: Honourable senators, before the Orders of the Day are called, I should like to rise on a point of order. Yesterday I intervened with very considerable reluctance when leave was asked to give second reading to a very important government bill. I say I intervened with reluctance, and I did so on two counts. First of all, I do not like to be always popping up and objecting, and, secondly, because it was during proceedings in which my honourable friend Senator Hayden was going to explain a very important bill, and explain it in the way he does with such clarity and excellence. It was the last thing in the world I wished to do.

In explanation I would say that on the rare occasion when it is felt desirable to speed up our business and give an important bill first and second readings at the same sitting, I believe that as a matter of practicality, courtesy, and convenience to all honourable senators, we should be so informed.

We were adjourned when the bill was passed by the House of Commons on November 26 last and we were to sit eight days later. When it was decided that as a matter of importance to the Senate that there should be extra time spent on this bill and the decision was made that leave would be requested to proceed with second reading at the same sitting, honourable senators should have been so informed.

The point on which I am rising is to ask the Leader of the Government whether, when such situations develop, he would be good enough to have the staff of the Senate inform us that it is proposed, because of the urgency of time, to proceed with first and second readings at the same sitting.

I can well imagine some honourable senators having other obligations and, assuming that the bill would come up on Tuesday evening for first reading only, felt that it was not necessary to be here because our rules require two days' notice for second reading. There could easily have been several senators who had every intention of being here for the explanation on second reading but were not here because they were unaware that leave was going to be requested to proceed with second reading immediately.

With great respect, I would ask the Leader of the Government to instruct our staff that when such a situation develops, information should be briefly indicated to all senators that it is planned to ask leave to proceed with second reading immediately.

Hon. Mr. Martin: Honourable senators, Senator Molson spoke to me about this earlier in the day. In principle I do not see why that could not be done. I explained all the circumstances to him. We did not sit last week. We observed the usual practice of communicating with the responsible officers of the Senate, members of the Senate, the proposer of the bill, the Leader of the Opposition and others. In this instance I think I should have communicated with Senator Molson, who is the leader of his own group.

[Hon. Mr. Flynn.]

Hon. Mr. Molson: I would have been able to inform the members of my group very quickly.

Hon. Mr. Martin: We will see if we can do this.

Hon. Mr. Rowe: Honourable senators, I should like to mention a matter that I think is of some interest to a number of honourable senators, particularly those who live west of Toronto and east of Montreal. I refer to the increasing difficulties at this time of the year in making airplane and other reservations, particularly airplane reservations. Very often we are compelled to go by guesswork. I know that the house leaders and other responsible senators at times find it very difficult to predict what will happen; a lot of imponderables are involved. However, as I have said before, some of us have the feeling that there are occasions when we could be given earlier warning about the disposition of Senate business.

This is, of course, a serious matter to most of us who, in addition to senatorial responsibilities, may have professional, political, or personal responsibilities as well. If there is any way whereby we can be given more advance notice of the dates of sitting and terminating Senate sessions, I hope that will be done, particularly at this time of the year when flights to Newfoundland and to other places are probably already booked up, in some instances until the second day of January. This is a very important matter for those of us who periodically try to get back and forth from our homes to Ottawa.

Hon. Mr. Martin: I think we must assume that we will be here, in all probability, until December 21. Beyond that it is not possible for anyone to indicate.

Hon. Mr. Flynn: Do you mean every day?

Hon. Mr. Martin: It all depends. I hope not.

Hon. Mr. Flynn: I hope honourable senators will notice that I have not intervened and that it is not my personal problem.

Hon. Mr. Rowe: Could the Leader of the Government indicate whether that includes Fridays as well? Routinely we meet on Tuesday night and terminate on Thursday afternoon. What about Fridays and the weekend?

Hon. Mr. Martin: We may have to meet on Fridays.

Hon. Mr. Flynn: Why?

Hon. Mr. Martin: At the moment it looks as though we will have to meet this Friday.

Hon. Mr. Beaubien: Honourable senators, we could deal with the work we have in front of us today, tomorrow and on the three days next week when we usually sit. I do not think it is fair all of a sudden to change our sitting days for no particular reason. Just for the fun of it, I went through the *Minutes of the Proceedings of the Senate*, and I see that from January 4 to September 14 there were 77 sittings.

When we look at the attendance by some people it is quite interesting. The Ottawa senators, of course, have a very good attendance record, but as you get a little farther away from Ottawa, in some cases the attendance is pitiful. I think one of the reasons is that we have a slipshod way

of running things. When we have to deal with a bill that comes to us at the last minute nobody minds. On one occasion we sat all day on a bill and passed it at ten minutes to six the following morning. Everyone did it cheerfully and it was all right. It is the nature of our lives but that does not mean we should change every time a bill comes, sitting on Friday one week and Monday morning the next. We could run the business better than that.

● (1420)

Hon. Mr. Martin: As the honourable senator has just said, it is in the nature of the business. We have all accepted our obligations as senators. There is no other way, I believe, for this house to operate than the way we are operating now. We are dependent absolutely, in the absence of action by ourselves, on the progress of legislation in the other place. Senator Hayden, for instance, the sponsor of the bill, suggested that because of the importance of the bill, we should meet on Monday of this week. After consulting various people we came to the conclusion that the timetable might permit us to meet in the usual way on Tuesday and proceed accordingly. I know Senator Hayden has worked hard on this and has been working out a schedule in order to expedite our consideration of the bill.

We received a bill from the House of Commons today regarding wiretapping. We have a bill on federal-provincial fiscal arrangements, which passed in the other place unexpectedly on Friday last after about 15 minutes of debate. These are circumstances over which no one has any control. As the Leader of the Opposition would be the first to agree, particularly at this stage of our proceedings, we must be ready for this kind of eventuality. I do not know of any way to avoid it.

While I am discussing this matter, I can say that we are expecting certain other bills. We expect two energy bills. One, which deals with the allocation of energy, is now before the House of Commons. Another bill, which deals with a tax on gas, has not been presented there yet. However, it will come before us because it deals with the crisis facing the country—or the anticipated crisis.

Hon. Mr. Flynn: You are speaking like a minister of energy.

Hon. Mr. Martin: I am using the language of the bill.

Some Hon. Senators: Oh, oh.

Hon. Mr. Martin: I am glad to hear Senator Beaubien laugh. That makes the whole situation much easier than I thought it would be before I rose.

Hon. Mr. Flynn: If you had known, you would have remained seated.

Hon. Mr. Martin: There is nothing like a laugh.

[*Later:*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE,
Ottawa

5 December 1973

Madam,

I have the honour to inform you that the Right Honourable Gérald Fauteux, P.C., Chief Justice of the Supreme Court of Canada, in his capacity as Deputy Governor General will proceed to the Senate Chamber today, December 5, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau
Brigadier General

Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate
Ottawa

FOREIGN INVESTMENT REVIEW BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on Bill C-132, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons.

Hon. Allister Grosart: Honourable senators, in connection with Bill C-132, we had last night the usual comprehensive explanation and review of the background of the bill by Senator Hayden. We have had from him here many great efforts in the introduction of bills, and in my view this was one of his very best. He was pressed for time and there were some aspects of the bill that he was not able to cover and he indicated that had more time been at his disposal he would have covered them.

I got the impression that Senator Hayden, as sponsor, was not too happy with the bill as it is before us. He made an excellent case for the input of constructive amendments by the Standing Senate Committee on Banking, Trade and Commerce of which he is chairman. I was not quite as optimistic as he seemed to be that the Senate has been listened to as thoroughly as some of us had hoped it might in connection with possible amendments. If I heard him correctly, he indicated that there were three major amendments by the Senate committee that had not been acted on. It is very difficult, in assessing the relationship between the Senate committee recommendations and the bill as approved before us, to determine exactly the value of the input of the Senate committee. One can come up with various groups of numbers; one could say that there were perhaps 17 amendments suggested by the Senate committee, some grouped together so that perhaps there

were nine groups of amendments. Some of these were fully accepted, some were partially accepted and some were not accepted at all.

Hon. Mr. Hayden: Were not dealt with.

Hon. Mr. Grosart: Well, "were not dealt with"—I said they were not accepted and I take it to mean the same thing, because the bill is before us and I presume they were dealt with. I am quite sure that the minister and others having before them the report of the Senate committee would say that they "dealt with" them.

Hon. Mr. Flynn: It is a question of the way in which they dealt with them.

Hon. Mr. Grosart: I can only presume that they rejected them, at least for the time being. I do not think we could ever get much satisfaction from merely saying that the minister deals with amendments from the Senate committee or from the Senate. Naturally, he will deal with them. What we are concerned with is whether he will deal with them positively or negatively.

However, in saying that, I do not for one moment want to take away from the importance of the input of the Senate committee. The Senate committee has been listened to. Some of its recommendations have been accepted and these have made a vital improvement in the bill as it stands before us. I regret, however, as I am sure the committee and Senate regret, that some of the amendments were not accepted, because those particular amendments would have made for a much better bill than the one before us. I refer particularly to some of the exemptions—exemptions of certain types of corporate activity or enterprise which the Senate committee recommended should be exempted from the non-eligibility definitions in the bill. I also refer particularly to one major amendment from the Senate which Senator Hayden referred to but did not include in his list of negatives, and I am referring to the phrase "significant benefit" which remains in the bill, and which, in my view and obviously in the view of the Senate committee, is a serious deficiency in the bill as it stands before us.

This may or may not create an interesting problem for the Senate, but I have been one who has supported and warmly praised what I have called the "Hayden formula" of obtaining permission from the Senate to consider the substance of White Papers and bills which may emanate from those White Papers in advance of the time when such bills would actually come to us. This formula has in my view been an important innovation in the Senate's activities. It has, or should have, avoided the terminal problem which we have at times when very important bills come to us when the Commons is ready to go home and we are expected to pass them without the kind of consideration many of us in the Senate believe important bills should receive.

I have said it is an important innovation. I hope in this case that it will not prove embarrassing as it proved to me to be and to some other senators in the case of the so-called "tax reform bill", at which time it seemed to me the Senate was put in the position of, if not repudiating some of the recommendations made by the same Senate committee, at least of begging for the privilege of a change of mind or a second thought or a temporary accommodation to the wishes of the ministry at the time. I hope we will not find ourselves in that position this time, but that the Senate committee will insist vigorously upon the amendments that have not been incorporated in the bill before us, and that the Senate will support the committee in that regard.

This, I say, is my hope, and it would be a great day for the Senate if, having put these amendments forward and having had them dealt with—although, as Senator Hayden says, not accepted—the Senate were to insist that there is value in these amendments and that they must now be incorporated in the bill. I know the problems, of course, such as that of time, and the problems of the Leader of the Government, who obviously assumes the responsibility of getting the Senate to agree as expeditiously as possible to bills that have been approved in the Cabinet, of which he is a member. I recognize all of his problems—

● (1430)

Hon. Mr. Flynn: Is that the exact responsibility of the Leader of the Government here, to have legislation enacted and passed as expeditiously as possible?

Hon. Mr. Grosart: Well, I used the phrase to indicate that it was an accepted responsibility. Perhaps I went too far.

Hon. Mr. Flynn: I hope you did; but unless you were making a description of the actual Leader of the Government—

Hon. Mr. Martin: He was using the words used by Mr. Meighen.

Hon. Mr. Flynn: Nobody remembers except you.

Hon. Mr. Martin: I am the only one that reads, then.

Hon. Mr. Grosart: Excuse me. I—

Hon. Mr. Martin: On behalf of the Leader of the Opposition and myself, I excuse you.

Hon. Mr. Grosart: I wanted to make sure that that interesting exchange was over before I continued, because I would not have wanted to interrupt it.

I was about to say that, of course, it may not be correct to describe this as the constitutional responsibility of the Leader of the Government. I certainly have had the impression that it has been a responsibility assumed by leaders of the government since I have been here, certainly while on this side of the house. I think there is some justification for that. After all, the Leader of the Government is the Leader of the Government—not in the sense that some of us would wish, and this is no disparagement to him—namely, that he should be the Leader of the Senate rather than the Leader of the Government. This is one of the reforms that have been suggested, if we are to reform this institution in due course.

Hon. Mr. Flynn: You have to reform the institution if the individuals will not reform themselves.

Hon. Mr. Croll: It is your turn, Senator Grosart.

Hon. Mr. Grosart: It is my turn again, perhaps.

I move now to some comments on the principle of the bill. I think all honourable senators are agreed that the principle of the bill, the intention of the bill, as expressed in the preamble, is control. There is no question but that

Canadians generally are concerned about foreign control of our economic, social and cultural future, as a result of the predominance of foreign corporations, particularly American corporations, in the private sector of our economy. There are varying figures given as to what the extent of that control might be at the moment. The latest figure I have seen, although it is hardly definitive, is that it might be 60 per cent of manufacturing, perhaps the same in mining and smelting and other resource industries, and in some particular areas, particularly in petroleum products, as high as 90 per cent or more. This, however, has been going on for a long time. There is nothing new about foreign domination of the Canadian corporate economy. One has to ask: why the sudden heated debate? And it has been comparatively sudden.

A few years ago Canadians generally were fully aware of the concessions that we had had, particularly from our American friends in relation to some of their global measures of protection, and some would say isolation; but suddenly we are very concerned about foreign, and particularly American, domination of our economy. Yet we know, or are fully aware, that foreign investment, and particularly American investment, particularly since the war, has contributed a great deal to our own best interests. We would not have our present standard of living if it were not for American and foreign investment, particularly in our resource industries, and to a considerable extent in our manufacturing industries. We would not have as efficient an economy as we now have as a result of American management expertise, and also as a result of the access to foreign markets that we have been given as a result of what I might call the "branch-plant" aspect of our economy.

The reasons, I think, are worth considering, honourable senators, because they are so much a part of the new Canadianism. Some call it economic nationalism; others call it a mere upsurge of world-wide nationalism. Whatever it is, it is with us and it has a great deal to do with the bill now before us, because without that upsurge we might have gone on and continued to live with the situation as it was, saying, "It will work out in the long run; we will continue to have a substantial favourable merchandise balance of trade, and we will also have for some time at least, perhaps forever, a non-merchandise, or, as some people call it, an invisible deficit, and on current account we will have a deficit but not one with which we could not live." That is the attitude that could be taken. We could also say, "Why close the door now? If we have these high levels of foreign control of our economy, and if we are looking very much into the future, will we be dealing with another 10 per cent, 15 per cent or 20 per cent, and does it matter all that much?" Those are some of the philosophical suggestions put forward when considering the desirability and efficacy of the bill now before us.

The reasons, as I see them, are rather well documented in a recent publication called *Nationalism and the Multinational Enterprise*, published by three professors from McGill University, H. R. Hahlo, J. Graham Smith and Richard Wright. In one particular chapter which deals with the Canadian situation in respect of multinational corporations and other corporations involved in the problem with which we are now dealing, I find this analysis, to which I have added a few of my own, of the reasons why we are now concerned with foreign control of our economy.

Hon. Mr. Hayden: What is the page?

Hon. Mr. Grosart: It will be found in chapter 3 which is headed, Canada and the Multinational Enterprise, written by Ivan R. Feltham, Q.C. and W. R. Rauenbush, beginning at page 40. These informed gentlemen say that the first reason, and this is perhaps the most important, is that it is only in the last decade that we have moved from a position of dominant control of individual corporations to a positon of dominant foreign control of whole industries. I do not need to document that; we know it to be a fact. But it is also a well known fact that it is only in the last decade or decade and a half, certainly within that time span, that we have awakened to the fact that this is so.

The second reason is that the American proportion of that control has increased, and for various reasons connected with the American image abroad, American control—and the reasons may be sentimental or otherwise—has become less acceptable to Canadians than control from elsewhere.

● (1440)

The third reason is related to that. We are perhaps in a backlash of the European concern about American control. A great deal has been written about this. The famous Servan-Schreiber book *Le Défi américain* is a good example. We, like other nations around the world, are becoming concerned particularly about American domination, not merely foreign domination *per se*.

The fourth reason given is the rise of the multinationals. The multinationals are obviously creating a problem for all sovereign states, because there are many indications that in many areas of their activities they are able, if permitted, to transcend national boundaries with their policies and, at times, to act in ways that may be regarded as counter to national economic policies. At the present time it is said that some 15 per cent of the total GNP of the free world is now controlled by multinationals and there is an estimate that this will rise in the next 20 years at least to 50 per cent.

The fifth reason given is the concern about extraterritorial application of foreign laws. We have had some very good examples of that in Canada or, at least, some good "scares" about it. There is some evidence that our American friends in the structuring of their own remedies for their economic troubles find it necessary to insist that their laws, particularly in respect to foreign investment in the United States and to American investment abroad, should carry through to the policies of subsidiaries of American companies. The result is this problem of extraterritorial extension of the laws of one country into our own. Then, of course, there are these specific balance of payments measures which came upon us rather suddenly in Canada. It always surprised me that we did not anticipate them, perhaps because our American friends were taken by surprise when they suddenly discovered two or three years ago that for the first time in their history they were faced with a deficit on commodity trade. When they looked at the picture they said, "Who are the two biggest offenders? Japan and Canada." They had not, I think, put us in that class up to that time, but when they

were faced with this crisis in their economy they introduced legislation to remedy it. This had very serious effects on our own economy, not as serious, I think, as the general assumption at the time in Canada but, nevertheless, serious. It is rather interesting, because it has been said that our action as governed by this bill is unilateral and unique. Although I am not fully in favour of this bill, I would have to say that that is not so, because it is rather interesting that the name of one of the groups of regulations that our American friends decided to invoke is the Foreign Investment Control Regulations. For reasons that I think Senator Hayden indicated, we did not go quite that far in the nomenclature of our bill. We called it the Foreign Investment Review Act but, of course, we all know it was a foreign investment "control" act. That is a bit of semantic euphemism which I do not think has done any particular good but, perhaps, no great harm.

Then, of course, the seventh reason has been the concern about the degree of the social responsibility of corporate management. This is, I think, a fairly new phenomenon in its present cycle, although, of course, it has been going on for a long, long time, as evidenced by the anti-trust laws in the United States and our own restrictive laws in respect to competition. However, as part of the new concept of the importance of social indicators as a yardstick of the efficiency of legislation and government policy, we have come to place much greater emphasis upon our analysis of the degree of social responsibility that has been accepted by Canadian and particularly foreign corporations.

Finally, there is the worldwide resurgence of nationalism. This is not confined to Canada. We sometimes call it economic nationalism. Some people call it chauvinism. There are many names and many aspects, but there is no question it is with us. Public opinion polls have made it very clear that this is a matter of great concern to Canadians, although the overwhelming figures of the degree of concern are, I think, greatly distorted merely by putting the question, "Are you in favour or not of further foreign control of the Canadian economy?" If the question was put, "Would you be in favour of restricting American control if it meant dropping your standard of living 30 per cent, or if it meant losing your job?" I think there might be a different answer.

Those are the eight reasons that are given and I elaborated on them somewhat, but there is an interesting discussion in the source I have just mentioned. All this means, of course, is that this bill faces up to the problem, which was very clearly enunciated by Senator Hayden, of reconciling these two broad factors in our future. One is, of course, the desire to control our own destiny. The other is the obvious need of continued foreign investment if we are to achieve that destiny. So we have these two factors operating at times against each other, and an attempt has been made in this bill to reconcile them.

The question before us, of course, is, is this the best possible reconciliation? Could it be a better bill? Senator Hayden indicated that he hoped this bill would do the job, and I am sure we all do. He indicated some doubts, and I have further doubts. The bill could be improved, should be improved and will certainly be improved if this Senate insists on the amendments already made by our committee.

[Hon. Mr. Grosart.]

We have, of course, the problem of what will be the effect of this bill on our relations with our American friends. These are our best customers. Two-thirds of our merchandise exports are taken by the United States, which means the United States permits access of those imports to their markets. Something like two-thirds of our imports, necessary imports for the maintenance of our economy, also come from the United States, a total each way of about $10 billion, not an insignificant portion of our economic account. It is also so that our surplus on merchandise trade with the United States has been increasing quite substantially and for the last three years has been at over $1 billion. I add the rider, as I did earlier, that this is not the current account figure. We are still in deficit on the current account.

● (1450)

American investment in Canada is said at the moment to be about $38 billion. Here again there are various figures given. I would say this is an up-to-date figure. On the other hand, Canadian investment in the United States is about at the level of $5 billion, which is something we would not want to jeopardize, because it is a very important earner of necessary balance of payments money.

If I might quote again, on page 48 of *Nationalism and the Multinational Enterprise*, it says:

> In the search for general guidelines—

The reference is, of course, to guidelines on what we should do about foreign investment.

> —we have concentrated too much on ownership and its traditional corollary, control, and too little on regulation of behaviour of enterprises to achieve defined goals. There is already a high level of behaviour regulation for economic, safety and other social purposes. All business is subject to some regulation and some industry to a very large amount.

This is the kind of alternative suggestion which I do not believe has been given enough consideration in the deliberations leading up to the drafting of this bill. There seems to be some evidence, clear in the Gray Report, that there is an unreasonable bias *per se* against foreign investment in Canada.

I say "an unreasonable bias" because in the Gray Report I find no attempt to balance or assess the advantages of foreign investment to Canada over the long run, in the present or in the future; and certainly I see no indication in this bill that this aspect has been given the consideration it deserves.

This may be a dangerous bill. If it offends those on whom we rely to invest in the future of our country, we shall have some serious problems. It seems possible to me that one of the effects of the bill as it stands might be to induce a would-be investor in a plant to produce a product for the Canadian market, to locate in the United States. His attitude might be that he does not want to go through this review process. Canadian tariffs are fairly high. If he has a product for which there is substantial demand, he will pay the tariff and invade the Canadian market from his plant in the United States rather than invest in a plant in Canada.

There is real danger that this will be one of the effects of the bill. I should perhaps qualify that by saying, as did

Senator Hayden, that a great deal will depend on the administration of this bill. We have very little evidence or reason to know how it will be administered. There have been some indications, non-official statements by officials and perhaps even by the minister, that the bill will not be as rigidly enforced as the provisions would indicate it could be. We all hope that will be so.

The decision raises, of course, the great problem of ministerial discretion. Dare we trust this tremendously important factor in our destiny to this kind of review process, bureaucratic at one level, semi-bureaucratic at another, departmental ministerial at another, and Cabinet level at another? It seems to me to be a kind of judgment, an almost impossible task of deciding out of hand, irrevocably, without appeal, whether a business investment in Canada will be of significant benefit to Canada. No one knows. Very seldom has anyone introducing a new product a clear idea of what it will do on the market.

As for "significant benefit," which I will come to in a moment, I was thinking about this the other day in connection with Xerox Corporation's being allowed to come into Canada. I remember the early days of the Xerox Corporation. That new product was not entirely accepted by the business community for a very long time. It might not have been allowed into Canada, yet many of us who saw it at the start could today be millionaires if we had known its potential significant benefit to Canada. That would apply to many people. Would it have been regarded as of "significant benefit" to Canada?

Taking the criteria with which the minister is to be guided in making his decision on whether to permit a takeover or new business in Canada, one would, of course, be employment.

It might well have been argued that Xerox was likely to put many stenographers out of business. That would have been one argument. It could also be argued that there would be unfair competition to business already in the duplicating field.

Again I say that if the administration of this bill is as wise as we hope it will be, perhaps these problems will not arise. But I see a tremendous responsibility in asking any review board or review group, including the Cabinet, to decide whether this or that business will succeed, what its effect will be on employment, what its effect will be on competition with other businesses, and whether it will be of significant benefit.

To achieve its purpose, it is obvious that in this bill very wide powers have been given to the review board, to the minister, and to the Cabinet.

This is a fairly old story in the drafting of legislation, where the net is cast wide to catch all the possible fish, even if many fish would be much better left in the sea to swim their own way. Here again, it is a matter of administration. Of course, we do not have before us the usual regulations which will be promulgated under this bill. Again, we are in the dark in many aspects of the bill, although I am glad to say that in the regulation clause of the bill we are not at this time faced with that impossible kind of clause which we have often had in other bills, which says that it will be at the discretion of the minister to make regulations which he considers necessary to effect the purposes of the bill. I have said before that I will oppose such a clause each time it appears in a bill, because obviously it takes the decision about its relevancy to the provisions of the bill away from the courts. It merely means that if the minister thinks he needs such a regulation, that is the end of it. That clause, I am glad to say, is not in the regulation section of this bill.

I would not in all respects go quite as far as the submission of the Board of Trade of Metropolitan Toronto, which I have before me. I am sorry it has no date. In some respects I was impressed with the statement:

> The board represents businessmen who want a government of laws, not of men, who want certainty in law.

That is perhaps the crux of the business community's objection to some clauses of this bill. I know the difficulties involved in the drafting of bills, but I am always concerned when we substitute the judgment or the discretion of men for clear, legal guidelines.

● (1500)

I said I would not go as far as the Board of Trade and others in the matter of the constitutionality of the bill, which Senator Hayden discussed at length last evening. It paraphrases Lord Acton, and is simply the irrepressible deduction from history "that great discretionary power, secretly exercised, is likely in the long run to lead to the corruption of those who exercise or influence the exercising of the power." Some might agree with that, but perhaps not with another statement. I am unable to put my hands on that statement at this time, but it is to the effect that because of the problems of the possible unconstitutionality of the bill, no businessman is likely to contest it on those grounds and, therefore, it amounts to "intimidation of business." That is a statement which, in my view, goes too far. Senator Hayden dealt comprehensively last evening with the problems involved in challenging the constitutionality of the bill, possibly by the provinces and possibly by some corporation or person affected by the bill.

We have before us the bill, the report of the Senate committee, Senator Hayden's excellent explanation given last evening and appendix "A" to *Hansard* of yesterday, which gives us an assessment of the acceptance or otherwise by the government of the Senate amendments.

Because of the importance to the Senate of this general situation, I would hope that in due course—perhaps in summing up—Senator Hayden will have something more to say. He was pressed for time last evening and generously did not wish to retain our attention longer than he did. However, I hope he will have something to say on the comments I will now be making on the bill as it stands in relation, to some extent, although not exhaustively, to the recommendations of the Senate.

I have mentioned the name of the bill. It is derived, I think, fairly directly from the Gray report which was entitled *Foreign Direct Investment in Canada*, although this bill deals with more than direct investment.

The preamble, as Senator Hayden called it, headed, "Purpose of the Act," in his view has been inserted to bring to the federal authority the power to enact this bill within the Constitution.

Hon. Mr. Hayden: Would my honourable friend permit me to interject? I did not say its purpose was to bring the authority within the purview of the federal authority. What I said is that the use of a preamble or the use of a statement in a bill itself—this time the statement is in the bill itself, not the preamble—is very often the device used in order to raise the presumption of validity. I did not say that that declaration makes the bill valid.

Hon. Mr. Grosart: Of course not. That would be the last declaration in the world I would expect from Senator Hayden. He did refer to it as a "presumption of constitutionality" on the part of the framers of the bill and therefore of the government. He referred to the fact that the bill presumes to say that this situation with which we are faced is a matter of "national concern," and he went on very learnedly to explain the relationship of the phrase "national concern" to "national emergency" in respect of recent Supreme Court decisions. In listening to him I wondered why the government had not been bold enough to say it was a matter of national emergency, which they have not done.

Moving on to the famous clause 2 where the marginal note in subparagraph (2) is, "Factors to be taken into account in assessment." That refers, of course, to the assessment by the review board, the ministers and the Cabinet as to whether or not a person seeking to start a new business in Canada or to take over an existing business is an eligible or a non-eligible person.

Hon. Mr. Hayden: If my friend would permit an interjection? I think his statement combining the review agency with the minister is not a correct interpretation of the bill. The agency has no authority. The minister makes the decision and the assessment.

Hon. Mr. Grosart: I thank Senator Hayden for that correction. As a matter of fact, he made that very clear in his statement. I was coupling the whole process together from the review agency to the commissioner, to the minister, to the Cabinet, and saying that it is within this bloc that the decision is made. It is quite true, as Senator Hayden says, that the agency itself merely passes on—

Hon. Mr. Hayden: It is a conduit pipe.

Hon. Mr. Grosart: Yes. But it is part of the process. It is part of the decision-making process. It is the very start of the decision-making process, and without the review board there could be no decision-making process upward. It is for that reason that I coupled them all together. I am fully aware that the review board itself merely accepts the application, and perhaps it does some lookout work in order to apprise itself so that it can in turn apprise the minister as to whether somebody somewhere is thinking of making an acquisition, and so forth, under the act. I thank Senator Hayden for the correction, because he is normally much more precise in these matters than I am likely to be.

When we come to this part of clause 2, we have this famous phrase:

> . . . the establishment of any new business in Canada is or is likely to be of significant benefit to Canada,—

The committee in its report says that this may not be the best phrase to use. Senator Hayden suggested the phrase, "contrary to Canada's national interests" as being a better phrase. I think he was perhaps referring there, as he indicated, to the phrase in the Australian bill. I believe the Australian bill uses the phrase, "in the national interest."

Another suggestion which appeals to me is that the disqualification requirement be that it be shown that the proposed acquisition would be a detriment to Canada. This goes much further and produces much better guidelines for business. As somebody has said, if the acquisition or new investment is not a detriment to Canada, then why worry about it? Yet, we go the other way, perhaps casting the net as wide as possible with this phrase, "of significant benefit to Canada," which, as I indicated, is going to be absolutely impossible to interpret with any consistency because of the criteria requirements that have to be applied to the decision. I will not go over them, because Senator Hayden explained them thoroughly last night.

● (1510)

I move on to clause 3(3)(b), which is the presumption of control provision. This takes us into the famous "25-10" situation—that is, the definition of the degree of control, or apparent control, in the shares of a corporation. I am sure honourable senators are aware of the general situation here. Perhaps it is enough for me to say that the Senate committee made two very sensible recommendations, which were not adopted. It is said that 5 per cent of the shares of a corporation owned by one individual should be the threshold of non-eligibility. The committee recommended that that should be raised to 10 per cent, and also that the 20 per cent in other clauses—which I will not deal with, because there are a great many of them—should be increased to 25 per cent.

I myself find it difficult to understand why the Senate committee's suggestion was not accepted, because it is not only sensible but has a broad consensus of support among the experts in business, and even among academics. This is the formula that Premier Davis of Ontario suggested very strongly. Perhaps I might quote a statement he made in the Ontario Legislature on July 13, 1971, which is reported in the Ontario Securities Commission Bulletin of July 1971:

> This policy of using a 25-10 formula for non-Canadian ownership is consistent with that now in effect in the loan and trust field and which we used in connection with distributors of paperback books. It is a sound yardstick for use in most areas involving foreign ownership, enabling the encouragement of foreign investment and funds while protecting our own Canadian interests.

It seems to me that this recommendation of our committee was so sound, and so much in line with current conventional wisdom, that the committee and the Senate will insist on it. In various clauses of the bill, which I will not detail, both the 5 per cent and 20 per cent thresholds are retained, in spite of the Senate committee's recommendation.

I turn to some other of the committee's recommendations that were not accepted. There was a group of recommendations applying to amalgamated corporations, which we suggested should be completely exempted. The committee also suggested that investment fees be exempted, and that certain non-arm's length transactions that did not involve change of control should be exempt. I should

also perhaps mention normal real estate activities. All of these were very important exemption recommendations that would have made this bill much more workable in my view and I am sure in the view of Senator Hayden and the committee. These recommendations were not accepted.

Hon. Mr. Hayden: Except the amalgamation.

Hon. Mr. Grosart: I am subject to correction. My recollection now is that a clarification was made, but that the complete recommendation was not accepted. I know there was a clarification, but it was my impression, on reading the suggested amendment and the bill, that the totality of the suggested Senate amendment had not been accepted. Perhaps in due course Senator Hayden will correct me if I am wrong on that.

Hon. Mr. Hayden: Do you want the statement now?

Hon. Mr. Grosart: Of course.

Hon. Mr. Hayden: All the bill appears to deal with is what they call statutory amalgamations—that would be of shares. Provisions exist in both provincial company law and federal company law to permit the amalgamation of two or more companies as a result of which the several companies cease to exist, and the amalgamated company becomes the company. We thought that sort of transaction should be excluded from the bill, and it is. The bill does not deal with an amalgamation, in the general terms of that word, outside of statutory amalgamations; nor does it deal with amalgamations that may be in relation to assets rather than involving shares.

Hon. Mr. Grosart: Thank you very much. Then I think we can mark that one up as a partial acceptance of the Senate recommendation.

Hon. Mr. Hayden: Yes.

Hon. Mr. Grosart: Then we come to the question of rights issues, which are very complicated and run through a number of subsections and paragraphs. Here again, on such things as foreclosure and so on, the Senate recommendations were not, as I recall, accepted.

Hon. Mr. Hayden: The foreclosure recommendation was.

Hon. Mr. Grosart: Foreclosure by security holders, yes. However, I was particularly interested in the phrase used in connection with clause 3(6) (d.2), where the Senate recommended that certain borrowers—I will not go into the full details—be not contaminated (which was the word used) by non-eligible person status. I find that a very interesting indication of an attitude by the committee, which seemed to me to make a great deal of sense, that there is considerable danger of normal, reasonable, honest, decent people being contaminated by this bill. As the bill stands, I am afraid that such persons will continue to be contaminated.

Hon. Mr. Hayden: Would my friend permit me to clarify that?

Hon. Mr. Grosart: Of course.

Hon. Mr. Hayden: "Contamination" simply means that if a Canadian business enterprise borrowed money from a non-eligible person it might well be that under the bill that Canadian enterprise, in borrowing money from a non-eligible person, might itself become tainted with non-eligibility.

Hon. Mr. Grosart: Contaminated.

Hon. Mr. Hayden: We thought by choosing the word "contaminated" it described the situation. That has been corrected.

Hon. Mr. Grosart: I think it was an excellent use of the word. I mentioned it because I like it so much. I did refer to the fact that it might be used in relation to some decent, honest people who might find themselves contaminated by dealing with others who are described by this dreadful phrase "non-eligible person."

Hon. Mr. Hayden: It has a more general application.

Hon. Mr. Grosart: It is a frightful thing to have to live with, to think that some American or other foreigner would have to say to a Canadian he wants to discuss a business deal with, "I am sorry, but I am a non-eligible person in Canada . . ."

Hon. Mr. Hayden: "And I don't want to contaminate you."

Hon. Mr. Grosart: ". . . If you have anything to do with me you will get contaminated. Watch out for yourself." That is what economic nationalism could do when carried to its farthest extreme. I am not for one moment saying that is characteristic of the country.

Hon. Mr. Hayden: Would my honourable friend suggest that we should find a vaccine against that?

• (1520)

Hon. Mr. Grosart: I think the Senate committee has offered some very fine shots.

Hon. Mr. Hayden: That is right.

Hon. Mr. Grosart: Shots of an excellent vaccine.

Hon. Mr. Hayden: That is right.

Hon. Mr. Grosart: And what I have been saying to the Senate is that I hope that the doctors in the committee will put the needle in, put it in deep, and keep it in there—

Hon. Mr. Hayden: There must be something in the needle.

Hon. Mr. Grosart: —until the patient responds positively, not negatively, the way it did the last time we had this situation. There is plenty in the Senate committee's report.

Hon. Mr. Langlois: The Salter vaccine.

Hon. Mr. Martin: Senator Langlois said we might apply the Salter vaccine.

Hon. Mr. Grosart: I always respect Senator Langlois' opinion but I have an innate resistance to puns, particularly puns of that kind which would relate the Salk vaccine to the Salter vaccine, but, of course, it is quite appropriate.

The committee had some success, what we might call partial success, in the reduction of certain delays. Again I will not go into details but I hope that Senator Hayden, if he feels at any time that further details will help, will not hesitate to give them. I would certainly welcome his filling in the precise details of some of these matters. There had been a reduction in certain delays. In the original bill

it was 90 days, the Senate recommended 30 days, and now we have this compromise to 60 days. We have gone halfway—again another partial success.

I come now to three specific areas where Senator Hayden seemed to regard the result as a major, if I may say so, failure of acceptance.

The first was in the matter of provincial consultation. It seems to me this is very serious, because under the bill as it stands those who will be engaged in the decision-making process will have certain criteria as to whether an investment or acquisition is by an eligible or a non-eligible person—in other words, whether it is acceptable in Canada and whether it is of significant benefit.

There is some casual mention in the bill of provincial input but as Senator Hayden himself said, in giving his judgment on the bill, there is no requirement of any provincial input. This would seem to be a very serious omission. It perhaps goes to some extent to the question of constitutionality, because if we are speaking of "national concern" it would seem obvious that the relevancy of the bill, or the constitutionality of the bill, would depend on the nationalism—the national extent of the concern.

The provinces are vitally concerned in these provisions. We all know as a matter of fact that many provinces are actively out in the world financial markets soliciting foreign investment today. It is true that in the decision-making process a representatation by a province must be taken into consideration. But it seems to me that there is no constitutional point which would require the decision-makers to find out whether any province wishes to make a representation.

It may be said that these acquisitions do not go on in secret, that provinces are going to find out. This is not necessarily so. As I read the bill, the decision-making process may start when someone is just thinking about an acquisition. I do not see anything in the bill that says there must be an overt act of acquisition before various things can happen, including the invasion of private offices on a court order to find out if somebody is thinking of an acquisition. It seems to me the bill goes that far, but I am subject to correction on that.

This being so, there will be very many cases where there is federal government intervention between the contemplation of acquisition and acquisition, where provinces would have no knowledge whatsoever, and where decisions might be made—if the administration is not what we would hope—without the knowledge of the provinces.

Hon. Mr. Hayden: I know my friend wants to state the position accurately, but the investigation provided for in the bill is where the minister has reasonable and probable grounds to believe that a non-eligible person, or group of persons any member of which is a non-eligible person, is proposing to implement a proposed investment, or has made the actual investment, without complying—

Hon. Mr. Grosart: That I think is exactly what I said—where somebody is proposing to make a proposed investment.

Hon. Mr. Hayden: My friend used the word "contemplate".

Hon. Mr. Grosart: Well, contemplate. "Contemplate" is "propose."

[Hon. Mr. Grosart.]

Hon. Mr. Hayden: Is it?

Hon. Mr. Grosart: It can be.

Hon. Mr. Hayden: You write a different dictionary from me.

Hon. Mr. Grosart: I would not say so. I would say that in certain cases the words can certainly be synonymous. If I contemplate a decision I am putting or proposing an action in my own mind. I do not have to be proposing it to someone else. To some extent a contemplation is a proposition, which a person is entitled to consider subjectively himself. We will not argue on the semantics of it, except that Senator Hayden says we are looking at different dictionaries. I do not think we are. We are looking perhaps at a different interpretation of perhaps the same dictionary, which is quite common, certainly in the interpretation of statutes.

I would hope that Senator Hayden might enlighten me on one matter which comes up under clause 14(2)(b) on page 26. It starts at the bottom of page 25. The whole subclause reads:

> Any information with respect to a person, business or proposed business obtained by the Minister or an officer or employee of Her Majesty in the course of the administration of this Act may,
>
> (a) on request in writing to the Agency by or on behalf of the person to which the information relates or by or on behalf of the person or group of persons . . . or
>
> (b) for any purpose relating to the administration of this Act, be communicated to a Minister of the Crown in right of any province or to an officer or employee of Her Majesty in right thereof—

My question is: Would this communication be automatic. The bill says it "may be" communicated. It would seem to me desirable to say that it "shall be" communicated. I wonder if Senator Hayden has any comment. Although it is perhaps not senatorial procedure, I might in a case like this invite his comment.

Hon. Mr. Hayden: I think you would interpret "may" as "shall," because there are qualifications as to the confidentiality of the people. It just goes to certain sources, but if the "may" would be "shall," I would need to see the agency make a refusal to give that information in the circumstances of this exception.

Hon. Mr. Grosart: I suppose so, there. It seems to me important that in the interpretation section of the rules of the Senate, if my recollection is correct, the interpretation of "may" as meaning "shall" is not in keeping with those rules. But that is another matter.

● (1530)

I hope that Senator Hayden is correct in that, because it would remove some of the objections I have made on the ground of the provincial input into this decision-making process.

A second area of disappointment in respect to the committee's recommendations, as indicated by Senator Hayden, is in the matter of appeals. The committee made a very strong statement on this. I shall not read all of it, but the committee's report says:

> The Bill contains no provision for recourse to the courts against an Order adverse to the interests of the applicant.

I should mention in passing that Senator Hayden has explained that there is an area in which there are appeals, but this is not the one which the committee is referring to here.

The committee's report also states:

> The Minister's recommendation and the Order of the Governor in Council may have a profound effect on the civil rights, not only of foreigners but on those of Canadians as well. It is submitted that the inability to have administrative and quasi-judicial decisions of this nature reviewed, affecting as they do the legal relationships between two or more parties, rather than between the State and an individual, is inconsistent with and without precedent in our system of law and justice.

That is a very strong statement.

Hon. Mr. Hayden: It was intended to be.

Hon. Mr. Grosart: Of course, and it would seem that here we are faced with a refusal or a denial of appeal in a very important area of civil rights which, according to our committee, is without precedent, and here again I would hope this is a place where the committee and the Senate would take a strong stand.

The third area, if I recall, was in the real estate matter which we have already discussed. I think we can say there was partial acceptance, because there was a modification to exempt acquisition of raw land. But the point made by the committee, I think, is a very strong one that to include the acquisition of an office building and so on in the normal course of business, with no intention of corporate control, is going to cause great difficulties. Here again I hope the committee will take a strong stand.

I conclude my remarks, honourable senators, on what I hope will not be regarded as a partisan note. I am going to quote from a very well known Canadian economist. I rather regret that in designating some offenders against his better judgment he does use the term "Liberal", rather than "administration." I am not using the quotation for that reason. I am using it because I believe it is apropos of the situation before us, and should be put on the record. I refer to an article by Mr. J. Douglas Gibson, who is well known to many senators. He was Deputy Chairman and Executive Vice-President of the Bank of Nova Scotia, a former member of the Royal Commission on Banking and Finance, and is now a highly regarded economic consultant. So far as I know he is not, in politics, opposed to the present government.

I should also say that this article appeared in the *Harvard Business Review* for September-October 1973. Its title is: "Canada's declaration of less dependence;" and there is a subheading: "No longer content as a 'branch-plant' country, Canada is moving toward limits on investments from the United States." It should also be noted that this article was obviously written before the current bill was produced. It refers more directly to the so-called "foreign takeovers bill," which was the predecessor of the bill before us.

Mr. Gibson has this to say:

> Berating the Americans is easy for Canadian politicians, and it is usually good for some applause and newspaper and TV coverage. It is much more difficult to do something sensible about Americans' alleged wrongdoings, particularly when their Canadian operations are not only legal but long accepted and, in many quarters, welcomed and encouraged.
>
> It is even more difficult to discourage or control foreign investment activity if there is no clearly developed national economic policy and no reasonable idea of the costs and benefits of various foreign investment policies. Unfortunately, Canada does not have a developed national economic policy. She has not even adequately weighed the various alternative courses of action.
>
> The Liberal government, which is in power now, has been sensitive to the need for response to the forces of economic nationalism. Nationalism is in the Liberals' tradition and seems indeed to be an integral part of their approach to the just society. But the Liberals have had great difficulty in putting together an effective national economic policy.
>
> In my view, their failure partly reflects the effort to apply to the economic sphere rather abstract concepts of what is good, without answering the practical question of whether the new policies will work. Or, to put it another way, Liberal policy reflects a desire to clean the slate and start over, rather than build on what exists and is understood. The trouble also reflects a task-force technique that has allowed the government to take public soundings before committing itself, sometimes without an adequate presentation of the facts and alternatives in task-force statements.
>
> In any case, the government has spent a great deal of time and effort in trying to reform the economic system, so far with little result except for considerably more public awareness of some of the issues.

I shall skip a few paragraphs, not because they are more complimentary but because it would take too long to read the whole article.

Mr. Gibson says:

> What is most needed now is an analysis of the benefits of foreign investment and enunciation of the policy alternatives.

Further on Mr. Gibson says:

> Doubtless, the government would have liked to produce a clear and forthright statement of policy on foreign control. But how could policy decisions be reached on such a tough and complex subject without adequate background? The government has already got itself into a morass of trouble in the sphere of taxation, competition, and regional economic policy by acting or trying to act before it really knew what it was doing. In considering what shape the report should take, its authors faced some difficult questions.

I should say here that Mr. Gibson is referring really to the Gray report on which this bill is largely based. Here are the questions he asked:

> How could Ottawa pursue policies that would discourage foreign investment to an unknown degree in

the face of the strongly expressed desires of most provincial governments for investment, whether domestic or foreign, to increase employment?

What would be the public response to controls extending even to the capital outlays of foreign-controlled Canadian companies, however financed?

How would the business community respond to further government intrusion into the private sector?

How much would a thoroughgoing system of controlling foreign investment increase protection of the Canadian economy and reduce competition?

Mr. Gibson then refers to some of the guidelines:

There are, of course, problems of guidelines and of definition, some of which have been made unnecessarily difficult by the drafters' desire to cover all possible loopholes.

I believe that is a statement with which Senator Hayden agrees, because he expressed the same concern, that the drafting of the bill may have overreached some of its better objectives.

Mr. Gibson concludes, referring again to the government:

So the Liberals' tougher attitude toward foreign investment and control is scarcely surprising, in view of the changed political facts, including the strong nationalist attitude of the NDP . . .

The bill is not yet law—

Again I remind you that he was referring to the earlier bill.

—but, in my judgment, the new proposals, or something rather like them, stand a strong chance of becoming law. If that happens, we shall then be faced with a long process of confusion, interpretation, and regulatory decisions before it is at all clear just what the new law means and how it will work.

With that conclusion I agree, and it is the reason I have risen at this time and taken as long as I have to put these views before the chamber.

● (1540)

Hon. Mr. Lang: I wonder if I might direct a question to my colleague, Senator Grosart, in connection with his speech? Should I infer from his remarks that he supports this bill on second reading, or otherwise?

Hon. Mr. Flynn: What have you gathered from Senator Hayden's speech?

Hon. Mr. Croll: Now, now.

Hon. Mr. Grosart: My answer to Senator Lang is that I never make up my mind how I will vote until I have heard the discussion in full.

Hon. Mr. Martin: That is very good.

Hon. John J. Connolly: Honourable senators, Bill C-132 is certainly no stranger to this house. The Standing Senate Committee on Banking, Trade and Commerce, as honourable senators are aware, held a considerable number of meetings on it—nine, to be exact—between May 23 and June 28 of this year. They heard ten outside witnesses, and received nine briefs. They also heard explanations given by officials of the department. Perhaps it would be of value, for the record, to say that some of the outside witnesses heard included the Canadian Manufacturers' Association, the Independent Petroleum Association of Canada, the Canadian Institute of Public Real Estate Companies, the Province of Ontario, the Investment Dealers' Association, the Committee for an Independent Canada, the Province of Quebec, and the Toronto Stock Exchange.

Hon. Mr. Asselin: Were they all in favour of this bill?

Hon. Mr. Connolly (Ottawa West): Well, they made their representations, senator, and I would think most of them approved the principle of the bill.

I should say, too, that the committee of the other place had this bill before it between June 5 and July 17. They had 21 sittings, heard 22 different sets of witnesses—more, in fact, than we did—and they also had six sessions with the minister. Perhaps it is worthwhile to observe that the House of Commons now, under their new rules in respect of legislation of this character, is using a procedure with respect to the consideration of bills at the committee stage that has been in vogue in the Senate now for many years, with good parliamentary effect.

I must say that I am very much in favour of the new development we have embarked upon here in recent years, of studying bills before they actually come to us in a formal way for legislative action. What we have been doing, in effect, is giving virtual simultaneous consideration to bills in both Houses of Parliament. This is an example, if one desires to describe it that way, of the kind of work that is done under the congressional system. Certainly, it is of advantage and use to the parliamentary system, and I believe it should be encouraged. From the point of view of the Senate, I think it removes—or certainly it should remove—the criticism that the Senate gives hasty consideration to legislation, that it rubber-stamps legislation. I do not think that can be said when we do this pre-study.

I must, of course, commend the chairman of the committee, first of all for arranging the excellent opportunities that we had in committee for our review of the legislation, then for organizing the staff, and for doing so much in the drafting of the report, which I think has been useful to all honourable senators. I commend him also for the outstanding explanation of the bill which he gave here last night.

I do not propose to be comprehensive in my discussion of the bill today, but there are one or two points upon which I think I should concentrate.

As honourable senators know, the bill is a response to the report of a task force which was established by the Government of Canada in 1970. The report of that task force is entitled: "Foreign Direct Investment in Canada," and is commonly known as the Gray report. The Gray report really resulted from public debate on foreign control of Canadian industries and Canadian resources, and I suppose all of us are familiar with some of the significant figures in this field, some of which have already been referred to by Senator Grosart.

For example, on page 20 of the report it is disclosed that in 1967, 45 per cent of our manufacturing facilities were controlled by United States interests, and 12 per cent by

other foreign interests. The petroleum/natural gas industry was 60 per cent owned by Americans, and some 14 per cent by other foreign nationals. The mining industry in this country was controlled to the extent of 56 per cent by Americans, and some 9 per cent by other foreign interests.

Page 25 of the report carries two interesting though short tables, numbered 9 and 10. Those tables indicate that in the period from 1946, just after the last war, until 1967, a period of some 20 years, the total financing available in Canada for enterprise was $43.9 billion, and of this some 22 per cent came from abroad.

Foreign-controlled companies continue to expand in Canada and develop enterprise. The sources of their funds are various, and these are given in table 9 on page 25 of the Gray report. One of the sources of their funds is profits generated in Canada. These retained earnings are estimated at $8.2 billion for that 20-year period, or 33.8 per cent of what was invested in enterprise in Canada in that time.

The capital inflow—new capital brought into the country—amounted to $8.9 billion, or 36.5 per cent of the investment that was made in that same 20-year period. The Canadian capital contributed in that period was $4.9 billion, or 20.3 per cent of the actual investment made. This Canadian investment, of course, may include debt capital. It may include moneys borrowed by foreign-owned firms in Canada on the good credit of the company itself, or perhaps even of its foreign parent. But it would also include whatever equity investment was made in these foreign-owned enterprises by Canadians.

Honourable senators, to me at least these simple statistics make it clear that in the period from 1946 to 1967 Canada obviously did not generate enough capital to finance the $43.9 billion investment which was made here. The shortfall was in fact 22 per cent of what was required, and perhaps this is one of the measures of the benefit that foreign investment has brought to Canada. The situation then was that to create the enterprise established here in that period we were dependent upon foreign capital resources to the extent of 22 per cent of our requirements. I understand that the position is virtually the same today.

● (1550)

There are two or three other figures here that may be of interest to honourable senators. Statistics Canada reports that the book value of foreign direct investment in Canada rose from $2.8 billion in 1946 to $26.5 billion in 1970. It may also interest honourable senators to know that the corporate assets of companies in Canada which are 50 per cent or more foreign-owned rose from $27 billion in 1965 to $45 billion in 1969. These figures are from returns made under the Corporation and Labour Union Returns Act, and they are cumulative.

In our consideration of this bill in committee, the first question we had to ask ourselves was how the bill decided the answer to this question: Who is a foreigner? Who is, to use the language of the present clause 3(1), a "non-eligible person"? Perhaps I can state it a little more clearly if, instead of referring to a "non-eligible person" I use the word "foreigner."

Certainly a Canadian citizen, ordinarily resident in Canada, is not a foreigner. A landed immigrant, according to the provisions of the bill, is not a foreigner. A foreign government of course, is a foreigner and presumably an individual citizen of a foreign country is also a foreigner. Certainly a corporate organization controlled either by a foreign government or by a foreign person is a foreigner, or a non-eligible person within the meaning of the bill.

What is control?—because it is control we are talking about primarily in this bill, and not ownership. The conclusive proof of control is established when the ownership of 50 per cent or more of the voting shares can be proved to reside in one place. No control is presumed if a foreigner owns less than 5 per cent of the voting rights of a publicly traded company, or if a foreigner owns less than 20 per cent of the voting rights of a non-publicly traded company. So, under clause 3(3)(c) the foreigner is deemed to acquire control of an enterprise if he acquires 5 per cent or more of the voting shares of a publicly traded company, or 20 per cent or more of the shares of a company that is not publicly traded.

Senator Grosart and Senator Hayden have both pointed out that the committee thought that the limitation might well be raised to 10 per cent and 25 per cent respectively, and that is a matter which I think the committee might well reconsider. In any event, if a foreigner proposes to invest in a corporate enterprise in Canada and acquire control, as I have defined it and as the bill defines it, he or it becomes subject to a screening process by an agency established under the bill called the Foreign Investment Review Agency. If, ultimately, an Order in Council issues approving the foreign investment as proposed, then the foreigner can proceed with this investment. If the investment is not approved, and the appeals which are available sustain the disapproval, then the investment cannot proceed. If it should do so, the minister is authorized under the bill to apply to the courts to render the investment nugatory.

What about this Foreign Investment Review Agency? It would review applications of the type we are talking about in the first instance, and it would be expected to apply certain tests set out in clause 2(2) of the bill. Ultimately it would have to find, on the basis of the advice given, that if control is to be acquired by a foreigner of a new business or of an existing business in Canada—which incidentally must have gross assets of $250,000 and revenue of $3 million, if it is to be affected by the bill—such control of the existing business or the new business is, or is likely to be, of significant benefit to Canada.

The phrase "significant benefit," as Senator Hayden has pointed out, is not precisely defined, but there are five guidelines, as he has indicated, set out in clause 2(2) of the bill. An enterprise can become of significant benefit to Canada if it raises the level of economic activity in Canada; if it increases participation by Canadians in the enterprise; if it improves the productivity and efficiency, the technology and innovation, or the variety of products which might result from the establishment of the enterprise; if it extends competition; and, finally, if it conforms to federal and provincial economic policies. These five tests are cumulative, but in certain respects they can overlap.

If the applicant can establish that his proposal for control of either an existing enterprise or a new enterprise will be of significant benefit to Canada within the mean-

ing of the five guidelines which I have just mentioned, then control of the enterprise by a foreigner may be allowed. But how much foreign control? I would say that under the bill it could be anywhere from 5 per cent to 100 per cent of the voting stock of a company to be publicly traded.

Honourable senators, in my view the question we have to ask ourselves is whether or not these tests set out in clause 2(2) are reasonable. It seems to me that for a new enterprise or a new business which is commercially viable most of the economic criteria set out in clause 2(2) are bound to be present. If a project will provide employment, or perhaps more employment, or improved productivity or efficiency, or will raise the general level of economic activity in this country, then it can succeed. It seems to me, however, that if those factors are not present then the enterprise would not be viable. The market would not absorb an enterprise of that nature. I think that ultimately would be the test, and if an enterprise could meet the market test it would be likely to succeed under the economic tests that are provided in the bill.

● (1600)

The political criteria, however, it seems to me, are another matter. Under the clause in question the economic policies and goals of federal and provincial governments must be envisaged and promoted. These policies and goals, of course, can change. They can change with government, and change between the time a government comes into office and the time it goes out of office. They can change in the sense that the policies could become more strongly nationalistic. If they do become more nationalistic, then they become stricter for the applicants. However, in view of the shortfall of Canadian capital for our overall needs—industrial needs and economic needs—to which I have alluded, this is unlikely to happen until Canada is much wealthier, has more disposable savings, and has a much larger population.

Let me give an example of what I have in mind when I speak as I do. I am informed that within the next two decades Canada must prove and develop great quantities of petroleum from frontier sources in the north and offshore, and in the tar sands of Alberta, if Canadian petroleum requirements are to be met. I understand that for the tar sands alone the investment required to do this, to market the petroleum that we will need in the next two decades, is something of the order of $17 billion to $20 billion. This is an enormous prospect. A valid application to do this in the present economic climate, and with the use of an established technology, it seems to me, would be likely to meet the tests set out in this bill if a good deal of the investment had to come from foreign sources.

We can think of a good many other examples, perhaps, in which it is not quite so obvious that significant advantage to Canada would flow from a foreign investment of capital of this magnitude, but this is the type of example that leads me to conclude that the best which is provided here is reasonable.

I ask myself, however, if the test is reasonable for a foreign takeover of an existing Canadian business, and I must confess that I think this kind of test is more difficult to achieve. The economic tests of employment, of efficiency when raising the economic activity, perhaps can be readily met. They are questions of fact. As to the political tests, governmental policy again is an unknown factor. Even public opinion can cause change in the tests required in the political sector. It seems to me that, barring certain extreme examples, perhaps the tests for both the establishment of a new business and the takeover of an existing business are reasonable. Properly administered and reasonably interpreted in the light of all the requirements of this country for growth and development, they are probably satisfactory.

Our committee report reflected views about certain cases which might cause hardship. Some of these, as Senator Hayden has already indicated, have been adjusted. The minister has not appeared before the committee. He did so, as I said, before the House of Commons committee on six different occasions.

In my opinion, as a result of the study given this bill by the committee, and the excellent report which is before honourable senators, when the bill is referred to committee they will be in a position to review its provisions with a good background.

Hon. Eric Cook: Honourable senators, at the conclusion of my remarks I trust that my colleague, Senator Lang, will be able to gather that I am very much opposed to the bill in its present form, and unless it is amended I intend to vote against it.

The matter of foreign control of sections of our economy has become such an emotional issue that no one seems bold enough to suggest there are two sides to the coin. Indeed, it seems these days no one wants to say anything sensible about any type of capital, foreign or Canadian. Notwithstanding this atmosphere, I do intend to say some things about the other side of the coin, but I want to make it very clear that I am not arguing a case for foreign investors. I am interested only in what is good for Canada.

It would, of course, be highly desirable if we did own all the capital invested in Canada, but as we do not and cannot, at least for a long time to come, we must be very careful, if we take steps to restrict the freedom of action of foreign investors, that we do not throw out the baby with the bath water. In other words, we run the risk of cutting off our nose to spite our face.

Before discussing the bill itself I wish to say something about the Gray report. In my view this report is not a satisfactory study in depth of the problems caused by, or the benefits of, foreign investment. This is also the view of many of the organizations which appeared before the Standing Senate Committee on Banking, Trade and Commerce. The Canadian Chamber of Commerce prepared an excellent submission. It is difficult to select the extracts which contain the most telling criticism of the report, but a portion of the submission headed "Lack of Evidence" seems to me to go to the root of the matter. The passage reads as follows:

> The lack of evidence in the report is its greatest weakness. It is also supportive of the general anti-foreign ownership bias found in the report. The authors strongly desire increased Canadian ownership of business in Canada, but they make a significant admission that affects the validity of the entire report. The admission is that in order to assess the costs and

benefits of foreign subsidiaries in Canada, data are required on the performance of Canadian-owned companies as well as data for comparisons between foreign subsidiary performance in Canada and foreign subsidiary performance abroad. As neither of these comparisons is now possible with existing published data, the authors would seem to have little more than a make-believe case for more Canadian control of business and greater control over foreign direct investment.

The Gray report in chapter 1 states:

> The bulk of this heavy foreign direct investment in Canada has occurred since the end of the last war, and it has unquestionably played an important role in the growth of the Canadian economy over the past quarter century.

● (1610)

Before we vest in a new branch of government the power to restrict further growth of the Canadian economy by restricting new foreign investment in the country, let us look at what has taken place.

The gross national product of Canada in the year 1945, the year after the war ended, was of the order of $12 billion. In 1973 it will be $116 billion—an increase, if my arithmetic is correct, of nearly 1,000 per cent.

In the report of the Senate Committee on Foreign Affairs the following comment is made relative to the European Community:

> Between 1958 and 1970 the gross product of the Community increased by 90 per cent (as compared to 61 per cent for the U.S.).

These are impressive increases, but between 1958 and 1970 the gross national product of Canada increased from $34 billion to $84 billion, an increase of about 250 per cent. These increases in our GNP are more than mere figures to the people of Canada. The Senate Committee on National Finance has told us that all levels of government levy taxes to the total of some 40 per cent of the GNP.

In 1946, after the war, the GNP was $12 billion, so that all levels of government could collect some $4.8 billion to pay for all government services at all levels. In 1972 governments—federal, provincial and municipal—could collect some $46.4 billion. This is over $40 billion more than the 1946 total taxes. It should be readily appreciated that all the many desirable social benefits, the rising cost of health and education, and the numerous other increasing costs of government, cannot be financed by a static GNP.

Nowhere is there a better illustration of the benefits of foreign investment than in the province of Newfoundland. In 1946 the interior of Labrador was an untouched uninhabited wilderness. Today, after the expenditure of some $1,650 million of foreign capital, there are 2,500 men and women working in Labrador and earning $50 million every year. The GNP of Labrador exceeds $100 million each year and, if we apply the national average tax yield, Labrador contributes in excess of $40 million per year to the tax revenues of the Government of Canada.

It must surely be obvious that if we are to follow a policy of continually increasing pensions, family allowances, and to embark on other desirable schemes, the GNP must increase in order that the tax yield may also increase. Generally speaking, tax rates cannot be increased much more because this will only bring into operation the law of diminishing returns.

It should not be necessary to point out that the only way to maintain and improve our Canadian way of life is to continue developing the whole country. If we merely maintain the status quo, we will not be able to sustain our present personal standards, nor our present municipal, provincial and federal services, and certainly not increase them.

As it will not be possible to increase very much the rate of taxation, the only way out is to do everything possible to increase the GNP. The GNP can only be increased by further development, and further development requires more capital. If we do not have the required supply of domestic capital to do all the things we would like to do, and if we impede the free flow of foreign capital needed to continue to develop, we are stupidly and short-sightedly imposing unnecessary hardships on many of our own people.

I believe I am correctly reporting the evidence of one of those who appeared before the Banking, Trade and Commerce Committee when I say he advised us that the pool of Canadian capital is in fact growing rapidly and now exceeds $8 billion. But there is so much for Canadian capital to do. It cannot possibly do everything, and, as the committee has pointed out, we still need to import capital.

For example, we were told that both International Nickel and Hudson's Bay Company recently announced that the majority of their shares are now held by Canadians. To achieve this desirable result, however, a good deal of Canadian capital was required, and there is simply not enough Canadian capital at the present time to develop the country and to provide for our many social needs.

Dealing, therefore, with new, fresh development only, and excluding for the moment takeovers, I quote from the brief of the Toronto Stock Exchange:

> Therefore, we submit that every effort should be made to permit foreign investment, which does not threaten effective control of Canadian ventures, to flow freely and with the very minimum of regulation while effective regulation is maintained in respect of the flow of capital which does pose a threat to such effective control.

I am dealing with the new developments, and not takeovers. I would agree that there might be a need to provide some effective control against takeovers, which are contrary to the national interest, but, as I will discuss later, not for the methods and procedures contained in the bill before us.

When one thinks of takeovers which might be contrary to the national interest—and I stress "might be"—one thinks of Home Oil, Denison Mines, and the Mercantile Bank. When one thinks of new ventures which help to develop the country, one thinks, among others, of Brinco, and the two iron ore companies in Labrador. Very different considerations should apply to takeovers from those which apply to new ventures.

In my opinion, we should follow the "open door" principle for new development of any type. I have little patience

with those who argue against the development at the present time of our resources because they are fearful that we are not receiving sufficient returns, and because they are convinced they will fetch more money in the future if we continue to sit on them. These good people, as a rule, also express themselves as being opposed to all forms of human exploitation, but see nothing inconsistent in suggesting that Canadians should, if possible, keep the rest of the world in short supply, so that eventually Canada may be able to exploit the rest of mankind when the time is ripe to market what we own of the world's requirements.

In addition, there is a fallacy in their contention, because while the value of natural resources will, of course, increase, so also does everything else. So that in the final result there is relatively little or no gain, and, indeed, as new methods and new inventions come into existence, there is the added danger that some natural resources may lose a good deal of their value. One generation's assets may be a succeeding generation's liabilities. For example, what were once the largest iron ore mines in the then British Empire, the iron ore mines on Bell Island in the Province of Newfoundland, are completely shut down and dismantled. The coal mining industry in Cape Breton is only a shadow of its former self. As the *Canada Year Book* puts it, "the decline in this industry has been fairly rapid and would have been more rapid without government intervention."

Consider the classical case of gold. We can read in the *Canada Year Book* the following:

> Of the 32 lode gold mines operating in Canada in 1970 there was only one that did not receive assistance under the terms of the Emergency Gold Mining Assistance Act.

Just think what our grandfathers would have said if in their day and time someone had forecast that in order to continue to operate gold mines one would have to obtain public assistance.

Lastly, Canada is not the only area in the world which has undeveloped lands and untapped natural resources. There are many other vast, almost unexplored and certainly undeveloped areas of the globe, and capital will always go where it is welcome. I am not, of course, disputing the right of governments at all levels to insist that the public should at all times receive a fair return from the development of natural resources. This can be done by gearing the returns to the governments to match the returns to the developers. The "in" word for this in this day and age is "indexing."

There can indeed be no objection to all levels of government "indexing" royalties, taxes and so forth to the profits of the development, and this should be done to protect the public good. Subject to the protection of the public interest, in the matter of the proper financial returns to the public treasuries, and subject to the right to veto "takeovers" which are contrary to the public interest, it is in the best interests of Canada to maintain "an open door" policy, and we should continue to welcome and encourage foreign capital for all purposes, so that we can develop and further develop all our resources. We need to build up the country in every way, in order to supply our present needs.

[Hon. Mr. Cook.]

It is surely unnecessary to point out that if Canadians are to be happy and content, more and more opportunities must be opened up for men and women to live useful lives, and to be engaged in meaningful and gainful work. For those who are too young or too old or otherwise unable to work, the state must supply more and more services. Neither of these goals can be achieved unless the harvest of the mines, the oil wells, the land and the sea becomes greater and greater. As the harvest of the mines, the oil wells, the land and the sea becomes greater and greater, so the whole world will benefit, and it is a matter of little importance who does, in fact, own the capital needed to achieve this result.

A selfish, nationalist, closed-door policy should be scorned as being unworthy of a people who are among the most fortunate in the world. It is also, to put it quite bluntly, short-sighted, and will impose burdens on Canadians rather than benefits.

● (1620)

I suggest, therefore, that Canada is in a very strong position today, and she is in this excellent position due, to a large extent, to the availability of foreign capital. I think the alleged evils of foreign capital are grossly overexaggerated, and this is apparent in the Gray report. In my view the Gray report, with all due respect to its ministerial namesake, should be thrown in the ash can. If there is cause for dissatisfaction with the existence of so much foreign capital, let the government undertake a real in-depth study to be made by a strong independent body with representations from all concerned, including the provinces and outside capitalists. Let us get a balanced study which would give due weight to all the factors involved.

With regard to the bill itself, I believe it is correct to say that most of the provinces do not welcome the proposed legislation. In addition, as has been pointed out by those more competent to speak than I, some very borderline constitutional questions will arise. Indeed, the committee proceedings convinced me that this legislation will result in a constitutional "witch's brew." Even the Province of Ontario, which seemed to mildly approve of the legislation, reserved the right to challenge it in court if subsequently it is not pleased with any of the minister's decisions.

But even if we assume that the legislation is constitutionally in order, it has other serious defects, and should it be accepted in principle it still requires to be amended in several important respects.

Canada, of course, is not the only country which has to deal with the matter of foreign capital within its borders. Australia also is enacting legislation to control takeovers, and the provisions of the proposed legislation in Australia make much more sense than do those of the bill before us.

I wish to refer to the statement of the Australian Prime Minister made on September 26, 1972, to show the three main differences between the Australian legislation and this bill. The Prime Minister of Australia said, among other things:

> Australian as well as overseas investors have rights at stake and our policy must be such that their inter-

> est is not prejudiced—except when the interest of the nation requires it—

You will note the regard for the Australian investor. In our proposed law the Canadian investor seems to be regarded as a mere expendable pawn without any rights in the first instance, and certainly without any right of appeal beyond the department in the event he feels aggrieved.

I refer to another important difference. The Australian Prime Minister said:

> We think, however, that the time has now come to introduce a new approach for the control of foreign takeovers. The Government intends to legislate for the prevention of foreign takeovers it considers would be against the national interest on the basis of criteria which I shall indicate.

You will note the Australian test is "contrary to the national interest," and the proposed test in the bill before us is that the proposal "must be of significant benefit to Canada."

Finally, the Australian Prime Minister said:

> Foreign takeover proposals judged by the Government to warrant detailed investigation as to whether they would be against the national interest will be referred to an independent authority—including official Government representation—which will analyse each such proposal and report on it to the Government.

Why not have such an independent authority in Canada? What makes a civil servant, or the minister he advises, more competent to judge the merits of a situation than an independent authority?

Hon. Mr. Rowe: Would the honourable senator permit a request? Would he give me the date on which the Australian Prime Minister made this statement? If he did give it, I missed it.

Hon. Mr. Cook: It was September 26, 1972.

Hon. Mr. Rowe: Thank you.

Hon. Mr. Cook: In my opinion, the legislation should, at the present time, do five things. It should set up an independent authority to advise the minister; it should specify that due regard must be had to the rights of all Canadian owners who wish to sell; it should provide that only takeovers which are contrary to the national interest should be disallowed—the test of "significant benefit" can be used to block almost any transaction—and it should provide for all possible publicity and all possible rights of appeal. The courts should not be prevented from protecting the rights of the citizen.

Generally speaking, it is quite wrong to give such wide powers governing the economy of the country to one division of a government department. This is particularly so when the proceedings are not public, and the decisions are not appealable. To me it serves no purpose to be assured that the law will be carefully and equitably administered. The point is that we should not pass a law which could be harshly administered. Present good intentions could be replaced by bureaucratic indifference, or even incompetence.

Also, it must be borne in mind that an intended foreign investor may not have the same "blind faith" in the federal government as all honourable senators have.

The major interventions of the government to date have all been on the ground of "contrary to the national interest." I am referring to the Mercantile Bank takeover, the Home Oil takeover, and the Denison Mines takeover. One can appreciate the desirability of proper legislation to cover cases such as these three, but why there is need for legislation to allow some government official to say that the two major iron ore developments in Labrador, or Brinco, should or should not be allowed to come into existence is beyond me. Indeed, I doubt very much that any government department could give an intelligent ruling on the matter, or that anyone could visualize the sheer size of these operations at their start. Someone once said that war is too important a matter to leave to the generals alone. In the same way, I think the development of our frontier areas is too important a matter to leave to a federal government department alone. The provinces and those actively engaged in developing our more remote areas should also be given a very vital say in any policies affecting their future.

Let me point out that although the foreign investor may have some degree of control over his operations in Canada, the Parliament of Canada as well as the provincial parliaments control the foreign investors absolutely. The foreign investor has to obey all federal and provincial laws, and pay all taxes and royalties, and his effective control is very limited indeed. The natural resources still belong to Canada or the provinces, and if the foreign investor does not play the part of a good citizen, it is a simple matter for the government concerned to enact the necessary legislation and controls to ensure that he does act as a good citizen.

It seems to me that during the nine years that I have been a member of the Senate there has come before us no other piece of legislation which warrants more the careful second thought of this chamber. This is legislation which goes much farther than it need to correct the alleged evils of foreign takeovers. Indeed, it is legislation based on a report which, in my opinion, does not clearly establish the alleged evils of foreign investment, and which seems to completely overlook the beneficial effects such capital has on development, employment, and the budgets of all levels of government.

It was established some hundreds of years ago that you cannot make bricks without straw. The federal government cannot plan to give away more and more money unless Canada achieves a bigger and bigger GNP for the government to bite on. Because we are still developing our resources, and because we have more needs to provide for than Canadian capital can meet, the choice before us is not one between Canadian capital and foreign capital, but one between foreign capital and no capital at all, and this is particularly the case when the capital is required for very high risk operations.

We should, therefore, continue our open-door policy, at the same time having a sensible taxation policy for all capital, and reasonable corporate and other general laws to ensure that while the rights of capital are protected, all

kinds of capital will be prevented from carving out a privileged place, or from abusing its position in any way.

Let us assume that we had not followed an open-door policy in the past. What might have been the effects of a different policy? In last Saturday's *Gazette* the minister is quoted as follows:

> Here we are as a nation, one hundred some odd years after Confederation, and for the first time the federal government will be able to exercise a decision as to whether these things are in the interest of the Canadian people—

I wonder what the minister's department would have done if it had the proposed powers a hundred years ago? Would the department have forbidden the construction of the CPR? Would it have forbidden the operations of the Hudson's Bay Company? Would it have prevented the Imperial Oil Company from searching for oil in Alberta? Would it have forbidden the Aluminum Company of Canada from starting operations in Quebec? Would it have prevented Brinco and the Iron Ore Company of Canada from doing business in Newfoundland, or the International Nickel Company from mining in Ontario?

Those are just a very few examples of operations which were made possible through foreign capital. I invite the minister to name a half dozen, or even two or three, enterprises of any worthwhile size which were new to Canada during the past 100 years which he would have vetoed, and thus have prevented them from starting their operations here.

● (1630)

Hon. John M. Godfrey: Honourable senators, when I took my seat in the Senate I was prepared to wait for some time before making my maiden speech, because I did not want to make it unless I thought I had some special qualifications to say something on the particular subject being debated. When it was suggested that I might speak on this bill I decided that I would do so, because certainly in my professional life I have had a chance to observe the operations of many foreign-owned companies in Canada.

It is because of this very fact that the bill we are considering undeniably presents a personal problem. The law firm of which I am a partner acts for many foreign-controlled companies, and I am a director of a number of Canadian corporations that are controlled from abroad. While it could, therefore, possibly be argued that I have a financial interest, although very indirect and remote, in permitting foreign companies to expand their operations in Canada, I certainly have no greater financial interest in this particular subject than, say, a farmer speaking on agricultural matters, a doctor speaking on medicare, or a manufacturer speaking on manufacturing. It would, in my opinion, be ridiculous to say that Parliament should be denied the benefit of the opinions, advice and vote of those gentlemen on those subjects because they have a special personal, financial interest in them. Surely one of the strengths of Parliament is that it is composed of members who represent diverse interests, as well as different regions.

However, in my opinion lawyers have special problems. When a farmer or doctor or a manufacturer rises to speak it is common knowledge that he is a farmer, a doctor or a manufacturer, and people will judge what he says in that light. When a lawyer in active practice gets up to speak it is not common knowledge who his clients are, or even what type of clients he or his firm act for, or what influences there are which consciously or subconsciously may have been brought to bear on him. In my opinion, when a lawyer speaks in Parliament his fellow parliamentarians, the press and the public should know at least the type of clients his firm acts for so that they can be in a position to judge for themselves whether or not the lawyer-parliamentarian, when he is speaking or voting, may possibly have a particular bias or conflict of interest.

May I say, to begin with, that I am a partner in the law firm of Campbell, Godfrey and Lewtas. That firm can correctly be described as a corporation law firm, as at least 95 per cent of its fees in any one year come from corporations. Furthermore, a significant proportion of the fees of my firm in any one year comes from foreign or foreign-controlled companies.

In preparation for this speech I had a list prepared setting forth all the foreign or foreign-controlled companies for whom we have acted since January 1, 1972. When I prepared this list it had been my intention to put it on record, and have it appear in *Hansard*. Upon further reflection, however, I decided that this presented a professional ethical problem, and I may say that this opinion was considerably strengthened by a preliminary report I received several weeks ago prepared by the Special Committee on Legal Ethics of the Canadian Bar Association. That report says:

> —as a general rule the lawyer should not disclose that a particular person has consulted or retained him unless the nature of the matter requires it.

I think that for the purpose of this debate, and any similar debates in the future on legislation generally affecting the business community, it should suffice for me to say that my firm acts primarily for corporate clients, covering a broad spectrum of the business, financial, manufacturing, resource and transportation businesses, many of which will be affected by this legislation.

It goes without saying that I shall certainly make a conscious effort to make sure, as I am sure every honourable senator who is a lawyer does, that anything I say or do in this chamber will not in any way be influenced by the fact that it might affect a client of my firm, and that I will in no way allow my professional interest to conflict with the proper discharge of my duties as a senator. I might also say that at this stage in my life and my professional career I expect that this will not be a difficult course to follow.

I trust that what I have said will be considered sufficient to disclose any possible conflict of interest or bias which I may have with respect to this particular bill. I do not propose to repeat what I have said today if I speak or vote on other bills which may affect corporate clients of my firm generally. I think my firm is of sufficient size, and our clientele encompasses such a broad spectrum of the business world, that I can hardly imagine any bill which comes before this house affecting business generally which will not in some way affect one of our clients. However, if any bill affects a particular client in some special way, then of course I shall have to consider whe-

ther or not it is proper for me to vote or speak on such a bill, and if I did whether, in addition to pointing this out, I should actually name the particular client.

Having made this rather lengthy introductory statement, which I wanted to get on the record as much to explain my position for future debates as for the present one, I will now get back to the subject under discussion. Might I say at the outset that I am in favour of the general principle of this bill. I disagree with only two of its particulars strongly enough that I will comment about them later.

In my opinion, while Canada certainly has needed and will continue to need foreign capital, particularly to finance our enormous capital requirements for energy in the next few years, we must be more selective than we have been in the past. Particularly, we should not allow more of our industrial or financial institutions to fall under foreign control unless it can be shown that there is a significant benefit to Canada generally. In my opinion, it would usually be of significant benefit to Canada if the investment is of significant benefit to a have-not or depressed region.

Having said that, I will not comment further generally on the bill, but will confine the rest of my remarks to commenting on specific matters of principle discussed in the *Proceedings of the Standing Senate Committee on Banking, Trade and Commerce*, and some of the recommendations in the report which were not accepted by the government.

I should like first to comment on the statement made by Mr. Hugh Stevens, the President of the Canadian Manufacturers' Association, at page 9, issue No. 8, of the proceedings of the committee, where he says:

> Canada can develop its own technology to a degree, but to a much more limited degree, and, if we have a big reduction in foreign investment in Canada, we will lose the access to a lot of U.S. technology.

In my opinion, if we restrict the entry of United States business into Canada we will lose a lot less access to United States technology than is generally supposed. If a United States company is doing business in Canada through a subsidiary it will ordinarily not share its know-how or technology with anyone in Canada other than its subsidiary. However, if it is not doing business in Canada through a subsidiary, then it should be very happy to enter into a licensing agreement with a Canadian-controlled company to provide it with know-how and technology. Sometimes such licensing agreements are complemented with an acquisition of a minority and non-controlling interest by a foreign company, frequently pursuant to an agreement that they will not try to acquire control. This is a good deal for both sides, and, might I suggest, for Canada.

If we restrict the entry of foreign companies into Canada there should be more of these deals, and we should not lose to any significant degree access to needed United States technology. Furthermore, the Canadian company seeking access to United States know-how and technology will be in a stronger bargaining position in settling the terms of the licensing agreement if the United States company is unable to establish a plant in Canada because of this legislation.

If, however, a Canadian company is unable to enter into a satisfactory licensing agreement, then this will encourage the Canadian company to increase its own research and development activities, whereas there is no such incentive for a Canadian subsidiary of a foreign company that can rely on its parent's know-how and technology. It will also encourage Canadian companies to expand abroad, so that, as Mr. Stevens points out at page 16 of the committee's proceedings, they can create and spread the base from which they can develop technology in Canada, because they will get technology payments from their overseas affiliates which will go into the facilities here in Canada which generate the technology. If the Canadian company is foreign-controlled, such technology payments would go to the foreign parent, not the Canadian subsidiary, and the technology development base would be broadened for the development of technology by the foreign parent, not the Canadian company.

● (1640)

I should like to comment on the statement by Mr. Stevens at page 11:

> Take an American company that can now form a DISC. I know several who have investments here and who have formed DISCs and who are not going to invest further in Canada. There is no further incentive. They have the DISC and they have sufficient presence here so they do not want to invest any more. There are other places where they can put their money.

I suggest that this statement by Mr. Stevens, while it may not be as true generally as people originally supposed, is a very potent argument in favour of this bill. The whole purpose of the United States DISC program is to divert the manufacturing of products in the plants of foreign subsidiaries to the plants of the parent companies in the United States. In other words, a United States controlled company in Canada would lose business which would not have been lost if it had been Canadian controlled.

I was interested to hear a paper delivered by Dr. Peggy Musgrave at the recent conference of the Canadian Tax Foundation in Montreal. She pointed out that the DISC provisions generated only a very modest increase in United States exports. They cost the United States treasury some $600 million in taxes and increased United States worldwide exports by only $300 million—surely a very poor return, and reflecting the fact that the tax reduction applied to all existing exports as well as the increased ones. Of the $600 million loss, there was a $90 million loss to the United States treasury on exports to Canada, without any net increase in the export balance in favour of the United States.

It is my understanding that one of the main considerations influencing the government in its reduction this year of corporate taxes in Canada for manufacturers, and the provisions for accelerated depreciation, was that there had to be a reaction to the United States DISC proposals in order to neutralize the effect of that program. This resulted in a loss to the Canadian Treasury of $150 million that benefited the United States shareholders of United States controlled manufacturing companies operating in Canada.

In effect, the net result was little different in trade patterns, but with a substantial consequential loss to the Canadian treasury for the benefit of United States investors in Canadian manufacturing companies. This is a very good example of one of the penalties we pay for having such a large proportion of our secondary manufacturing industry controlled from abroad.

I should like now to refer to the evidence of Mr. R. J. Beach, chairman of the membership committee of the Canadian Manufacturers' Association. I must confess that over the years I have disagreed very strongly with the attitudes of many representatives of the Canadian Manufacturers' Association towards government, and any laws and regulations which may have been enacted by governments in the interest, and for the protection, of the public generally. Mr. Beach is a typical example of these attitudes, and what I object to in many of the spokesmen for that association. While I know Mr. Stevens and have the greatest respect for him, I do question his judgment in bringing the likes of Mr. Beach along to appear before the committee.

The type of thing I take strong exception to is best exemplified by the statement that Mr. Beach makes at page 19, where he says:

> Well, senator, the business acumen and the ability to make a decision in the business area on the part of civil servants and politicians comes pretty low on my list. I just don't think they know what makes them tick, and I don't think they understand the problems. I think that most of the time the decisions they make are wrong.

Now, what is Mr. Beach's real complaint? It is that if this bill goes through he will be unable to sell his business to a United States company for a million dollars more than it is really worth. Mr. Beach admits that he has had some serious discussions with Canadian companies who would be prepared to buy his business, but not for more than it is worth.

Mr. Stevens comes up with another example of this kind of thing that has been going on, and the reason why Canadian companies have not been able to purchase other Canadian companies that are for sale, and why these companies have been sold to foreigners. He refers, at page 19, to a competitor of theirs who wanted to sell. They made him an offer of $2 million for the business because that was all it was really worth to them. The competitor—and he can hardly be blamed for this—eventually sold out to an American interest for something in excess of $5 million. As Mr. Stevens said, the business did not do very well because the Americans admittedly paid too much for it, and it was eventually resold at a much reduced price to another foreign-controlled company.

I think these are typical examples of why the control of Canadian companies has been going abroad and, might I say with the greatest respect, I disagree with the choice of words used by Senator Hayden, reported on page 20 of issue 11 of the committee's proceedings, where he refers to Mr. Beach and says:

> How do you deal with a situation like that, where there is a penalty on a person having to follow the requirements on a takeover where he has a successful business, providing reasonable employment, yet there is a penalty; his market for sale is limited?

It is the use of the word "penalty" that I take issue with. In my opinion, no one is suffering a penalty merely because the result of this bill might be that he can only sell his business for what it is worth, and not for a million dollars more than it is worth.

While I strongly criticize Mr. Beach's attitude to government, which is so well illustrated by his remarks about our civil servants and politicians, I do not criticize him for wanting to be able to sell to the highest bidder if he ever decided to sell, without regard to the nationality of the bidder. But, surely it is the duty of the government to be primarily concerned with the interests of the public as a whole and not just Mr. Beach, particularly if they can do so without penalizing Mr. Beach. Under this legislation, Mr. Beach will still be able to get what his business is worth, and I shed no tears for him or his heirs because they may have to struggle along with a million dollars less than what they would have had from some foreign company if this bill had not been passed.

For that reason I cannot go along with the recommendation in the report of the Banking, Trade and Commerce Committee, where it recommends that there should be an exception under certain circumstances where no Canadian purchaser can be found who is willing to pay a reasonable consideration. The statement of the chairman about Mr. Beach suffering a penalty if he cannot get the extra million dollars would lead me to believe that it was the opinion of the committee that a reasonable consideration for Mr. Beach's business would be a million dollars more than it is worth, and that I cannot agree with. For that and other reasons I am not in favour of that recommendation.

I want to comment on three other recommendations in the report. First, the Senate committee proposes that the province where the investment is located be given a right of veto and, in effect, complete control in determining whether or not it is of significant benefit. While I certainly agree that the representations of the provinces should be considered, as is now provided in the bill, and the effect in any particular province of such investment should be given very serious consideration, in my opinion it would be a complete abdication of the responsibility of the federal government in this area, and go far to nullify the purpose and principle of this bill, if this recommendation were accepted.

Secondly, the Senate committee recommended that there be an appeal not only from the rulings of the minister on questions such as whether a company is an non-eligible person and whether a business is related, but also from the decision of the minister to recommend to the Cabinet that the investment be disallowed because it is not of significant benefit to Canada. In that connection I would like to refer to the submission of the Canadian Bar Association, which recommended:

> —a specific right of appeal to the courts from ministerial rulings except on the issue of whether an investment was of significant benefit to Canada.

I certainly agree with the recommendation of the Canadian Bar Association and the committee that there should be an appeal from ministerial rulings, and I might

say at this point that I also agree with the recommendation of the Senate committee that there should also be provision—and I quote from the committee's report—for a ruling "as to whether a given and actual set of circumstances would or would not constitute an acquisition of control within the meaning of the act." And frankly I just do not understand why this is not provided for.

In the brief of the Canadian Bar Association they refer to a departmental news release entitled "Background Information," dated January 24, 1973, being the date of the first reading of Bill C-132 in the other place. This reads as follows:

● (1650)

> A major additional safeguard is that any decision by the Government—except on the question of significant benefit—can be brought before the courts. This includes the Minister's judgment on whether the company is foreign controlled and hence subject to the review process; whether an investor has in fact acquired control; whether an acquisition is of a Canadian business; and in the case of the establishment of a new business, whether it is related to an existing operation.

As presently constituted, if the minister makes a ruling that the company is foreign-controlled, and the company concerned is of the opinion that the minister is wrong, then the only way the company can get the ruling reviewed by the courts is for it to proceed with the acquisition and invite either injunction proceedings under clause 19, proceedings to render an investment nugatory under clause 20, or a criminal prosecution under clause 24. Such rulings by the minister are of a judicial or quasi-judicial nature, and it is wrong in principle that the only way to appeal a ruling of this kind by the minister to the courts is to defy it and, therefore, invite criminal prosecution.

Section 28 of the Federal Court Act gives a right of appeal to the appeal division of that court from any decisions or orders of any federal board, commission or other tribunal of a judicial or quasi-judicial nature. If, therefore, instead of merely advising the minister, the Foreign Investment Review Agency provided for in the act were empowered to give actual rulings, no doubt on any ruling of the agency there would be a right of appeal to the court under the Federal Court Act because it would be considered to be of a judicial or quasi-judicial nature.

What would be the practical effect of providing for a right of appeal from such rulings? There is provision in the Ontario Securities Act for appeals to the court of appeal from the decisions of the commission. This right of appeal is seldom used. Its main value, and the main value of the appeal provided in the Federal Court Act, is that it counteracts any tendency an administrative body or person might otherwise have to be capricious or arbitrary. As one judicial writer puts it:

> The right of appeal can be justified on the strictly practical grounds that to leave administrators and members of inferior tribunals with power definitely to set the limits of their own authority would be to offer them temptations which not all would be able to resist.

By the very fact of its existence, a right of appeal from orders and decisions of administrative bodies of a judicial or quasijudicial nature protects the civil rights of persons and companies.

As a result of the delay involved in an appeal, which would in most cases prevent any proposed investment, there would probably in practice be few appeals. It would, however, have a very salutary effect on both the agency and the minister, and would be of real value in ensuring that they acted judicially in making any ruling. It should not be overlooked that the determination of who is a non-eligible person, or whether control would be acquired, is a determination of whether or not the minister and the Cabinet has authority to deal with the matter at all. However, on this question of appeals to the courts I must disagree with the committee on two points.

First, I do not think it is right that appeal from a ruling should be to the trial division of the court without any right of appeal. Both the Federal Court Act and provincial acts, like the Ontario Securities Act, provide for appeals from a board, commission or other tribunal to a court of appeal and I do not see why this should be any different.

Secondly, I do not think a court is the appropriate body to determine whether an investment is of significant benefit to Canada, and I agree with the submission of the Canadian Bar Association and disagree with the recommendation of the committee in that regard.

In my opinion, there should be no appeal to the courts from the decision of the minister to recommend to Cabinet that the investment be disallowed. It has long been a principle of Canadian law that where a government official or body arrives at its decision through the application of policy rather than law, its function should be described as administrative, and traditionally there are no appeals to the courts from a decision of a purely administrative nature as opposed to one of a judicial or quasi-judicial nature. It is only necessary to refer to clause 2(2), which provides that one of the factors to be taken into consideration in determining "significant benefit" is its compatibility with "national industrial and economic policies," to see this is an administrative decision of the type that the courts should not be dealing with.

Finally, I disagree with the recommendation of the Senate committee that investment companies be, in effect, exempted from the provisions of the bill. In my view, it is of particular importance that investment companies be subject to the provisions of this bill, because I believe it is important that before any foreigner be allowed to control an investment company in Canada he be carefully screened. It is preferable that people who control investment companies should be Canadian citizens resident in Canada, and answerable to Canadian courts. I only have to mention the likes of Messrs. Cornfeld and Vesco to emphasize the importance of this.

The last point I would like to comment on is the statement by the Honourable Darcy McKeough in issue 11 of the committee's proceedings, at page 12, that Canadians should be more prominent on the boards of directors of subsidiary firms in Canada. He referred to the introduction of Canadian residence requirements for directors of companies incorporated in Ontario, which had been described by the federal minister before as being token-

ism, and to the fact that this more enlightened federal government indicates that it will legislate the same thing. In my opinion, to describe the present provision in the Ontario act, and the proposed provisions in the Canadian act, as being tokenism is really understating the matter. I would describe it as pure window-dressing, if past experience is any criterion. I have yet to run into a lawyer who knows how these things work who does not agree with me. In no way can the provisions requiring that a majority of the board be Canadians lessen the necessity for this bill.

In conclusion, might I say that I think it is of great importance that this bill be passed substantially in its present form. With the recommendations of the Standing Senate Committee on Banking, Trade and Commerce which have already been incorporated by amendments in the other place this is a much improved bill, although in my opinion it would be even further improved if a right of appeal from the rulings of the minister were provided, as I have suggested, and the provision for rulings were extended to provide for rulings as to whether or not under a given set of circumstances an investor will acquire control.

On motion of Senator Lang, debate adjourned.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972
FEDERAL-PROVINCIAL FISCAL REVISION ACT, 1964
INCOME TAX ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Eric Cook moved the second reading of Bill C-233, to amend the Federal-Provincial Fiscal Arrangements Act, 1972, the Federal-Provincial Fiscal Revision Act, 1964 and the Income Tax Act.

He said: Honourable senators, Bill C-233 has a long title. It is also possible to give a long explanation of the details of the bill but, on the other hand, it is equally possible to give a fairly brief explanation of the purposes of the bill, leaving the details to the committee stage.

It is my view that honourable senators would prefer the brief explanation, and this I will now endeavour to give.

The amendments to equalization grants made by this bill were announced by the Minister of Finance in his budget last February and were accepted at that time. As a consequence this bill was passed in the other place at one sitting, and then referred to Committee of the Whole, and disposed of within the hour. The principle underlying the bill is that it will achieve four basic purposes.

First, it will increase the equalization grants paid to the seven lower income provinces by broadening the equalization formula to include in the revenue to be equalized local government taxes raised for school purposes.

Second, it will extend to March 31, 1977 the existing arrangements for federal assistance to provincial post-secondary education costs.

Third, it will modify the harshness of the provisions respecting ineligibility for the revenue guarantee. This is required to be done because the province of Nova Scotia had raised its income tax rates above the specified break-even rates, and thus had made itself ineligible for a five-year period of receiving guaranteed payments. It is now proposed to reduce this five-year ineligible period to one year.

[Hon. Mr. Godfrey.]

● (1700)

Fourth, it will permit the continuation of long standing financial arrangements with Quebec in the light of the new family allowances legislation program.

This increase in grants will bring the total amount paid in equalization to about $1.5 billion. On a per capita basis the amount to be distributed to each of the seven receiving provinces in 1973-1974 will be approximately as follows: Newfoundland, $311; Prince Edward Island, $299; New Brunswick, $230; Nova Scotia, $217; Saskatchewan, $128; Quebec, $117; and Manitoba, $96. The lowest income provinces, Newfoundland and Prince Edward Island, will receive the highest per capita payments. Quebec and Manitoba, which are only slightly below the national average in revenue-raising capacity, will receive the lowest per capita payments. I believe all honourable senators will agree that this is as it should be.

Hon. Mr. Flynn: Have you got the present figures—a comparison with what is being paid now?

Hon. Mr. Cook: I have not got them at my fingertips. If the bill receives second reading I intend to move that it be referred to the Standing Senate Committee on National Finance, and I am sure that those figures will be available there.

I commend this bill to the favourable consideration of honourable senators.

On motion of Senator Macdonald, for Senator Phillips, debate adjourned.

THE ESTIMATES

CONSIDERATION OF REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A)—DEBATE ADJOURNED

The Senate proceeded to consideration of the report of the Standing Senate Committee on National Finance on Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1974.

Hon. Douglas D. Everett moved the adoption of the report of the Standing Senate Committee on National Finance on supplementary estimates (A), tabled in the Senate on Thursday, November 22, 1973, and printed as an appendix to the *Debates of the Senate* of that date.

He said: Honourable senators, this report shows that supplementary estimates (A) for 1973-74 total almost $1.005 billion, bringing the total expenditures for the year, to date, to $20.291 billion, and this before the final supplementary estimates of the year—supplementary estimates (B)—which will add to that total.

In its examination your committee has been concerned about the increasing amounts in the supplementary estimates. Five to seven years ago, supplementary estimates (A) and (B) for the fiscal year totalled between $200 million and $400 million. In 1972-73 that sum had risen to $1.775 billion, and this year, dealing only with the first half, it is $1.004 billion, so it is quite possible that the

supplementary estimates for the 1973-74 fiscal year may exceed $2 billion.

This indicates a tendency towards a lack of control over the formulation of the budget and the estimates themselves. We are talking about supplementaries which, essentially, are the result of statutory and budgetary programs imposed on the government during the term of the fiscal year.

Hon. Mr. Flynn: Most of them have been imposed by the NDP.

Hon. Mr. Everett: I will ignore that remark, senator.

Your committee, while dealing with the estimates, has also been making a detailed study of Information Canada.

We have had a considerable number of hearings, which are now virtually concluded, and within the next few weeks we will be writing a report which we hope to be able to table in the Senate in the near future. We think it will be a useful report, one that will indicate a new direction for Information Canada, and dealing with some of the problems of information services in government.

We think that the examination of an individual department, program, or agency is the proper role for the Standing Senate Committee on National Finance to play. There is some discussion in the report before you of the suggestion that when we have concluded our examination of Information Canada, we should perhaps take a look at the LIP program, and the Opportunities for Youth program.

There is, however, one other direction that the work of the committee can take, and that comes under the heading of economic reports. There is before this house the Tenth Annual Review of Economic Council of Canada, that makes certain recommendations which are of interest to your committee. Two of those recommendations directly impinge upon the spending of government. The first of these recommendations of the Economic Council is:

> We recommend that the growth of government transfer payments to individuals not exceed an average yearly rate of approximately 11 per cent during the period 1973-76.

And the second is:

> We recommend that the federal and provincial governments establish, for themselves and for the public sector as a whole, one or more indicators of the desirable level of increase in public expenditures for a three-year period. To this end, we recommend that they entrust the preparation of background documents to the continuing committee of officials on fiscal and economic matters or to the Economic Council of Canada.

● (1710)

The Leader of the Opposition mentioned yesterday that he thought the National Finance Committee should study the latest annual review of the Economic Council of Canada. I think there is something interesting there, because of the tremendous increase in the level of government spending. We are talking here of estimates that this year will exceed $20 billion, and we are also talking in terms of municipal, provincial and federal government expenditures taking over 40 per cent of the gross national product.

I know some of my colleagues will disagree with me when I express concern over this, because they really do not see any difference between an undertaking in the hands of government and an undertaking in the hands of private enterprise. But here I have to part company with them because I do see a difference. In fact, I see a difference in two respects. One is that part of the inflation we are experiencing—perhaps 3 per cent of the inflation we are undergoing in Canada today—can be traced to the fact that 40 per cent or more of what is being done in Canada is under government control. By that very fact the expenditure of money is not as controlled as it is in the competitive enterprise system.

I do not believe, for example, that in the areas of wages, of costs generally and of capital appropriations, governments are as careful or as cautious as businesses are. Businesses are faced with looking at a profit and loss statement, with reporting to their shareholders, and surviving in a competitive atmosphere. I think that an examination would show that this increasing expenditure by governments—what I would call this increasing "take" of government—is contributing, as I say, to the extent of perhaps 3 per cent to our annual inflation.

My other concern, honourable senators, is that our taxation system is based on ability to pay. As the Economic Council of Canada indicates, if our expenditures are going to grow over the next few years that could involve a substantial increase in the tax requirements of government. I think you get to the point in a sliding scale taxation system where you create a positive disincentive to the development of the country.

For those reasons I am hoping that one of the initiatives that can be taken by the National Finance Committee is an examination the Economic Council's review, as suggested by the Leader of the Opposition. I hope we can put together some empirical data on this question of the size and growth of government, and its effects on inflation and the willingness of people to work and invest in an economy that has a greater and greater degree of government control.

On motion of Senator Grosart, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Gérald Fauteux, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

> An Act to amend the Cooperative Credit Associations Act

An Act to amend the Criminal Code

An Act to amend the Customs Act

An Act respecting the Electoral Boundaries Readjustment Act

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

———

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 6, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

AIR CANADA

ABORTED LANDING AT OTTAWA AIRPORT—QUESTION OF PRIVILEGE RE ANSWER TO INQUIRY

Hon. Mr. McElman: Honourable senators, before the house proceeds with its business I should like to raise a question of privilege.

My question of privilege is that the house has been provided with misinformation. It concerns a reply to a question that I put to the Leader of the Government in the Senate on Thursday, November 22. My question appears at page 1208 in the *Debates of the Senate* for that date, together with my background remarks. The answer was placed on the record yesterday by Senator Martin and will be found at page 1245.

Let me say at once that my question of privilege and any remarks that I make are not meant to reflect in any way upon Senator Martin. I understand, as do honourable senators, that he merely conveys to the house the information provided by respective ministries concerning questions asked in this chamber.

My first question to the Leader of the Government was:

> 1. Has the Ministry of Transport received a report that Air Canada Flight No. 637 out of Montreal had its initial landing attempt at Ottawa Airport, at approximately 2 p.m. on Tuesday, November 13, 1973, aborted?

The answer to that question was; "Yes".

My second question was:

> (a) What was the reason for such action?

The answer was:

> It was the captain's decision to overshoot as he was too high on the approach. There was no truck on the runway.

Subparagraphs (b) and (c) to my second question were:

> (b) Have the person or persons responsible for the cause of such action been identified?
>
> (c) What has been done to insure against any repetition of the cause or causes of such action?

And the answer in both cases was, "Not applicable."

The basis for my statement that misinformation has been given to the Senate is this. I had informed the house that there was a truck on the runway. The reply says that there was no truck on the runway and attributes the flight being aborted to the "captain's decision to overshoot as he was too high on the approach."

On that day the ceiling at Ottawa Airport, I am now informed, was 300 feet. Those honourable senators who have flown will appreciate what a 300-foot ceiling is. To make it more understandable, the height of the Peace Tower of the Parliament Buildings from ground level to the base of the flag staff is exactly 300 feet. It was a difficult approach for landing. We had come under the ceiling of 300 feet; the aircraft was on low power, full flaps, landing gear down, and the runway was immediately ahead of us. I cannot accept for a moment that you can overshoot in such circumstances. The power was thrown back to full power and we did get back out into the cloud layer again.

The first officer came on the intercom and advised the passengers, of whom I was one—Senator Burchill was my seatmate in the aircraft, so there is no imagination involved in what I am telling the house, there is nothing secondhand about it—and said, in a humorous tone—we needed a bit of humour at that time—that he thought probably we would like to know what had happened. He told us that we were going to circle a bit because, as we had made our approach to set down, they had found a truck in the middle of the runway. A truck on the runway! I do not discount what he told us, but the answer now given is that there was no truck on the runway. He went on to say that there was a low ceiling, that we would circle and try to get back in; perhaps we might not be able to do it and would have to go to an alternate airport. Conditions were that bad. I apologize for the detail, but I thought honourable senators would want to know the detail to understand the circumstances. We did circle and we did get back in.

I have since gathered information about the height of the ceiling on that day, and it was 300 feet. I give you the fact that we were below that ceiling; I give you the fact that the first officer told us the cause of our pulling out and making a second run.

There is something wrong when Parliament requests a department to give information and information of this nature is given to it. It is my suggestion to the Leader of the Government and the Senate that, in the interests of public safety, the leader undertake at once with the Ministry of Transport an inquiry to find out the true facts of this case and report them to this house. I further suggest that, if we are not satisfied with those facts as related to us by the Ministry of Transport, we ask the Standing Senate Committee on Transport and Communications to conduct an inquiry into this incident; that we ask for the tapes of that Air Canada flight, which would record the conversation by the first officer that I have related to you; that we hear evidence from the control tower staff on that day and get to the bottom of what I can only suggest is a bureaucratic cover-up of a very serious incident.

I would close by suggesting that perhaps our colleague the Honourable Senator Dan Lang might have some additional information that he would wish to give on this question of privilege.

Hon. Mr. Lang: Honourable senators, I spoke to Senator McElman about this incident the other day and mentioned to him that when he put his question, that I was familiar with the incident to which he was referring. I was not on that aircraft, but I was in the VIP lounge at the airport either that day or the next day and was involved in a conversation there with a group of men waiting the departure of a plane. It is, therefore, all hearsay. The whole discussion was about this truck on the runway and everybody knew about it and everybody was commenting on it and I assumed that this incident must be of widespread public knowledge.

• (1410)

The other thing that they were saying—and again one must call this hearsay—was that when they got the truck off the runway or got out to the truck that they found the driver was drunk. This sort of thing is of a serious nature and should be investigated. I certainly support the position taken by Senator McElman and I add this for what it may be worth.

Hon. Mr. Langlois: Honourable senators, I should like to add a few remarks to what has been said about this incident. First, as Senator McElman has pointed out, and rightly so, the Honourable Senator Martin cannot be blamed if any misinformation was conveyed to the house. As honourable senators know, in cases of this nature the leader merely conveys to the house the information that he gets from Air Canada through the offices of the Minister of Transport. However, it would seem that here we have been faced, as Senator Lang has pointed out, with some hearsay evidence. I am not challenging the facts as stated by Senator McElman, but we have the version given to those on the flight on that occasion by the flight officer. Now we have supposedly coming from Air Canada statements of the captain himself, the man who took the action to abort this landing. Having said this, I can assure Senator McElman and Senator Lang that Senator Martin and I will do our best to bring their remarks of this afternoon to the attention of both Air Canada and the Minister of Transport—

Hon. Mr. Asselin: And to the truck driver also?

Hon. Mr. Langlois: —and we will report further to the house.

Hon. Mr. Cameron: Honourable senators, I think it is timely that this matter was brought up, not only for this particular incident but for a number of others. Some senators may have seen in the Toronto *Star* two or three nights ago a story about a tunnel from terminal 1 to terminal 2 in Toronto Airport, built at a cost of something over $1 million, and that fewer than 200 people a day use it, whereas the number taking the ten-cent bus ride above ground is up in the hundreds of thousands a year. Even at that, since the service started in the past year we have subsidized the bus to the extent of $57,000. That is one point.

The second point is the complete inconvenience of that terminal 2. There are many other things. We should have thorough investigation, calling officials of Air Canada and the Ministry of Transport before our Committee on Transport and Communications. We might as well go into the whole thing completely while we are at it.

[Hon. Mr. McElman.]

Hon. Mr. Blois: Honourable senators, I wish to state that I was on that flight 637 with Senator McElman and I vouch for every word he has said.

BUSINESS OF THE SENATE

On the Question Period:

Hon. Mr. Flynn: Honourable senators, may I ask the Acting Leader of the Government, since there has been no notice of motion given as to the adjournment of the Senate today, whether we are going to sit tomorrow?

Hon. Mr. Langlois: Honourable senators, I intended to make a statement before the Orders of the Day were called. As I have had the opportunity to inform the Leader of the Opposition this morning, it is our intention to sit tomorrow, in view of the uncertainty of the situation which presently exists in the House of Commons and which may persist for a few days. In view of that situation, the Senate should be available tomorrow to deal with legislation we have before us now and also with any legislation which might come to us in the course of the present day.

• (1420)

It is expected that there will be some kind of "package deal" made in the other place today and that a group of bills might be coming to us at any time now. As was said, no motion is being made for a special adjournment, and when we adjourn today we will take the normal adjournment as provided in the rules, which is to say that this chamber will adjourn until 2 o'clock tomorrow afternoon.

Hon. Mr. Flynn: Would the acting leader think it appropriate, as being convenient to senators, to meet at 11 o'clock tomorrow morning so that we might be able to finish by 1 o'clock?

Hon. Mr. Langlois: That is precisely what I had in mind when I was discussing the matter with the leader, but I have since been informed that a committee had already been scheduled to sit tomorrow morning, and that that would not be possible if the house were in session unless the house consented to the committee's sitting during the sitting of the Senate. That is the only reason we have kept it to 2 o'clock.

There again I am in the hands of the Senate. However, I should like to discuss the matter further with the chairman of the committee in question before making any final statement about it. But it is for the reasons I have just given that we intend to adjourn today until 2 o'clock tomorrow afternoon.

Hon. Mr. Beaubien: Can the acting leader give us any information about next week?

Hon. Mr. Langlois: It is our intention to come back at 2 o'clock Monday afternoon.

FOREIGN INVESTMENT REVIEW BILL

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Hayden, seconded by the Honourable

Senator Bourget, P.C., for the second reading of the Bill C-132, intituled: "An Act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons".—(*Honourable Senator Lang*).

Hon. Mr. Lang: Honourable senators, at the request of Senator Desruisseaux I am going to yield. I assume that I will then follow him.

The Hon. the Speaker: Is it agreed that Senator Desruisseaux speak in place of Senator Lang?

Hon. Senators: Agreed.

Hon. Paul Desruisseaux: Honourable senators, my first words are to thank Senator Lang for allowing me to proceed. I had expected to go on yesterday, but, unfortunately, I could not because of the number of senators who took part in the debate. As I will be unable to speak later this day, and because I understand we are getting close to the end of the consideration of this bill before it goes to committee, I wish to thank Senator Lang for yielding with his usual courtesy and graciousness, thus enabling me to speak on the bill now.

When Senator Hayden moved second reading of this complex and difficult bill last Tuesday evening, I gathered from his remarks that he hoped it would go to committee where consideration could be given to making certain amendments to it. That is a position with which I fully agree for reasons which will become apparent during the course of my remarks.

Just in passing may I say that in my opinion the contributions to the debate on this bill by Senators Grosart, Connolly, Cook and Godfrey were all of high calibre and form a valuable contribution to the work of this chamber.

As for myself, today, my position is similar to that of another senator who spoke on the bill: I am involved in a number of corporations, but my involvement has no bearing on the views I have about this bill. I am taking the liberty of saying what I think about it, and I hope it will be taken in the same spirit.

I will make no technical approach to the bill. This was so well done by so many other senators that I think it would be quite useless for me to try it. I would like to undertake a study of the present planning that has been done in connection with the bill, and I would like to make some general observations on the possible consequences of it.

We cannot take questionable situations. We have to know for sure what would be the consequences, as they have a bearing on our future conception of how we trade in Canada. Many want to take a new look at international partners. I would like to take that under consideration in my own way, and I hope I will not be boring. I will try to be short.

The Foreign Investment Review bill, Bill C-132, is a most consequential bill. It was referred to on its presentation as only one of many measures on foreign investment which the government was proposing to produce in Parliament, and it was said that the bill was an extension of the review process to cover not only takeovers but the establishment of new foreign-controlled businesses in Canada.

Still other bills, as the Honourable Alastair Gillespie said, have been or will be introduced, first, to provide for the registration of technology transfer agreements; second, to ensure that the majority on the boards of directors of federally incorporated companies be Canadians; third, to increase Canadian participation in the ownership and control of resource projects; and, fourth, to examine the desirability of restricing sales of Canadian land to foreigners.

This latter heading as yet is only under advisement.

It was against this sweeping background of projected bills that the minister introduced Bill C-132. The proponents of this bill affirm that it will help to generate meaningful and satisfying employment for Canadians, promote economic growth, and provide Canada with what it wants, that is, an economy which gives it the power to innovate in response to a changing world.

I am afraid this way of reasoning out some parts of the bill is pure rationalization, for in spite of the good intention of the bill as a whole, as expressed brilliantly by the well-intentioned, pragmatic, nationalist minister, and the high hopes and the broad expectations as to what this legislation will provide for Canadians, this particular legislation may well boomerang and provide a breeding ground for some dissension and will stir, in my view, eventual resentment from some of our provinces who may be involved when factual cases of applicants interested in their localities will be dealt with negatively under the provisions of the bill.

It is my own assessment that in spite of the good purposes of the bill there will be considerable discontent about, for instance, regional employment, when it is realized that applying foreign firms have been slowed up in their development, or find themselves at a practical standstill because of the restrictions imposed under the bill, and because of the government's refusal to admit an applying foreign investor under the guidelines provided for in the bill.

● (1430)

Honourable senators, if there has been great success in our exports of manufactured goods in the last few years, which provided wide and satisfying Canadian employment, it is not solely because of our Canadian export policies and our government's continued assistance to our exporting corporations. It is principally because of the vast major market factors provided mostly through our Canadian foreign-owned firms and our Canadian multinational corporations financed by foreigners operating in worldwide markets from Canada. This is the main reason for the high export figures we now have, and this is one of the principal reasons for our current prosperity. Let us not fool ourselves by thinking otherwise.

One must therefore realize that it is a restrictive bill in spite of its good points and its apparent mild approach and its concept of a new outlook of what is good for Canada, with which I could not agree less.

The agency to be formed to undertake the screenings is expected to be more demanding and more political than any that has been formed thus far in the Canadian Parliament. It will be responsible for assessing the net benefit to Canada of an estimated 150 to 200 proposed foreign takeovers annually, and, in a year or so, of some 300 to 400

cases of new foreign direct investment and expansion into unrelated fields by existing foreign-controlled Canadian subsidiaries. In practice, the decision of the commissioners, in accordance with the bill before us, will be subject to Cabinet review. This is where political considerations will inevitably enter the picture. It will be dependent on the Cabinet of the day and on the pressures that provincial ministers, of whatever party, bring to bear. Without any definition to act as a guide, what will be called of "significant benefit" by some will not be so considered in the thinking of others who hold different political views. And what will be considered to be a related or unrelated business by those who deal with it at different levels, will appear to contain an element of bias to others of different political philosophies. Stability of assessment and appraisal will over a certain period of time disappear, and to say that the bill will promote economic growth appears to me to be erroneous.

If through this bill foreign investment is refused entry into Canada and if mergers planned for expansion and market growth are not permitted, for one reason or another, then the result will not be to promote economic growth. No Canadian or group of Canadians will find it easy to duplicate the performance and the large profitable achievements beneficial to Canada realized mostly by the multinational corporations because of their "know-how" and their ready worldwide markets. I believe truly that this new bill may prove to be, as some have said, a deterrent to many hopeful outsiders considering Canada for one of their operating bases. Being a federal government, with federated provinces as members, each having their definite powers in the field of commerce and industry, I also sense divergence of constitutional views between the federal government and the individual provinces in respect of their rights and powers, especially concerning provincially incorporated corporations backed up by foreign investment. Quebec, for instance, expresses strong opposition to the present federal policies on foreign investment. Foreign investment is unreservedly welcomed in my province. Quebec believes this is an encroachment on its rights. We have been and are successful in our manufacturing ventures and have successfully developed our exports. We have achieved prestige and gained general recognition the world over, in spite of our smallness and the little capital we could in reality afford to put up. We have not done it alone. Foreign investment played the big part. Protective types of legislation such as we now are proposing have not worked too well in the past wherever they were enforced. They may cost Canada in this instance some of its economic success and in the process make us lose a highly regarded reputation of Canadian economic liberalism that for our great benefit has been retained here up to now. The proponents of the bill have said that we as Canadians want an economy which gives us power to innovate in response to a changing environment. They have theorized that this bill will ensure that power, because otherwise we would be turning the control of our future over to those who retain it. To me, such premises have no justifiable acceptability. To me, they are of the wrong, antiquated philosophy. Foreign investment has brought us new products, new technology, good management skills, access to foreign markets and improved productivity. It was not used here for commanding, for dictating its wants, or for pressing its instructions, as was hinted. In the past, we, as a government, as a people, have found instead full co-operation and a good partnership spirit in our dealings with foreign-controlled investment firms.

● (1440)

Historically, it was foreign investment that helped fill a number of Canadian economic gaps, which involved capital, technology, management, and particularly markets. If foreign investment came to Canada, as it did, it was to share in the benefits derived from its international involvements, and Canada was the happy recipient of by far the greater proportion of benefits realized from their worldwide operations from their Canadian bases.

When foreign investment came to Canada in the past, it became responsible also for the export of manufactured products to world markets to the extent of more than 75 per cent. If, through such controls, restrictions, narrow guidelines, political pressures and decisions, as proposed in the bill, we were to prevent foreign investment from coming to Canada, it would mean that to that extent we would be stopping development such as those which we have witnessed.

I would not want to see our growth slowed beyond reason, or stopped in certain areas, because of some questionable theories originating in most cases in Mr. Walter Gordon's philosophy of what is a successful new economy for our country. I am quite happy with our achievement so far. I would quite honestly prefer to see Canada big and prosperous, and growing bigger and more properous, with some accepted interdependence with others, be they nations or multinational corporations, than to see Canada small, reliant and dependent on others, with a diminishing importance and diminishing control over its own economy because of its weakness, and, at the end, left with just a semblance of control over its real destiny.

There is some comfort in being informed that the future development of Canada should not be jeopardized by committing our scarce funds to an enormous repatriation of the past. It would be a monstrous destruction of the best recognized system of liberal and free movement economy that exists. It would force an inverted approach to everything, and would also cost the prohibitive amount of $30 billion, an impossibility for Canada at this time. I fear it would also have the effect of having Canada branded all over the world as a "one-way dealer," with all of its implications. Although Canada, no more than others, can rely passively on the operation of market forces alone, it is realized that our past policies were to assist effectively the development of market forces for Canada, whence they originated, and this approach was highly successful.

The expansion of such foreign policies has served Canada very well. Such foreign policies have made good new Canadians, given us world prestige, helped raise the spending income of individual Canadians, and, more than anything else, provided us with economic stability and growing economic contentment.

I am sorry that I cannot truthfully follow the pragmatic minister in his thinking, when he says:

> Our objective is to introduce a policy that will have no adverse impact on employment or investment.

I differ with him on that point if we are to consider the proposed law as being operative in the least. I do not believe that I am being grossly stupid in making the assessment that the policy of the bill will have an adverse effect on employment and investment whenever restrictions are applied, whenever takeovers planned for providing market growth and expansion are reviewed, and whenever limitations and limited guidelines are used.

The five factors covering all sectors of the economy, resources and services, which are said to be taken into account to consider a proposal of investment in a Canadian business, as to whether it is of benefit to Canadians, makes the bill restrictive, conditional, protective, and subject to interpretation.

The factors are not positive *per se*. They can only provide or show ways to subtract from what we have and from what we now allow. Decisions reached under the articles of the proposed law are fully dependent on personal and political evaluations of these factors. The relative importance of the factors mentioned, whether liberal, restrictive, or conservative, will change as parties in power change.

So again I say that it can and will at times have an adverse impact on both employment and investment. In my judgment, more surely than is affirmed to the contrary, it will affect our long-term economic and social goals in Canada. This is a future responsibility that Parliament will have to bear with the passage of this bill.

[*Translation*]

I am concerned about our federal-provincial relations when everyone can constitutionally legislate differently and according to concepts of different philosophies and principles. In the case of Bill C-132 before us, Mr. Gillespie stated on more than two occasions that with respect to the role of provincial priorities he wanted to reassure us that the bill would not have the effect of an unfavourable impact on any regional development. The minister added that foreign investment necessary to the development and growth of a province was likely to be considered as being of significant benefit and thus allowed. That seems to me to be an extreme simplification of the argument he made in his discussion of this bill. I for one do not believe that we can find that same simplification in the political facts and reality with which we are familiar.

The minister then talked about federal consultation with the provinces he visited.

I doubt very much that certain provinces would agree—this would have to be further examined in committee—to give up just like that upon the visit of federal authorities a right they have had, it seems to me at least, since the beginning of their existence, which would allow the federal government to deal directly on an individual basis with foreign corporations, for example, with a view to foreign investment, in a given province, with a provincially chartered corporation. The province of Quebec, for its part, is strongly opposed to federal policies in the area of foreign investment. That policy would be contrary to its best interests, according to what has been stated.

Is the question of the selection of qualifications required of provincial companies one of provincial jurisdiction or not? Is it or is it not up to the province to accept legally foreigners who want to obtain provincial incorporation, make investments in the province and operate therein?

If so, it is our duty to represent our provinces in this house and vindicate all their rights and make sure they keep the rights they acquired at the time of Confederation. Is individual consultation between the federal and provincial governments valid, binding on both parties? Should we not ensure a non-equivocal agreement, in writing, especially in these matters which may have constitutional implications?

The bill submits that for new foreign investments to be considered, then allowed and permitted, it must be proved that they will be of significant benefit. To my mind, that "significant benefit" remains a totally subjective matter. What it means will depend, over and above everything else, and to a large extent, on the political climate of the times, on the approach of the commissioner, the minister or governor in council who will reflect the opinion of his key members, who in turn are, by vocation, naturally strongly political.

In a country until now very democratic, one can only dread seeing a government, no matter how well intentioned, evolve in that direction and adopt such a system in the evaluation of the economic partners who would join us.

● (1450)

Hon. Mr. Choquette: Before leaving this point, would my honourable friend allow me a question?

Hon. Mr. Desruisseaux: Certainly.

Hon. Mr. Choquette: Has care been taken to ensure that the bill is constitutional or not, or are we proceeding from the idea that the provinces will agree to let the federal government decide if the input of foreign capital in a company or the takeover of a provincial charter company can be allowed?

Hon. Mr. Desruisseaux: From what I gathered from the report I read, it is a constitutional matter, and the Minister of Justice, I think, or someone from the Department of Justice, has given the opinion that the present procedure made it constitutional. But I am personally not satisfied with this interpretation and for this reason I think that the bill should be referred to a committee. If it should be unconstitutional, it should never be passed. It is our duty here to protect the provinces.

Honourable senators, I never believed that we had lost control over our economy, or that we were about to lose it, as was suggested in some places. I never believed that foreign investers at any time had been or were interested in gaining control over our Canadian economy. I am convinced that our Canadians, our governments have had no difficulty to date to keep our Canadian economy independent, maybe more independent than any other nation in the world. Surely we have preserved all its flexibility against restriction so that our citizens may draw utmost benefits from it, as opposed to what can be seen in a few other countries—because of situations that are created by restrictive measures.

If I understood well, Senator Connolly (Ottawa West) stated yesterday that foreign investment in Canada amounted to $38 billion. I read in an article by Frank

Rutter published in yesterday's Montreal *Star* that, according to economists of the United States Department of Commerce who for some time have been considering the situation of foreign subsidiaries of American companies over which they have control, this kind of investment has now levelled off while foreign investment in subsidiaries increased by 11 or 12 per cent this year. As a whole, American investments in Canada remained almost constant at the 1972 level and, according to investment projections for next year, they are expected to amount only to 7 per cent. This has started already.

You were told that 69 per cent of Canadians favour this kind of legislation. Nevertheless, I am convinced that when we review it in the light of the consequences, this percentage of approval will go in the opposite direction, for this kind of restrictive legislation will not prove, as expected, to have anything good for our economy.

The bill will probably be carried in this house. It is to be hoped however that it will be considered in committee for possible amendments and corrections. But it will probably be carried in the long run. Unfortunately I feel that the bill complies with a request of the group which indeed holds the balance of power at the present time. We are dancing to a tune, their tune. I will abstain from voting on that bill.

[*English*]

Hon. Daniel A. Lang: Honourable senators, I never cease to marvel at the lucidity and exactitude of our colleague, Senator Hayden, when he presents, explains and dissects a piece of legislation. In connection with the bill we have before us he has not only lived up to his masterful record, but in some ways has surpassed it. I want to particularly congratulate him, once again, and to thank all those who have contributed to this debate thus far.

Last week in the *Globe and Mail*, in a front page report on the passage of Bill C-132 through the House of Commons, the columnist concluded by saying that the bill would now go to the Senate where it would receive quick approval after the usual ritual grumblings. Well, honourable senators, I am afraid that is what we are seeing happening. I think some, if not all, of the speeches we have heard so far rather confirm this conclusion.

● (1500)

Hon. Mr. Flynn: Especially the silence of the government leader.

Hon. Mr. Lang: I would say that in many ways some of our speakers, if I may so put it, praised this bill with faint damns. I must say that this is not surprising to me, inasmuch as we have today a piece of legislation sponsored by a Liberal government, based on a fundamental Conservative Party protectionist philosophy, and in complete accord with the anti-capitalist and anti-free enterprise bureaucratic control bias of socialist NDPs. It is a bill with something appealing for everybody. Liberals can support it because of party loyalty. Conservatives can support it and relive for a moment the glories of the 1911 election and the slogan with which they carried it, "No truck or trade with the Yankees." Indeed, if there are any unsuspected socialists among us here they might take comfort in the rapid expansion envisaged in this bill of bureaucratic planning and control. So, honourable senators, in my opinion this bill appeals to all political persuasions.

Some time ago I set forth my own views, not on this bill specifically, but on the subject matter of the Gray report and foreign investment generally. I set forth those views in a debate we had here in June 1971 on Canada-United States economic relations. I am not today going to repeat what I said at that time; it will suffice to mention a few specifics. I said then that I believed there were five great Canadian myths about foreign investment, and I attempted in my speech to demolish those myths, with some objective statistical data. Specifically, I referred to the following myths.

Myth No. 1 is that we have an undue proportion of foreign ownership in Canada, which I said is not true, because our overall foreign investment is only 21 per cent of our total capital stock outstanding in Canada.

Myth No. 2 is that the inflow of foreign investment is less than the outflow abroad from that investment. Not true, when account is taken of the exports thereby created by foreign investment here in Canada, the imports that are displaced by such foreign investment manufacturing in Canada, and the foreign exchange gains that are produced by this foreign investment in Canada.

Myth No. 3 is that the use of accrued earnings from foreign investment for expansion in Canada is use of our savings to finance foreign takeovers. This, of course, is patent nonsense, because such accrued earnings are no more our savings than was the original foreign investment itself.

Here I point out to honourable senators an interesting phenomenon. You will note throughout the debates in the other place, and in all the talk surrounding this issue, the use of that word "takeover." Honourable senators who are lawyers certainly realize that is a completely inflammatory word. It has implicit in it, a sense of compulsory taking, but in fact all we are talking about here is buying and selling between willing sellers and willing purchasers. There is no such thing as a takeover. It is an inflammatory word, and when I hear it I immediately suspect the source whence it comes.

Myth No. 4 is that the economic performance of foreign-owned firms in Canada is inferior to Canadian companies, which is not true. Objective analysis shows the reverse to be true, until in time our inhibiting industrial and legislative environment brings down the foreign enterprise to our level of competency.

Myth No. 5 is that Canadian-owned companies in Canada will serve the public interest better than foreign-owned companies. Not true. Both Canadian and foreign-owned companies serve private interests.

Since I spoke in June 1971, my views have not changed, and I think my views compel me to reject this bill in principle. First I would like to say, as a sort of personal testament, why I must reject this bill. I think I am both a capital "L" Liberal and a small "l" liberal.

Hon. Mr. Flynn: That is the reverse of the Leader of the Government.

Hon. Mr. Lang: I basically believe in free and freer trade. I believe in freer competition. I think that both free

trade and free competition best serve the interests of all Canadians, particularly the middle-class Canadians and the labouring-class Canadians. I am not a protectionist, and I am particularly not a protectionist of vested Canadian financial and industrial interests, which will be so well served by this bill in protecting them from foreign competition.

Finally, I have every confidence in the ability of Canadians to compete and win against any foreign competition in innovation, development and exploitation of any industrial and scientific skills. I have no fear for the competency of Canadian talent. I am not afraid of big bad Americans. I am not afraid of big bad Europeans. I particularly realize that the world is getting smaller every minute, and that protectionism and isolationism, which is a characteristic of this piece of legislation, must inevitably fail against the dynamics of common markets now formed and forming throughout the world, and particularly the dawning of a new sense of internationalism.

Honourable senators, let us face it: the purpose of this bill is that there shall be no further foreign investment in Canada without the consent of the minister. The significance of that is appalling. This bill, in my opinion, represents one of the most devastating assaults on the rule of law that has ever taken place in Canada outside a state of emergency. Its ramifications for most business activity in this country are staggering, and the sweep of power to be vested in the minister is absolutely enormous. There is only one thing certain, that this bill will create the greatest lobby that this or any other Parliament in Canada has ever seen. Not only that, but enormous discretion will be vested in bureaucratic niches here on the Hill and elsewhere; powers to be exercised by people with little or no knowledge of business practices, and certainly many of them with very strong ideological biases.

I suggest, honourable senators, that this is no way to direct or control foreign investment. It is an assault on the rule of law in Canada. The way to control or direct foreign investment, if that is desirable, is through taxation laws, corporation laws or security laws. That is where you create specific and delineated offences capable of being interpreted and enforced in our courts, against both the corporations and their directors. This is the way normal, competent government carries out these objectives in other countries, not by saying there will be no more foreign investment in Canada without the consent of the minister. The egregious arrogance involved in that concept staggers me.

● (1510)

Thirdly, I reject this bill because I believe that the problem of foreign investment in Canada is a manufactured issue. Just recently, in fact last week or so, a survey was conducted by Kates Peat Marwick & Co. for the Ontario Legislature's Select Committee on Economic and Cultural Nationalism. It would be interesting to note that they found it was a sort of "motherhood" issue, which indeed it is, and that it ranked, on the average, nineteenth in priority in a list of the problems considered important by the average man in the street. This manufactured issue is largely an Ontario manufactured issue, it is largely a Toronto-based manufactured issue.

Hon. Mr. Choquette: That is true.

Hon. Mr. Lang: It is now pervading the halls of Parliament here in Ottawa and the halls of the Legislature at Queen's Park.

Honourable senators, we have been hearing this drum beat for a long time and it is worthwhile to try to take some long range perspective on it.

This bill does not come to us as an isolated legislative act; it is part and parcel of a pattern of events that have been going on for 10 years. The first faint signs of the drumbeat could be heard in the mid-1950s through the ivy halls of our universities where academics of dubious distinction were trying to inculcate into our young people a new kind of rabid nationalism completely foreign to the traditions of our country as a whole. From the classrooms of our universities the drumbeat was picked up by our self-proclaimed prophets in the field of television, newspapers, journals and books. If I may, I would just like to read to you some brief quotations which tend to sort of simplicize the message of those drumbeats. Professor William Kilbourn, alderman, City of Toronto, said:

> Compared to the U.S., Canadians, per capita, are painfully short of first-rate, intelligent, liberated people in every sphere from industry to education and the arts.

The Honourable Robert Stanbury, Minister of National Revenue said:

> We really don't have much of a Canadian culture.

Richard Rohmer, Q.C., Chairman of the Ontario Royal Commission on Book Publishing, a man with whom I have some acquaintance, said:

> We have no national purpose, none at all that I can see.

Peter Newman, editor of Maclean's Magazine said:

> This dull, middle-class nation—

Dalton Camp, former president of the Progressive Conservative Party, said:

> The real enemy of all political parties today is not the other side, but public apathy and indifference and a national sense of futility.

Honourable senators, look at the titles of the books we are publishing, and we have more coming out at Christmas with a lot more of this ethic: *Troubled Canada; The Uneasy Neighbour; Lament for a Nation; The Canadian Dilemma; The Unheroic North; The Precarious Homestead;* and *Survival.*

Mr. John Holmes, President of the Canadian Institute of Public Affairs, said:

> We need a touch of grandiosity in Canada to lift us from the meanness of spirit, the failure of conviction which besets us.

Honourable senators, I am fed up with this drumbeat from our so-called prophets of doom. The proponents of rabid nationalism are completely out of keeping with the country as it exists today, and are trying to push us back into the eighteenth century.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Flynn: You mean you want that?

Hon. Mr. Martin: I do.

Hon. Mr. Lang: This phrase recurs. We find it being picked up in academe and media. Thence we find it per-

vading our political parties, not only my party but the Conservative Party and the NDP, all for different reasons, and all because the conventional wisdom created by the media—newspapers, journals, and so on—the conventional wisdom forced through those means require the politicians to go along to get their sought-after acceptance and publicity.

What has in fact evolved from this propaganda drive? Many things have evolved up to date.

First, Canadian broadcasting was Canadianized. Secondly, newspapers, then periodicals, were Canadianized. Then our trust companies, loan companies and insurance companies were all freed of the taint of foreign ownership—and incidentally, very nicely protected from future competition from abroad. Our cable television was Canadianized. Then the content of broadcasting.

Hon. Mr. Martin: As Senator O'Leary suggested. He is one of those dangerous nationalists.

Hon. Mr. Flynn: *Time* Magazine.

Hon. Mr. Lang: Ontario book publishers are now Canadianized. Is censorship, applied by a board, the next thing we are going to have? Under the Ontario Corporations Act we have now some Canadians on the board and directors of foreign companies. A lot of good that is going to do.

Honourable senators, we have now formed a basic pattern of foreign investment restriction, with most mass media, including book publishing and distributing, movie making, radio, cablevision and radio, magazines and newspapers, and we have preserved from condemnation and competition most financial institutions, banks, trust and loan companies, insurance companies, investment companies.

Honourable senators, some speakers said this bill represents a concern felt by many people including those people appearing before the Senate committee and who basically support the legislation. Look at the list: the Canadian Manufacturers Association, the Independent Petroleum Association of Canada, the Investment Dealers Association of Canada, the Committee for an Independent Canada, the Canadian Chamber of Commerce, and the Canadian Bankers Association.

Honourable senators, why would they not want this bill? It will protect our manufacturers, like putting a tariff wall five miles high around the country. Of course they want it.

I give credit where credit is due. I remember Mr. Hart, President of the Bank of Montreal, and Mr. McLaughlin, President of the Royal Bank, both got up and said that the banks do not want this protection. But they have got it. The government has forced it on them. Also, I guess all the rest of our manufacturing industry can now look forward to benevolent sunshine flowing out of the minister's office and protecting them from the harsh winds of competition from abroad.

What even astounds me more is that after the bill was passed in the other place the minister got up and predicted that the next step is a restriction on technological exchange. What are we trying to do—build a Canadian monastery?

Hon. Mr. Cook: No. The Great Wall of China.

[Hon. Mr. Lang.]

Hon. Mr. Lang: Outside we hear in academe now the demand rising again, the drumbeats are being heard, that the staffs of our Canadian universities must have 85 per cent Canadian content.

● (1520)

I can assure you, honourable senators, that that demand stems from no desire for academic excellence, although it certainly does establish tenure.

Honourable senators, many of those developments which I have referred to that have come about, many of us have accepted and still do accept as being necessary or at least temporarily necessary in the interests of preserving some of our Canadian values. But the principle contained in this bill completely overshadows in importance the total package of everything that has come to date.

I, for one, want to see this dance stopped. I want the drummers to take away their drums and go away for a long rest.

Finally, in conclusion, I should like to mention another aspect of this bill which I think we should consider; namely, that this bill could be a real hurt to Canadians. I am not referring to the loss of jobs or the loss of potential jobs for the average Canadian worker, which is inevitably going to flow by the suppression of foreign investment inflow. I am not talking about that. I am talking about something more subtle. This bill can create in Canadians a real loss of interest, a loss of confidence in themselves. Indeed, it can produce a lack of will not only to participate in entrepreneurial activity in Canada but to compete in that activity abroad.

It is sort of interesting to see the contrast between Toronto's losing one of its greatest newspapers, the Toronto *Telegram*—because nobody in Canada would buy it and no foreigner could buy it so it just disappeared—and at the same time, Mr. Thomson from Kirkland Lake going over to London, England, to take control of the prestigious London *Times*.

Another interesting contrast to see is Britain today struggling to get into the Common Market while we here in Canada shirk away in fear of foreign investment. You know, we have heard so often that we are a mouse trying to sleep with an elephant—the mouse being Canada and the elephant being the United States. I think over the years we have started to get a "mouse" complex. I suggest that this is "mouse mentality" legislation.

In my opinion, Canada is not a mouse and Canadians are not mice and I suggest that we all have a good look again at what has happened on the north half or two-thirds of this continent we occupy. Let us look at what has happened over the last 100 years. Look at the Canada of then and the Canada of today and then decide whether we are mice or men!

Hon. Mr. Goldenberg: Would the honourable senator permit a question? I listened carefully and I think I am quoting him correctly. Senator Lang has told us that the measure before us is a bill introduced by a Liberal government, embodying principles of the Conservative Party and approved by the NDP, to say nothing of the mass media, the universities, the banks, the manufacturers and apparently Canadians in almost every other type of activity.

Would he tell us—I would be interested in knowing—what other qualities a bill must possess to show that it represents the views of the vast majority of the electors under our democratic system?

Hon. Mr. Flynn: Is there a reply?

Hon. Sidney L. Buckwold: Honourable senators, I had not planned to take part in the debate at the moment but I feel that it is essential—

Hon. Mr. Choquette: To defend the Liberal government.

Hon. Mr. Buckwold: I feel it is essential—

Hon. Mr. Choquette: You are always doing that. I like to hear you.

Hon. Mr. Buckwold: Honourable senators, may I start again?

Hon. Mr. Flynn: No, no, we heard you.

Hon. Mr. Buckwold: I say that it is essential, after listening to two very impassioned speakers today, for someone to get up and speak in the interests of Canada in this house.

Hon. Mr. Flynn: I see. Nobody else has done so?

Hon. Mr. Buckwold: No, no one today has spoken in the long-term interests of Canada. They have spoken in the interests of a variety of specialized groups.

Hon. Mr. Flynn: Oh!

Hon. Mr. Buckwold: Those who have special interests.

Hon. Mr. Flynn: Oh, yi, yi!

Hon. Mr. Buckwold: Oh, yes, keep on "oh, yi, yi-ing", Mr. Leader, and I can tell you that we will soon turn the Senate of Canada over to the Senate of the United States, if that is what you wish.

I feel that it is essential that we not lose track of what we are trying to achieve in this bill. Somewhere along the line Senator Desruisseaux and Senator Lang seemed to adopt the attitude that no foreign capital is welcome in Canada. That is the furthest from the truth of anything that could be said in this house today.

Hon. Mr. Martin: Hear, hear!

Hon. Mr. Buckwold: This bill is an effort to encourage capital in the best interests of Canadian development.

Hon. Mr. Martin: Hear, hear!

Hon. Mr. Buckwold: Now, I enjoy the myths that were put forward by our learned friend from Toronto. I can tell you that in Saskatchewan we do not necessarily think the people in Toronto have a monopoly on wisdom, but let me tell you that there are a variety of other myths which we could look at, and I am going to recite some of those myths for you.

The first myth that I would like to put forward, which has been expressed by the senators who spoke today, is that "all foreign investment is good." That is the first myth. That is the point that we have heard today.

Hon. Mr. Lang: Who said that?

Hon. Mr. Buckwold: I think it was very ably expressed by both speakers.

The second myth was that "Canada can have full national sovereignty when key resources are fully controlled by foreign owners." That is the second myth which we have had put forward today. I refute that. I do not believe we can have full national sovereignty by having unrestricted foreign-ownership of all our resources, without control, in this country.

Myth No. 3 put forward today is that "foreign companies serve only Canada and are not influenced by their national interests." That was strongly and ably put forward by our learned senator from Toronto. That is a real myth!

We have had the explanation given to us by Senator Godfrey of the effect of DISC, where the Americans have influenced production in this country in the interests of their own foreign-controlled companies by using a tax medium that affected Canadians and Canadian employment. There are many other examples. I suggest to honourable senators who oppose this bill in the interest of unrestricted control and unrestricted foreign investment in Canada, that that kind of myth cannot be perpetuated.

● (1530)

Myth No. 4, as expressed by our learned senators, is that foreign firms in many cases serve Canadians better than companies that are owned in Canada. We heard that expressed today by Senator Lang. That is the implication that you get from—

Hon. Mr. Lang: On a matter of privilege, I must deny categorically that I ever made such a statement. I think the record will show—

Hon. Mr. Buckwold: You are well able to read the record—I am sure that will be possible—but that was the implication.

Hon. Mr. Flynn: You have to accept the statement of Senator Lang.

Hon. Mr. Buckwold: I accept the statement, but I am saying that that is the implication that was presented to us today, that foreign firms can do better—

Hon. Mr. Flynn: Who said it? Who said that?

Hon. Mr. Buckwold: Myth No. 5, just to balance the other myths given to us, is that unrestricted takeover of Canadian resources and key industries in Canada can go on forever without control, and that Canada will benefit. That is the greatest myth of all.

Hon. Mr. Lang: I rise on a question of privilege. My honourable friend seems to be imputing a statement to me, which I categorically deny. On a matter of privilege, I do not think that sort of statement should be allowed. I think the house will have to accept my statement that my learned friend's contentions are untrue.

Hon. Mr. Buckwold: On reading the record I am sure we will be able to make up our minds on that, Senator Lang. I just want to say that although you may deny saying these things, the statements that were made by both you and Senator Desruisseaux lead to these implications.

Hon. Mr. Lang: In your mind.

Hon. Mr. Buckwold: Well, in my mind and in the minds of others who may think the way I do in interpreting—

Hon. Mr. Flynn: There probably are no others here who have the same views as you have.

Hon. Mr. Buckwold: I have a feeling that there are a few.

Hon. Mr. Flynn: I dare anybody to rise and support you at this time. Nobody would do it—

Hon. Mr. Buckwold: I do not need support at this time. I am well able to support myself.

Hon. Mr. Flynn: —except possibly the leader, who has told you to speak.

Hon. Mr. Buckwold: The leader is probably wishing I had not spoken.

Hon. Mr. Flynn: I am sure, but I think he will learn.

Hon. Mr. Martin: I think you are doing very well. I am proud of you.

Hon. Mr. Buckwold: Madam Speaker, I would just like to carry on, if I can.

The Hon. the Speaker: I draw the attention of honourable senators to the fact that Senator Buckwold has the floor, and I think he should be permitted to make his speech.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Buckwold: All that I am really saying is that certainly there is foreign investment that is good for Canada, as was so ably expounded by Senator Hayden in his introduction of this bill. There are reasons for controlling this investment, however, when it is not in the national interest. I have to say that I admire very much Senator Hayden's ability to put into words meanings that are sometimes elusive. I enjoyed very much his interpretation of "significant benefit". He said that "significant benefit," in his mind—and I presume in the minds of those who will be part of this agency—means a benefit that is in the national interest. I would like to suggest that that does not preclude the kind of new inflow of capital that will help to develop this nation—capital which is sorely needed in many parts of Canada—but it will be there for the benefit of all Canadians.

There are resources that we want to control. I have to say that we would not be experiencing an energy crisis today if we had full control of the oil industry in Canada. Yet, we have an industry, supported, I presume, by those senators who spoke, that is controlled 99 per cent—

Hon. Mr. Everett: This is not an interruption, but a question. You say that we would not be experiencing an energy crisis today if we had control of our petroleum resources. I believe that was the statement. Can you give me some empirical data that would prove that statement?

Hon. Mr. Buckwold: You did not let me finish. I was just moving along to the completion of this comment—

Hon. Mr. Everett: I am sorry. I was so shocked by that remark that I could not help asking that question.

Hon. Mr. Buckwold: I do not say that we would find all our energy problems solved if that were so. I am simply saying that the situation would be much easier for Canada if Canadian industry controlled the production of petroleum and the distribution of petroleum. If the industry were controlled completely by Canadians, and not by multinationals, our problem would be eased. I did not say it would be solved.

Hon. Mr. Flynn: You said we would not have that problem. You did not say—

Hon. Mr. Buckwold: Again, Madam Speaker, obviously I am irritating those who would like to have everything controlled by foreign capital.

Hon. Mr. Flynn: Oh, la, la. You are irritating the common sense of the house. That is what you are doing.

Hon. Mr. Everett: You are not irritating me at all, senator. I just want to stay with the facts.

Hon. Mr. Buckwold: I think I have answered your question as best I can.

Hon. Mr. Flynn: As best you could, certainly.

Hon. Mr. Everett: You have not answered my question. You have shifted your ground—and that is fine, if you want to shift your ground. But you said the problem would be eased. Again I ask you for empirical data that would support that statement.

Hon. Mr. Buckwold: I think we can safely say that if all Canadian oil was controlled by Canadian companies, it would be easier in many ways. I say "easier" because certainly it would be easier—

Hon. Mr. Flynn: How?

Hon. Mr. Buckwold: —to encourage more development—

Hon. Mr. Flynn: How?

Hon. Mr. Buckwold: —which is our chief problem—

Hon. Mr. Flynn: How?

Hon. Mr. Buckwold: Because the decisions would be made by Canadian companies.

Hon. Mr. Flynn: Oh, come, now.

Hon. Mr. Buckwold: We have been told many times by those who support the oil industry that if there is not enough profit their exploration dollar will go to different parts of the world where their return is better.

Hon. Mr. Everett: But we were told by Noranda, a Canadian company, in respect of the Income Tax Act—I think that Senator Hayden was chairman of the Banking, Trade and Commerce Committee during those hearings, and he will attest to this—that if there was not enough return in Canada they would have to invest elsewhere. I say that you cannot bring before us any empirical data to show that we would be in a better position in respect of energy in Canada if all the resources were owned by Canadian companies. That is a red herring. I think your argument is fine, but for goodness' sake let us not spread that one.

Hon. Mr. Buckwold: I can only state again that full Canadian control of the energy resources of this country would have made our very serious problem easier.

Hon. Mr. Everett: I wish you could give us some data on that.

Hon. Mr. Buckwold: That will be my statement, and I think I have to leave it at that.

I want now to move on to this whole question of why we are debating this issue. I have in front of me a clipping from the Ottawa *Citizen*, giving a few figures:

> The latest government figures, released by Statistics Canada last month, show that total foreign ownership of industry, land and government securities in Canada may total well over $50 billion.
>
> Direct foreign corporate investment, the federal statistics bureau said, rose by $2 billion in 1970 to a total of $26.5 billion. Other foreign holdings are estimated at double that figure.

The article also points out a very significant fact that I think has not been truly appreciated by those who oppose control over foreign investment in the national interest of Canada, namely the movement of Japanese capital into this country. Japanese capital is looking for a home. I do not believe that we are now at the stage of being a pioneer nation—an undeveloped nation—that has to welcome, indeed, beg for, foreign investment, with no restrictions and in any circumstances. I have to admit that there was an era when we needed it, but the time has come now when Canadians have to look out for the national interests of Canada, and to move in the direction of this particular objective.

I want to conclude by saying that I believe this bill to be a step in the right direction. I sincerely believe that it will work in the best interests of the future development of Canada, from the point of view of new industry, the development of natural resources, and the employment of Canadians. It is not a phoney issue. It is a very real issue.

I could, I suppose, share Senator Lang's assessment of some of the problems that we have at universities, some of the so-called issues of the permissive society, and what not, but I am going to say one thing categorically, and that is that the issue of foreign investment in Canada is not a Toronto-inspired bogeyman, or a drumbeat by Ontario. The fact is that all Canadians are concerned.

● (1540)

Speaking regionally, if I may use that term, all honourable senators are aware I come from the Province of Saskatchewan, and I have no hesitation in saying that my province does need and want new capital investment. Nevertheless, as citizens of that region, most of us are fully prepared to support the kind of controls embodied in this bill—controls that have, I think, very broad guidelines in which regional participation and provincial opinions become important factors in the making of the final decision. I think this is quite proper. And to say that this will mean the elimination of competition in so far as Canada is concerned is just not correct.

Here I have to digress slightly because it has been suggested that the Canadian Manufacturers' Association and all others who appeared before the committee were in favour of the bill. I certainly did not gain that impression, although perhaps Senator Hayden may have. I think many of them expressed themselves as being in favour of the principle of the bill, but most of them had some objections. At least, that is my opinion having sat through the committee hearings. There certainly was not a carte blanche endorsement of the bill because they wanted to build a wall around Canada, and sit comfortably in a non-competitive area and grow fat. I do not think that that was their feeling at all, but that impression has been given here today.

The fact is that one of the essential guidelines set out in the bill concerns the improvement of competition in a particular field. In fact, one of the factors to be taken into account is the effect of the acquisition or establishment of a business on competition within any industry or industries in Canada. That, honourable senators, is a very significant point.

Honourable senators, although I recognize that there are many aspects of the bill that certainly can be questioned inasmuch as at this stage it represents just a step forward—some may see it as a not big enough step forward, while others may see it as too big a step forward—and while there are problems, the fact is that Canada finally has moved in the direction of controlled development in the national interest so far as foreign capital is concerned. But this is not a socialist-inspired scheme, nor is it even a conservative-inspired scheme. It is a scheme which I know will have the full support of the people of Canada and will lead, as it must, to the continued development and growth of this country.

Hon. Mr. Martin: A very good speech.

Hon. Mr. Flynn: I am sure that Senator Buckwold has richly deserved the praise poured upon him by his leader.

Honourable senators, if nobody else wishes to speak, I would move the adjournment of the debate until later this day so as to enable Senator Phillips, who cannot be here tomorrow, to speak on the bill sponsored by Senator Cook dealing with federal-provincial fiscal arrangements. In other words, honourable senators, I ask that we revert to this debate later this day.

Hon. Mr. Hayden: As long as it is understood that, for the same reason that you are asking for this concession on behalf of Senator Phillips, I am asking for a similar concession. In other words, I am merely pointing out that I wish, if the Senate will permit me, to close the debate on second reading of this bill today because I, too, cannot be here tomorrow. I understood I had reached that agreement with you.

Hon. Mr. Flynn: Certainly. Otherwise I would not have moved that the debate be adjourned until later today.

Hon. Mr. Hayden: How late is later?

Hon. Mr. Martin: I understand Senator Phillips is going to speak for only a short time.

On motion of Senator Flynn, debate adjourned until later this day.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972
FEDERAL-PROVINCIAL FISCAL REVISION ACT, 1964
INCOME TAX ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Cook for the second

reading of Bill C-233, to amend the Federal-Provincial Fiscal Arrangements Act, 1972, the Federal-Provincial Fiscal Revision Act, 1964 and the Income Tax Act.

Hon. Orville H. Phillips: Honourable senators, Senator Cook, in moving second reading of Bill C-233, gave a very clear and concise explanation of the bill. Unfortunately I do not possess the quality of being as concise as Senator Cook. However, in view of the courtesy extended to me, I shall attempt to be brief. I shall also attempt to avoid criticizing the government.

I used to get a particular and singular delight out of criticizing the government, because I was a member of what was at one time a very small group. Now that group or club has grown, and there is no particular uniqueness about being a member of it. Nowadays everybody criticizes the government. It used to be that when two people met the first words of conversation always concerned the weather. That situation has now changed, and the subject of discussion is the government. Of course, there is a great deal of similarity in the conversation since the government and the weather are very much alike. They have both been dull, grey, generally unpleasant and totally unacceptable.

The amendment to the Federal-Provincial Fiscal Arrangements Act of 1972 must be a unique piece of legislation in this Parliament. It was introduced in the House of Commons and received very prompt attention, passing through second reading and committee in one day. That must be something of a record for the other place, and leads one to think that perhaps they are adopting our pattern.

The equalization grants, as honourable senators know, were instituted a number of years ago at which time they created a great deal of interest. In 1957 the government of the day added the Atlantic Provinces adjustment grants. Since that time the equalization grants have been gradually increased over the years. Part of this increase has been due to increased demand for government services, and other parts have been due to the increased taxation revenue.

I had great hopes in 1957 that equalization adjustment grants would close the economic gap between the poorer provinces and those with a greater tax revenue. Unfortunately, honourable senators, that economic gap remains today in spite of the equalization grants. The Atlantic Provinces still have the lowest per capita income and the highest rate of unemployment. Our industrial growth has not kept pace with that of the other provinces. I am not placing the blame on the provincial governments or on the federal government, but it is rather strange that that gap still remains in spite of the efforts made—and they have been considerable efforts—through equalization payments. It causes one to ask how effective the equalization grants have been.

● (1550)

Admittedly we have an improvement in roads, educational facilities and social services, but we are still behind. The gap is still there, and by means of this bill we are adding further treatment to a pattern that has already been followed for some years. Perhaps I am expecting too much of a change—too dramatic, perhaps. However, through the improved educational facilities, social services, and so on, the gap may eventually be closed.

The first of the four amendments proposed in this bill includes school taxes as revenue to be equalized and distributed throughout the provinces. This will be of great advantage and assistance to the poorer provinces, and it is indeed a very welcome change. The Minister of Finance in his remarks expressed the hope that the increased grants would be used by the provinces to provide relief for the property taxpayers and tenants.

Mr. Turner also stated that the equalization formula was not suited to solving the increased cost of urbanization, as 60 per cent of our urban population live in provinces which do not receive equalization grants—that is, Ontario, Alberta and British Columbia. The urban taxpayer requires some relief from the present heavy taxation and this taxation, honourable senators, will increase as cities attempt to meet the need for rapid transit systems, and other problems facing municipal governments.

I thought that the Progressive Conservative Party platform in the 1972 general election, which granted exemption to homeowners from municipal taxes, was a step in this direction. Obviously sufficient voters were not convinced of this, because there are still a great many urban areas represented by Liberals. Perhaps, however, this is the time to revive the idea. It is one that I still like, and perhaps the Honourable Senator Martin might consider recommending this to the next "think tank" that is held at O'Brien castle. I feel that we still have a great deal to offer in the way of concrete suggestions on this side, sir, and I hope you will consider that.

While the provinces and the federal government were able to reach a certain stage of harmony in connection with the tax-sharing formula, the position is not quite so harmonious with respect to the second item dealt with in the bill—grants for post-secondary education. In 1972 a bill was introduced in the other place which apparently did not meet with the approval of the provinces, and was then withdrawn. Perhaps the provinces are a little too sensitive concerning federal participation in the field of education. They maintain that it is strictly a provincial responsibility and right, but it is interesting to note, honourable senators, that the federal government contributes almost as much to post-secondary education as it does to equalization payments. They are almost equal and, surely, if the federal government and the provinces can arrive at a formula for equalization, they should be able to arrive at one respecting post-secondary education.

Part of the problem may be that the provinces are waiting for the federal election, when they know they will be dealing with a different prime minister and a different party, and are hoping to get a little more reasonable treatment than they have received to date. However, this delay—

Hon. Mr. Martin: The poor Leader of the Opposition in the Senate will have his troubles, if that happens.

Hon. Mr. Phillips: I am sure you will find him quite capable of handling them, Senator Martin.

Hon. Mr. Martin: Oh, I am quite sure about that, but his ulcers will develop.

Hon. Mr. Phillips: However, he will not create the problem of dictating policy, and will not get into the same trouble as you do occasionally.

Hon. Mr. Martin: I am sure of that.

Hon. Mr. Phillips: The problem facing the universities is one of great uncertainty. They are unable to plan for the future. Sure, they realize that federal grants will continue, but in what form? Two years is not a very long projection for universities. Three years is not out of the question, and at the end of the three years this bill terminates. A board of governors of a university attempting to plan for the future must face a deadline of March 1, 1977. This is totally unfair to the universities, and I urge the government to consult the provinces and solve this problem.

The proposal made by the Secretary of State some time ago suggested that the federal government would transfer so many tax points to the provinces. This would be very hard on three Atlantic provinces—Newfoundland, New Brunswick and Prince Edward Island. They have a separate formula now, which they feel is better than the transfer of so many tax points. I would urge the government to bear in mind the remarks made by the Honourable Senator Hicks a short time ago in this chamber when he pointed out that the Atlantic provinces have a particular difficulty in financing universities.

The third amendment deals exclusively with the Province of Nova Scotia. Apparently Nova Scotia in its enthusiasm to raise income tax ended in the federal "dog house," and lost its guarantee of revenue for a period of five years. This amendment is sort of a parole for the Province of Nova Scotia and instead of its being in the "dog house" for five years, it will be there for only one year. I am sure no one in this chamber would want to see Nova Scotia in the "dog house" for five years, and everyone is quite happy to see this amendment.

● (1600)

The fourth amendment deals with the three point tax abatement to Quebec. This has been in existence for some time, and if René Levesque and Premier Barrett of British Columbia can live with it, I am sure we can.

[*Translation*]

Hon. Jacques Flynn: Honourable senators, after the remarks that Senator Phillips has just made, I would like to recall that the equalization principle is to enable the poorer provinces to provide the same services that more fortunate provinces can afford. We have always supported that principle. I think that, in all parties in the Parliament of Canada, and even in the days of Mr. Duplessis, everyone gladly accepted the payments granted to Quebec under this equalization formula.

Senator Phillips has stressed the problem of post-graduation, or rather post-secondary education costs.

I always agreed that this equalization formula ought to enable the provinces to face up to their responsibilities in all areas under their exclusive jurisdiction. I do not see why this formula should not be changed so as to give more to the Atlantic provinces, just like to other provinces which need it, so that they can discharge this responsibility in the field of education at all levels, namely, at the primary as well as at the secondary and university levels. The same applies also in those fields connected with social welfare.

Hon. Mr. Martin: Removing the constitutional jurisdiction in education?

Hon. Mr. Flynn: Yes, exactly, for this is where you would allow provinces to assume fully their responsibilities by granting them more money, on principle, and not by directly subsidizing universities and educational institutions.

In this way the government, shortchanging the provinces which need money, does not mind its own business and misinterprets the responsibilities provided in the Constitution, which belong either to the provinces or to the federal government.

I find the equalization formula to be excellent because we live in the same country, and because we must give everybody an equal chance I believe that this formula must at the same time ensure that provinces can carry out their responsibilities in all areas under their jurisdiction in order to prevent the government from intervening where it has no business.

[*English*]

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois: Next sitting.

Hon. Mr. Cook: Should this bill be referred to committee?

Hon. Mr. Flynn: Yesterday I asked a question of Senator Cook, who sent me the reply in writing. Therefore, speaking for myself, I do not think that we need refer the bill to committee.

Hon. Mr. Cook moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

FOREIGN INVESTMENT REVIEW BILL

SECOND READING

The Senate resumed from earlier this day the adjourned debate on the motion of Senator Hayden for the second reading of Bill C-132, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons.

Hon. Jacques Flynn: Honourable senators, I am not well prepared to speak on this bill, because I had not anticipated speaking to it before next week. However, I will speak for a few minutes. I am sure the fact that my words will be few will be appreciated by all, myself included.

I would say at the beginning that the debate so far has been a good one. I have some reservations about the speech made by Senator Buckwold. He is the only senator who came all-out in favour of the bill, and in terms that I would not want to qualify. The Leader of the Government told him afterwards that he had made a good speech. But I

am not so sure that he would not have preferred to paraphrase Lafontaine's fable, "Le Pavé de L'Ours" and say something like:

Lord deliver me from my friends.

I will look after my enemies.

I say this because I am quite certain that Senator Buckwold's effort was of no value whatever in helping to further the Senate's understanding of this bill. I believe that everyone who spoke in this debate, with the exception of Senator Buckwold, had some reservations about the bill. Even Senator Godfrey, who made a very good maiden speech—and I want to congratulate him en passant—while supporting the bill had some reservations about it.

Hon. Mr. Buckwold: On a question of privilege, I should like to clarify the fact that I have reservations about the bill. I claimed that some aspects of the bill did not go far enough and that some went too far, but that it was a good start.

Hon. Mr. Flynn: The blaring praise drowned out the whispered criticism. The honourable senator's reservations were not very significant, if my recollection is correct.

Before the honourable senator's interjection, I was referring to Senator Godfrey's speech. It was a very good first speech in this house, and we shall look forward to further contributions from him.

There are, of course, obvious good points to this bill. The principle of the bill that seeks to favour the control of Canadian enterprises by Canadians is, in itself, good. It all depends on whether or not we have the choice to do that. If we had the choice—that is, if conditions were made more favourable to investment in Canada—then legislation such as this would not be necessary. Canadians would want to participate more fully, to take control of Canadian enterprises.

In this matter we would be doing the same as people in the United States. Canadians invest in their country when they feel they should, but they also invest tremendously outside of the country because they consider it in their interest to do so.

There is nothing entirely wrong with foreign investment. There is an advantage in being the owner of our own house. There is no doubt about that. I can live in a house which is mortgaged, and not be too unhappy about it if I can meet my monthly payments and gradually reduce my debt. By so doing, I shall probably have a better house than if I wait until I have the full amount of cash required for the property.

In any event, no one is disputing the objective. But have we the choice to enact this legislation, and do we need it? Do we need at this time this kind of federal legislation?

There are three points with which I wish to deal in regard to this bill. The first is the principle of accepting foreign investment only if it means significant benefit to Canada. The second is the question of provincial input, constitutionality and the management related to this problem, which was suggested by the Senate report. The third is the question of appeals, which is also a recommendation in the committee report and which was not acted upon by the minister or the other place.

● (1610)

Clause 2 of the bill deals with the purpose of the act. Clause 2(1) states:

> This Act is enacted by the Parliament of Canada in recognition by Parliament that the extent to which control of Canadian industry, trade and commerce has become acquired by persons other than Canadians and the effect thereof on the ability of Canadians to maintain effective control over their economic environment is a matter of national concern—

Well, that is a rather vague statement. Honourable senators can accept or reject it, according to their own feelings. I think Senator Desruisseaux and Senator Lang are in disagreement with it, and in listening to them I was, at times, inclined to share their view. Some honourable senators may be able to subscribe to it.

Clause 2 (1) continues:

> —and that it is therefore expedient to establish a means by which measures may be taken under the authority of Parliament to ensure that, in so far as is practicable after the enactment of this Act, control of Canadian business enterprises may be acquired by persons other than Canadians, and new businesses may be established in Canada by persons, other than Canadians, who are not already carrying on business in Canada or whose new businesses in Canada would be unrelated to the businesses already being carried on by them in Canada, only if it has been assessed that the acquisition of control of those enterprises or the establishment of those new businesses as the case may be, by those persons is or is likely to be of significant benefit to Canada, having regard to all of the factors to be taken into account under this Act for that purpose.

Before I go any further I want to thank Senator Hayden on behalf of myself and all members of the Senate for the very able job he did in explaining this bill. He mentioned the reservations which both he and the committee had in connection with it. His explanation of the bill, I am sure, will be very helpful to all honourable senators.

When I interrupted Senator Hayden during the course of his explanation, what I wanted to point out was the weak way in which this is stated in the bill. The bill says we are establishing the way in which non-eligible persons, or foreigners, may acquire Canadian businesses instead of saying that we are establishing the procedures which would prevent further acquisitions by foreigners.

Hon. Mr. Hayden: The way it is in the bill is a weak way of saying it. You wait a long time to get the limitation on the word "only", whereas if you do it the other way you would have to use the word "unless."

Hon. Mr. Flynn: It is clearer in the French version. The French version is much more descriptive, in my view, with respect to the purpose of the bill. The French version uses the words, "ne puisse acquérir," whereas in the English version the word used is "only."

Hon. Mr. Hayden: That is right. It is like taking a long time to say yes.

Hon. Mr. Flynn: Indeed. I suggest that this is a weak approach to the proposal as it is recited in clause 2, which defines the purpose of the act.

The next thing I want to say in connection with this bill is that even taking into consideration the guidelines provided in clause 2(2), the principles are so wide that interpretations could vary from one government to another.

I discussed this bill with one of my colleagues earlier today and he said, "Well, there is probably no real difference between the approaches which would be taken by a Progressive Conservative government and a Liberal government." But what about a socialist government? It is quite obvious to me that the interpretation of this bill by an NDP government would be entirely different from the interpretations by either the present administration or the administration which will succeed it fairly soon.

Some Hon. Senators: Oh, oh.

Hon. Mr. Flynn: I think that argument is a valid one, and one which should retain the attention of the Senate. "Significant benefit to Canada" does not mean the same thing to all persons. I am quite sure that an administration of 25 years ago would not have adopted the same interpretation as would the present administration, and what do we know of future administrations, especially, God forbid, should we have a socialistic government in Canada. For that reason I have great reservation about this bill as a whole.

I come now to the second point I mentioned, the constitutionality of the bill. Senator Hayden discussed this matter at length, and I do not intend to repeat what he said. Everyone who has looked at the bill has some doubts as to its constitutionality. During the committee proceedings we asked the representative of the Department of Justice whether it would be within the competence of a provincial legislature to adopt a bill such as this. He did not dare say no. On the contrary, I think he indicated that it would appear to be within the competence of a provincial legislature to enact this kind of legislation to be applicable within the territory of that province. There is no doubt about that.

As has been suggested by the committee, if we want to avoid conflict and uncertainty, as well as the possibility of this bill's being attacked and submitted to the Supreme Court of Canada on the question of its constitutionality, the proposed amendment dealing with the concurrence of the provinces in a decision to refuse a takeover or enlarge a business is necessary. In view of the fact that the other place did not see fit to adopt that amendment, it should be adopted in the Senate. I think the Senate would be wise in taking that course. In adopting such an amendment it would be following the tradition of looking after provincial rights as well as eliminating the possibility of this bill's being attacked in the Supreme Court of Canada on that ground.

There is another conclusion which could be drawn from this argument, that being that it probably would have been even better had the federal government stayed out of this area entirely and allowed instead the different provincial legislatures to enact, if they so desired, legislation concerning this review and assessment process in connection with the acquisition of control of Canadian business enterprises. In my view that would have been the proper course.

As we heard in the committee proceedings, the views of the provinces are not all the same. Ontario is one province which seems to approve of it and, as Senator Lang mentioned, the main source of support is centred in Toronto. Ontario is one of the wealthier provinces, and it is better able to control and to invest in these enterprises. Because Ontario is wealthier than any other province, and is better able to control and, let us say, invest in its enterprises, Toronto would be inclined to adopt stricter rules for the acquisition of Canadian enterprises within the boundaries of the province. This, of course, is not the case in Newfoundland and Quebec. It may to some extent be the case in British Columbia and Alberta. Saskatchewan, the province of my good friend Senator Buckwold, does not want that, even with a socialist government. It has to say to private enterprise, "Come in. We won't hurt you, because we need you." We know how these socialist governments do it. Just look at Mr. Barrett in British Columbia. It is very interesting to see the way in which they can talk out of both sides of their mouths.

● (1620)

Hon. Mr. Buckwold: He learned it from Saskatchewan.

Hon. Mr. Flynn: Probably, and to some extent possibly from the province of my good friend, Senator Everett. Mr. Schreyer in Manitoba is doing it very smoothly.

Hon. Mr. McDonald: He is only beginning.

Hon. Mr. Flynn: If this responsibility were left to the provinces, we would see whether it is in their interest to control more or less the acquisition of businesses within their territories.

In any event, since the provinces generally have not taken any stand in this field, and since we are faced with this legislation, which undoubtedly is going to pass, why not at least do the same thing in practice as would be achieved by provincial legislation in all the ten provinces by adopting the amendment recommended by the Senate committee?

I leave it to honourable senators, but I hope that the Senate will not be dissuaded from adopting what it thought was a good amendment, by the minister's coming and telling us that it will dilute the effectiveness of the bill. I do not mind starting slowly in this field. If we are going to experiment we might as well experiment slowly and see what the results are, rather than trying to do too much at the same time. This is really a new field for government, especially a government of a country like ours, where we need so much money to develop our resources. It is unbelievable that we would be so afraid of foreign control, because we need so much foreign capital.

The last point I want to touch on briefly is the question of appeal. The Senate report recommended that the bill provide for appeal to the Federal Court. Yesterday Senator Godfrey objected to the fact that we would provide for appeal to the trial division rather than to the appeal division. I would say that it is only a question of practice, of procedure. Whether it is an appeal to the appeal division or the trial division I do not mind, as long as there is an appeal; it is the principle with which I am concerned.

I was in the other place at the time, but I remember what took place in this house in 1961 on the "class or kind" bill—and I read it yesterday. On that occasion the Senate stood very firm. It maintained that the minister should not have the discretion to determine whether something was of the same class or kind as another item, one manufactured in Canada. It therefore moved and adopted an amendment to the bill before it at that time to provide for an appeal. I think we are faced with the same principle here, and I think we should take the same attitude if we are to be consistent.

I hope, therefore, that when this bill is in committee at least two amendments will be passed, one concerning the concurrence of the province and the other concerning an appeal from the decision of the minister on whether an investment is of significant benefit to Canada.

Hon. Mr. Goldenberg: Would the honourable senator permit a question on that point?

Hon. Mr. Flynn: Yes.

Hon. Mr. Goldenberg: I can see his point on having an appeal from a decision by the minister that a person is non-eligible, or that there has been an acquisition of control, but does the honourable senator, who is an eminent lawyer, think that a court should decide whether something is of "significant benefit" or not of "significant benefit"?

Hon. Mr. Flynn: I admit that it is not easy. I have already said that the phrase is vague. At least, we could provide for an appeal to quash the recommendation of a minister which was obviously wrong. There is at least that. The court of appeal would probably assess this decision in the same way that it assesses the decision of a trial judge on a matter of fact; it would say, "On the facts we are not competent," but if there is an obvious error in law it would be able to quash the decision of the minister.

Hon. Paul Martin: Honourable senators, I am sure you will agree that Senator Flynn made a moderate speech about a bill that I think is itself moderate and does not deserve some of the characterizations that have been given to it.

If all honourable senators have not spoken, it is not because they are not interested; it is not because those who have spoken and expressed reservations are not in favour of the bill. My experience, which I am sure is that of the Leader of the Opposition, is that very few bills presented to Parliament satisfy all members of both houses in every particular. That has certainly been my experience. For instance, the capital punishment bill, which we passed the other day, certainly did not satisfy me in every particular.

Hon. Mr. Flynn: It satisfied nobody.

Hon. Mr. Martin: Because I was in support of what the bill basically did, I certainly gave it the support that I felt it deserved as a move forward. That is true of this bill.

This bill was presented to the Senate by Senator Hayden, and I would not be doing my duty as Leader of the Government if I did not say to him that the country owes him a great deal—not only for the way in which he presented this bill, but for the way in which from time to time he has presented other bills that have been assigned to him—for service in an area in which he has an expertise, and for service in this regard over many years.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: I want him to know that I am expressing not only my own view, but the view of my colleagues in the government. When the time comes, which is a long time hence, when he is no longer in the Senate we will have to look for someone with his knowledge to deal with this area of legislative activity.

The bill before us has been debated extensively for a long time in and out of Parliament. It has been debated extensively in the House of Commons. It has been reviewed by a committee of that body. It has been reviewed, in anticipation, under a unique procedure, by the Senate. The Senate has, in anticipation, expressed its view to the other place and to the government. Some of the suggestions made by the Senate have been accepted by the other place and by the government.

Hon. Mr. Flynn: Very few.

Hon. Mr. Martin: Some have not. It is the responsibility of the government, and of the other place, to exercise its judgment regarding proposals which it is felt should be put forward. We here will have an opportunity next week in the Standing Senate Committee on Banking, Trade and Commerce to give further consideration to these matters.

I think it important for us to put in perspective what we are seeking to do in the bill before us. We should examine the immediate factors which have given rise to the introduction of this bill. In the two key goods-producing sectors of the economy—the manufacturing area and the resource extraction industries—the level of foreign ownership and control in Canada is very high. It is well beyond that experienced by any other industrialized country.

The figures in that regard were given to us yesterday by Senator Connolly (Ottawa West). What judgment is drawn from these figures is open to each senator, but the facts are there.

Hon. Mr. Flynn: This fact.

Hon. Mr. Martin: These two broad sectors of our economy are responsible, admittedly, for much of our prosperity, and this we have to take into account, as much as the employment in our service sectors depends upon high volumes of efficient goods production. The fact that these two sectors are dominated by business controlled outside of Canada has, understandably, as Senator Buckwold in his able and spirited speech today pointed out, caused concern to great numbers of Canadians. Some have taken extreme positions and have proposed extreme solutions respecting the manner in which Canada should deal with this fact, but there is no doubt that what Senator Buckwold said is true—and this has been underlined by practically every speaker.

Hon. Mr. Flynn: What?

Hon. Mr. Martin: That there is a sense of unease in Canada that Canada may be forfeiting to others the key strategic considerations about its economic future. We do not all agree of course—I think that most of us in this house are in agreement as to the steps that should be taken—but let us not fail to recognize that there is this national uneasiness.

I say this is a moderate bill. This is not a bill—as Senator Buckwold has emphasized, as Senator Godfrey has emphasized and as Senator Hayden has also said—that seeks to curb foreign capital. We know that capital is required in many parts of our country. We know what foreign capital in the development of Canada has meant. There is no suggestion that we are trying to curb it.

It is one thing to take that position, and on the other hand to affirm that we want to do everything that we can to encourage Canadians to take a greater interest, a greater investment interest, in their own enterprise in Canada. What we are doing in this bill is a modest measure; it is not an extreme position. It does not represent chauvinism or uncontrolled economic nationalism. It is nothing of the sort.

Every country in the industrial world does this, and we are the last one to begin to attempt to do it. Some do it in different ways. Some do it in this way, some do it in a more modified form than is proposed in this bill, and some do it in a much more extreme way.

In reviewing proposed takeovers or new investments, the government is going to be guided by five criteria. These are:

1. The effect of the acquisition or establishment on the level and nature of economic activity in Canada, including employment, resource processing, utilization of parts, components and services produced in Canada, and exports.

2. The degree and significance of participation by Canadians.

3. The effect on productivity, industrial efficiency, technological development, product innovation and product variety.

4. The effect on competition.

And finally, but not least:

5. The compatibility with national and provincial industrial and economic policies.

These criteria are essentially economic in nature. They take account of provincial as well as federal industrial economic policies.

Hon. Mr. Flynn: How do they do it?

Hon. Mr. Martin: They determine the limits within which government decisions are to be taken.

Apart altogether from what may be thought should be in the bill, surely it is not to be assumed—and indeed Senator Flynn did not; he assumed that if he was over here, he would act basically as this present government would in regard to this measure—

Hon. Mr. Flynn: That is not what I said. I said someone said it.

Hon. Mr. Martin: May I just finish? I always allow Senator Flynn to go on without interruption. If he wishes to ask questions at the right time I shall be happy to answer, but I want to give Senator Hayden an opportunity to intervene and reply.

Hon. Mr. Flynn: Do not misinterpret me, or say anything that obviously has to be corrected.

Hon. Mr. Martin: What I was trying to say was that surely no government in this country is going to reach decisions that are not thought to be in the national interest.

I was particularly struck by the way Senator Hayden handled the question of "significance," relating it to "national interest." There was mention of the practice in Australia, and how it was being interpreted there. I am sure that Senator Hayden's interpretation is the correct one. When any minister in the Federal Government of Canada comes to interpret the criteria and thinks what the Canadian interest is, he will not be thinking of Ottawa; he will be thinking of Canadian interest in terms of what is Canada, and that is the ten provinces that make up this country.

Hon. Mr. Flynn: Windsor.

Hon. Mr. Martin: If it is going to be of benefit to Newfoundland, certainly that will be of interest and of concern to Canada. We must not assume that the Government of Canada does not bear in mind the interests of the ten components of this country.

Finally, Senator Flynn has talked about the constitutionality of this bill. Very few bills come before Parliament in connection with which there is not some constitutional skepticism of one kind or another. The government naturally had to consider this. The government was satisfied, from the advice it received, that this bill is within its constitutional competence. If that fact is assumed, then it may be assumed that there can be no exercise of veto in respect of matters that are thought to be within the competence of the Government of Canada.

Honourable senators, I made these few remarks because I thought that on a bill of this importance, notwithstanding the thoroughness of the coverage in the various speeches, I should say a few words to indicate that the government does attach a great deal of importance to this matter.

I acknowledge the contribution made by Senator Hayden, and by others such as Senator Godfrey yesterday, who spoke for the first time. I know it is dangerous to mention some honourable senators, for fear of overlooking others. Senator Cook made a brilliant speech yesterday. It does not meet the criteria of full acceptance by me, but it was a good speech and, indeed, it was made by a good man.

Hon. Mr. Flynn: You won't change his vote. Don't try that.

Hon. Mr. Martin: I have no hope of changing Senator Flynn's vote, but I shall not say that I am not capable of changing Senator Cook's.

Hon. Mr. Flynn: You lost your chance.

Hon. A. Hamilton McDonald: Honourable senators, I rise to take part in this debate, although I know I should not for two reasons—first, that I am not really medically fit to do so, and, secondly, that I have not followed the debate in the house in the manner in which I should have. I do so because I come from a province in which the vast majority of the people would dislike this bill in its entirety.

I come from a province desperately in need of investment capital. The vast majority of the people I represent do not give a damn whether that capital comes from the

United States, from the Soviet Union, or even from Toronto.

● (1640)

Hon. Mr. McIlraith: In that order?

Hon. Mr. McDonald: In that order. But one of the most difficult places for the Government of Saskatchewan to raise money for any enterprise is Canada. I know of what I speak. I happen to have served in a Government of Saskatchewan for a short period of time. We went from one end of this country to the other endeavouring to attract two resources into Saskatchewan. One was money and the other was know-how, because in most industrial expansion, or most industrial growth, money is no good to you without know-how, and know-how will only get you into trouble if you do not have the money. What success did we have in finding those two requirements in Canada? None! We were laughed at on Bay Street and in Montreal.

To get investment capital, where did we have to go, and where do you have to go today? We had to go to New York. Where do you have to go to get the knowledge to develop many of the resources of Canada? You have to go outside the borders of Canada.

It was rather interesting last night to listen to an American gentleman on television, a man nobody seemed to know existed—least of all the Government of Canada—who had an enterprise in Newfoundland. I wonder why that particular oil refinery was not built by Canadians. Why was the money not raised in Canada?

Hon. Mr. McIlraith: It was. At least, a great part of it was.

Hon. Mr. McDonald: A great part of it? The part that was raised privately in Canada would not amount to a tinker's damn, and you know it. And the knowledge that is available in Canada is even less when it comes to taking that knowledge any place outside the "Golden Triangle". Certainly, this little area of Canada here that we live in—Ottawa and through to Toronto—can grow on itself. But who developed this part of Canada? It was developed by Americans and Britishers.

As the Leader of the Government said a moment ago, a large part of the support for this bill comes from the city of Toronto, and I can understand that because the city of Toronto, in the "Golden Triangle," can raise sufficient money and has the technical know-how to develop virtually any resource you can find in that area. But that is not true of the rest of Canada, and it is not true of the province which I come from.

The Leader of the Government during his remarks said that most Canadians believe there is a high degree of foreign control in Canada. That is true, but I ask you: Is there any other country in the world in a position similar to that of Canada? Certainly, foreign control is higher in Canada than in perhaps any other country in the world, but is there any other country in the world in a geographical position similar to that of Canada, which shares a 4,000-mile border with the most powerful nation on earth?

I am not speaking about military power. I am speaking about economic power, scientific power, and technical know-how. There is more of that in the United States of America than there is in the rest of the world combined, and we live next door to it. So how are we going to shut it out? Do we want to shut it out? Perhaps you want to shut it out of Toronto, but we don't want to shut it out of Saskatchewan. And I don't think we want to shut it out in Manitoba, Alberta, Quebec or the Maritimes.

The statement has been made that people hold extreme positions. They do. I happen to be one of them. I happen to be one of those people who believe Saskatchewan wants foreign capital, and wants foreign know-how in abundance from whatever source it can be obtained.

My people want to be employed. I live in a province which has fewer people in it today than it had in 1935. Why? If things are so rosy, and if the financial institutions and industrialists of this country are prepared to share the wealth, how come there are fewer people in my province than there were in 1935? And this is 1973. A decline in population is just what this bill is going to perpetuate in areas such as Saskatchewan. Well, not with my support it isn't!

Certainly, there is national uneasiness in Canada—there is international uneasiness around the world today—because of the power of multinational corporations. Some multinational corporations operating in many countries of this world have more power than the governments of those countries—and that applies to some pretty big nations.

I am sure some of you will recall the statement made not too many years ago by John L. Lewis, when he said that he was more powerful than the President of the United States. I believed him. Perhaps it is a good job there are some people more powerful than the President of the United States. It might be a good thing if that applied to Canada as well.

Statements have been made that this bill does not seek to control foreign capital. Well, then, what does it do? What is this bill all about? And what have the actions of this government been, even without this bill? Its actions have been controlling foreign capital—controlling investments of Canadians who wished to sell their equities to someone else. This has been going on without the bill. What will happen now with it, I don't know. But I dread to see the growth of this nation placed in the hands of a bunch of bungling bureaucrats, civil servants, who, in my view, are the least able of our total population to make a decision about what ought to be developed and what ought not to be developed in this country. That ought to be left in the hands of business, not in the hands of bureaucrats.

The Leader of the Government says that the bill asks Canadians to take an interest in the development of their country. There is no Canadian inside or outside this house who has more interest in, or more wish to see Canadians take a more active part in, the development of this nation than I have. But I am also a realist, and the reality of life is that Canadians who control the financial institutions of this country are not prepared to see the wealth of this nation spread across it, so that we can develop it equally from one side to the other.

● (1650)

We have had the government endeavouring to develop industry under programs known as DREE. It would be interesting to know how much DREE money has gone to foreign corporations. Has anybody ever figured it out?

Naturally, the vast majority of it has gone to foreign companies because there is nobody else, according to a lot of speeches that are on the record of this house. Why should we have one government program handing out Canadian taxpayers' money to companies like Standard Oil? I think that is American-owned, and I think it is a multinational corporation. Undoubtedly it is also in financial trouble, but we, the Canadian taxpayers, are prepared to give it money to expand its Canadian operation. Then we bring in a bill like this that says that the bureaucrats are going to decide what Standard Oil, Imperial Oil—call them what you like; call them Exxon, because that is the one that owns the majority, or 76 per cent, of Imperial Oil—may do.

You know, sometimes I wonder about what goes on in this chamber, and in the other one. I dread to see the day, I repeat, when bureaucrats are going to tell us, and tell the businessmen of this nation, where and how they can operate, or if they can operate. Surely we should have learned a few lessons from some of the legislation that has been passed since I came to this house, that has restricted business activities from one end of this country to the other.

We passed the tax bill here a while ago. Bouquets have been handed out, so I will hand some out. Senator Hayden, the gentleman who introduced this bill, and others along with him, played a large part in improving the tax bill, but the tax bill has done an awful lot to destroy incentive in this country. All you have to do is look at the mining industry. What has happened to it? It has virtually dried up and blown away. What is happening to the oil industry today?

Hon. Mr. Goldbenberg: Making bigger profits.

Hon. Mr. McDonald: You are quite right—they are, and we are going to help them make some more. But what is happening to those profits? They are moving out of western Canada and going down across the border into the United States. Why? Because the chances of return on the dollar are greater there than they are in Canada, and nobody is in business for his health. People are in business to create wealth, to create employment, to create tax money and to create prosperity for the nation. About the only thing the government can do, as far as I am concerned, is stay out of the road. But no, this legislation is designed to do one thing, and one thing only. To me it is an extension of the old tariff system, to protect a little chunk of central Canada.

While we are at it, we may as well talk about some other legislation. I feel better now than when I started. You know, we farmers in Western Canada have some new legislation that helps us an awful lot, known as the "two-price policy" for feed grain. I have never heard such malarkey in my life. That policy does one thing, and one thing only. It sells feed grain produced by the Western farmer at less than world prices to every other farmer in Canada, and the Canadian taxpayer subsidizes the movement of it to every farmer other than the one who produced it.

An Hon. Senator: Hear, hear.

Hon. Mr. McDonald: Wonderful. This will be a great thing for the "Golden Triangle." It needs some help.

Hon. Mr. McElman: And for the Maritimes.

Hon. Mr. McDonald: Well, I would go along with the Maritimes. I would help you. You need it, and that is that. But they do not need help there. The amount by which the Maritime Provinces are going to benefit is peanuts compared to the benefit that is going to accrue to the Ontario livestock feed man.

Hon. Mr. McElman: In relative terms, in the East, it is not peanuts. It is survival.

Hon. Mr. McDonald: It is relative to peanuts. Yours are little peanuts, but these are jumbo peanuts in Ontario. That is the difference.

I do not want to take up any more of your time, honourable senators, other than to conclude by saying that it is about time that this house started performing the functions—or one of the functions—that I think it was designed to perform. This house, in my view, never was designed to be the mouthpiece of that other place.

Hon. Mr. Flynn: Hear, hear.

Hon. Mr. McDonald: Why did the Fathers of Confederation bring this house into being? It was because the Maritime Provinces said they were not interested in a union where there was one house, and representation by population, because they knew they would be swamped on every issue.

Hon. Mr. Cook: Hear, hear.

Hon. Mr. McDonald: One of the main reasons for the existence of this house is to give protection to the regions of Canada, and how any senator from Manitoba, Saskatchewan or Alberta, whether he is a Liberal, a Conservative, a Social Crediter, an NDPer or whatever he is, can vote for this bill, I do not know. I will not vote for it, because I think it is time that some consideration was given to those areas of Canada that do not have large votes in the other place. We have got only a handful in the House of Commons, and as time goes on the weight of our proportionate representation will drop.

It is up to this chamber to uphold provincial rights, and to uphold what the people in our provinces believe in. I was not here to vote on capital punishment, although I wish I had been, because I know how the vast majority of people in my province think. Some people refer to that as voting, or being dictated to by the Gallup poll. I do not pay any attention to the Gallup poll. All you have to do is walk down the street to find you almost get your head kicked in if you support a lot of this nonsense.

Honourable senators, I am sorry for having taken so much time, and I apologize to you, Senator Hayden, because I know you want to conclude the debate and have the bill sent to committee, but I did want to place my feelings with regard to this bill on record. I hope that the Senate will vote in the manner in which it was constituted to vote in the first place—that is, to vote from their hearts, and to believe in what they know is right.

Hon. Salter A. Hayden: Honourable senators—

The Hon. the Speaker: I wish to inform the Senate that if the Honourable Senator Hayden speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Mr. Hayden: Honourable senators, I think I should start off by telling you that I am not a prophet, and I am not the son of a prophet. I have no pretensions in that regard. I shall be brief, and I shall be as objective as is practical in the circumstances.

In fact, there is very little to make any reply to, although I must acknowledge Senator Grosart's contribution to this debate. He and I met yesterday, in the late afternoon, and we held a meeting of two of the members of a very exclusive mutual admiration society—himself and myself. He thanked me very much for the help I had given him in the presentation of this material, and I reciprocated by thanking him for the help he had given me in supporting the principle that I had enunciated about the need and the value of the input of foreign investment money in Canada. I said, "The length of time that you spent on that, as far as I am concerned, was well justified, and it indicated that you were thinking in the right direction and that you understood the purposes of the bill."

● (1700)

With respect to Senator Cook, I heard a portion of his speech and I read it all, and, as I told him afterwards, it was a good, impassioned speech. My first reaction was to wonder what office he contemplated running for, because it really was a speech on the need for risk capital in Newfoundland. I had developed a statement of facts, when I was making my recommendation, indicating that this need had been met by the input of foreign capital when there was no Canadian money available.

I also called his attention to the fact that this bill did not interfere in any way with risk capital, that there is a specific provision in the bill which excludes venture capital. If my friend wishes to read the appropriate reference he will find it in clause 3(3)(b)(iii) which points out that control is not acquired by

> the acquisition of shares of the corporation by any person in the ordinary course of a business carried on by that person that consists of providing, in Canada, venture capital upon terms and conditions not inconsistent with such terms and conditions as may be prescribed by the Minister—

So, honourable senators, perhaps here I shall venture into a field that the leader was not ready to venture into. He said that he would not dare to suggest to Senator Cook that he should vote in any way other than the way he said he intended to vote. But now that Senator Cook realizes that there is no prohibition in the bill in relation to the provision of risk capital, he might, perhaps, review his thinking. Everything he said was perfectly sound; everything he said was perfectly true, but there is nothing in the bill that would prevent Newfoundland, if it could find foreign investment moneys, from receiving them and using them.

So far as Senator Godfrey is concerned, I was not here when he spoke, but I read his speech. It was a good speech, and it was perfectly in order for him to be critical in some instances of the recommendations contained in the committee report. That is his privilege. However, I would call his attention to the fact that, in referring to one section of the report towards the end of his speech, he said:

[The Hon. the Speaker.]

> Finally, I disagree with the recommendation of the Senate committee that investment companies be, in effect, exempted from the provisions of the bill.

That is not what the committee report says. The report says that the bill in the way it was drawn provided that when a non-eligible person created an investment company it had to be screened, and then, when it went to work to carry on business, it had to be screened again. What we said was that there should not be a double screening. All we said was, in so far as investment companies controlled by non-eligible persons are concerned, that investments made by such a company should be reviewed in the ordinary manner as provided for under the bill, and that in view of that it would appear unnecessary to review the actual establishment of the investment company because it would appear difficult, if not impossible, in such circumstances to meet the specific criteria in clause 2 (2).

So far as appeals are concerned, there is one point of disagreement between Senator Godfrey and the committee report. Senator Godfrey thinks that the decision of the minister on disallowance would be an administrative decision. I think there are too many quasi points involved in the consideration that the minister has to give to this, to attribute to it any other quality than that of a quasi-judicial decision which would therefore be subject to review in the courts at the instance of the person affected by the decision.

So far as Senator Flynn is concerned, on the question of constitutionality what I said was that clause 2 of the bill was undoubtedly intended to create a presumption of validity, it is on that presumption of validity that the legislation is enacted. It is not the first time that this has been done, nor do I expect it to be the last. It may well be varied the next time and you may find the recital in the preamble, but if there are questions about validity I think you would find an attempt being made by the government to hoist themselves by their own bootstraps, either by a substantive clause in a bill or by a preamble that starts the legislation on its way. That is the way it was done here.

Even if it were felt that the constitutional issue might become important enough to find its way into the Supreme Court of Canada, the question in the meantime still is as to what course of action the government should take.

Hon. Mr. Flynn: Parliament!

Hon. Mr. Hayden: The committee recommended that attention be given to submitting the question to the Supreme Court of Canada, but the committee did not make any declaration itself on the question of constitutionality. It simply indicated that fundamentally there appeared to be a question of constitutionality that may at some time have to be resolved.

Hon. Mr. Flynn: I did not say that. I read it not in the report, but in the testimony of the officials of the Department of Justice.

Hon. Mr. Hayden: Then, coming the rest of the way to the prophecy part of today's sitting, I suggested to Senator Flynn earlier this afternoon that possibly, since we generated such an amount of acidity and vitriolic comment for a period this afternoon, it might be a good idea to set aside an hour or two once a week when there would be absolute

freedom from rules, and anybody could speak whatever was in his mind no matter how irrelevant it was to anything being discussed. I say that because if ever there was anything more irrelevant than what Senator Flynn said, and based his speech on, I have yet to learn something about it. He proceeded on the basis that this bill prohibited foreign investment capital from coming into Canada, that it would provide what was the equivalent of a tariff so that people in Canada could grow rich. He went searching the university halls—

Hon. Mr. Flynn: I didn't say that.

Hon. Mr. Hayden: I am sorry. I would never attribute that to you, Senator Flynn. It was Senator Lang who said it. If anybody has heard me say that Senator Flynn said it, then I would ask him to forget about it. It was not Senator Flynn; it was Senator Lang. He searched in the halls of universities, and he searched in the television studios, radio stations and the news media, to find who was lurking there who had these nefarious schemes, plans and strategies by which they were going to subvert the Government of Canada for their own benefit and their own monetary gain. I cannot find any foundation for this, because the bill does not provide a prohibition. This is simply a case of building up a straw man by assuming that it is prohibition when it is only control, and proceeding to knock the straw man to pieces. In the process you have ample opportunity, without having to deal with any facts in the bill, to indulge in the kind of tirade that Senator Lang indulged in today.

● (1710)

In making this comment, which I think is a fair comment in the circumstances, I should mention that Senator Lang and I are good friends. I am sorry he is not here at the moment, but he can read my remarks and talk to me about them, and argue about them, if he wishes. But I think that is the sum and substance of his view and, undoubtedly, he was sincere in what he said. As is the case with many prophets, however, in making his economic prophecy I believe that the crystal ball he was using was not shined enough so that he could see clearly the vision—or perhaps it was too clear, and he projected the vision he desired into the crystal ball. I know there are prophets all over the world—people who, self-appointed and self-anointed, call themselves prophets. Some predict the end of the world in 10 or 15 days, and when this does not happen people forget all about it. That is what generally happens with prophets, and I think that is what will happen to the fears expressed in looking forward—

Hon. Mr. Flynn: Some prophets are durable, like Senator Martin. You did not sit in the other place with him, that is why.

Hon. Mr. Hayden: Well, I take that as an aside, or an interjection that does not flow from what I said.

Hon. Mr. Flynn: Oh, no.

Hon. Mr. Hayden: It is purely gratuitous.

Hon. Mr. Martin: It is a manifestation of his love for me.

Hon. Mr. Hayden: In any event, the prophet can afford to be prophetic because there will be another prophet tomorrow prophesying something else, and the earlier one gets lost in the scramble. There are many prophets around, and in connection with what Senator Lang said today there may be a new prophet who will go in a different direction.

We had an example of that in the speech of Senator McDonald a few minutes ago, in which he was clear enough and frank enough to say that he had not heard the debate—he had not read it, and he had not read the bill. I believe him, because I listened with astonishment to the facility with which he jumped from subject to subject. If it were a chamber of commerce speech for Saskatchewan, I would say it was a quite excellent one. If it were a speech for someone aspiring to office in Saskatchewan, I would say it was a good speech. In so far as its having anything to do with this debate, I must point out that this bill does not deal with the disposition and distribution of moneys to Ontario. It deals with foreign investment capital, and the control of that capital in its dispositions and uses in Canada under certain conditions that will be of the greatest benefit to Canada. That is all it does, and in those circumstances I interpret Senator McDonald's speech as being an earnest, inspired and sincere effort to put forward the case of Saskatchewan in the best manner in which he could. I can assure him, however, that if he had even read the proceedings of our committee when dealing with the provinces he would have found, at least to the extent of his fervour, that we matched it in committee. We heard from the various provinces, and were fully aware of the provincial problems.

That is more than I intended to say, but I leave a parting word, that we must not talk about prohibition. There is no prohibition in this bill. We can find all around the world this tendency to exercise control in connection with investment and in connection with currency. The United States at the present time is attempting by various legislative devices to prevent United States money from being shipped to various parts of the world to be expended in manufacturing developments outside the United States. They wish to keep it at home, and have it spent in the United States. That is a variation on the theme that we have here in Canada and in this bill.

This problem of control in relation to trade, in relation to money, and in relation to investment can manifest itself in many ways. The bill before us is such a manifestation, and is designed to suit the national interest. I prefer those two words, the "national interest" of Canada. At this point I do not know whether it will or not, but the design and purpose of the bill is to reach that objective. If it does not I do not think the bill and the organization and administration established under it will last for very long.

I believe there is sufficient contained in the amendments made in the other place, and in the discussion we have had of this bill, to warrant my proposing that the bill be referred to committee. We have not had the opportunity of hearing the minister and, in my opinion, it is essential that we do. I can inform you that the committee, if the matter is referred to it, will be sitting next Tuesday at 9.30 in the morning, and will sit until the witnesses have been heard. The minister and one or two departmental officials will attend to answer our questions, justify the contents of the bill and, to the extent that they can, justify the

omission of certain recommendations of the Senate committee in the bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Hayden, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

THE ESTIMATES

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) ADOPTED

The Senate resumed from yesterday the adjourned debate on the consideration of the report of the Standing Senate Committee on National Finance on Supplementary Estimates (A) laid before Parliament for the fiscal year ending March 31, 1974.

Hon. Allister Grosart: Honourable senators, my remarks in response to the motion by Senator Everett will be shorter than I had intended them to be. I am sure honourable senators will bear with me if I shorten them. Senator Everett gave us an excellent review of the report of the National Finance Committee which resulted from a session of that committee which, in my view, was one of the more important sessions it has ever held. I am referring particularly to the evidence we heard from the President of the Treasury Board, Mr. Drury, and some of his responses to the questions that were asked.

● (1720)

Senator Everett drew attention to the fact that Supplementary Estimates (A), which are not the only supplementaries we shall have this year, amount to just over $1 billion, bringing the total of federal government expenditures to $20 billion to date this year.

He pointed out that in his view the fact that the government "take"—that is, the take of all governments—from the GNP has now reached 40 per cent, has brought about a transfer of control of the economy from the private to the public sector of enormous dimensions. He estimated that this very fact might account for 3 per cent of the current inflation that is plaguing Canada.

I am quite sure that Senator Everett will, in due course, develop that theme, because he is not a man who makes statements such as this without having a good deal of evidence to back them up.

I suggest, honourable senators, that if 3 per cent of current inflation is caused by this transfer—that is, by the relative inefficiencies of spending in the government sector—we are faced with a very serious problem. Even if the degree of inflation is not of the magnitude suggested—it might prove to be a little less—this is still probably the most serious problem facing Canada today.

In committee, we asked the President of the Treasury Board what action the government would be taking on the very important recommendations made by the Economic Council of Canada in its Tenth Annual Review. In our questioning, particular reference was made to two recommendations of the Council which Senator Everett repeated yesterday in his speech on the motion. One was:

> We recommend that the growth of government transfer payments to individuals not exceed an average yearly rate of approximately 11 per cent during the period 1973-76.

The other recommendation of the Economic Council was:

> We recommend that the federal and provincial governments establish, for themselves and for the public sector as a whole, one or more indicators of the desirable level of increase in public expenditures for a three-year period.

The Economic Council mentioned some indicators—

Hon. Mr. Langlois: But the indicators were not defined, if I recall.

Hon. Mr. Grosart: The indicators are well defined and documented. I have two documents. One is the presentation by Dr. André Raynauld, Chairman of the Economic Council of Canada, to the Conference of Federal and Provincial Ministers of Finance which met in Ottawa in January. The whole document deals with indicators. On page 5, for example, the indicators are listed. In table 1, the heading is "Performance Indicators for the Period 1973-75." In the review, page after page is headed "Current Conditions and the Performance Indicators." So I suggest there are no grounds whatsoever for saying that the indicators have not been defined.

In this I found the responses from the minister somewhat disappointing, because he did not seem to be aware of the precision with which these indicators were established by the Economic Council of Canada.

Let us take the 11 per cent suggestion—that is, that the growth of transfer payments to persons does not exceed 11 per cent. What happened last year? What is going to happen?

In its Ninth Annual Review, the council did not propose an indicator for government transfer payments to persons, but noted that current dollar increases of around 10 per cent per annum would be consistent with the other indicators.

The council is saying in effect, "We have put before you some indicators which will indicate the course of the economy, which will indicate the kind of money that will be available for government expenditures, and which will also indicate the dangers inherent to the whole economy of excessive federal government and other government expenditures." The whole report relates these indicators to present and future levels and intentions of government spending.

The recommendation is 11 per cent. In 1972, the increase—this appears on page 32 of the Tenth Annual Review—was 19.3 per cent, in spite of the fact that the Economic Council has said that 11 per cent is the danger point; a danger to Canada's whole economy. The prediction for 1973, taking these indicators, taking known government spending intentions—and this is all governments, not just the federal government—is 14.5 per cent. For 1974, the indicator is a 21 per cent increase in the level of transfer payments.

That is why I said at the beginning of my remarks that I regard the recent meeting of the National Finance Committee as being one of its most important. I am delighted

that Senator Everett, responding to a suggestion by the Leader of the Opposition, indicated that the committee might undertake a thorough study of this document and others related to it.

Honourable senators, it had been my intention, had the hour not been so late, to put before you some of the indicators. Perhaps I can refer to one in an area that is well known to honourable senators, and that is the relation of government expenditures to GNP.

For several years now our committee has recommended that the increase in the rate of government expenditures—I repeat that when I say "government expenditures" I am referring to the total expenditures of all governments of Canada, federal, provincial and local—should not exceed the rate of increase of the GNP. That would seem to be just ordinary common sense, because if the rate of government expenditure goes up faster than the rate of increase in the GNP, obviously we are in trouble.

I turn now to page 29 of the Tenth Annual Review. There is a chart, a table, and some explanation with regard to the percentage rate of increase in government current expenditures—perhaps I should draw attention to the words "current expenditures," because it is not the same as saying "all expenditures"—taken in 1961 dollars. It is the recommendation of the Economic Council that for the period 1972 to 1975 the GNP, the target, the expectation, the indication, be an increase of 5 per cent—that would be 5 per cent per year—and yet, looking at the chart and the figures, I see that, from 1970 on, we have been, in every year, over 10 per cent, and the curve is going up.

Honourable senators, I suggest that the federal government, and all governments in Canada, are contributing to a very dangerous situation in our economy unless they take the advice of the Economic Council of Canada. Surely that is what it is there for.

● (1730)

I should perhaps make one footnote. As far as the federal government is concerned, over a considerable period of years, its percentage of the total tax take, as related to total expenditures, has been decreasing rather steadily. This is largely due to the fact that the provinces and the municipalities have found it necessary to spend more to meet the growing responsibilities which social policies have placed on those levels of government. Against a rate of federal transfers to persons over the last few years of about 16 per cent, some recent decisions by the federal government have raised this to well over 20 per cent. That is the average.

That is why the Economic Council of Canada has given the stern warning that we will be in danger if the federal government, which is but one part of this whole area, does not restrict the increase in its expenditures on transfers to persons to that 11 per cent, contrasted with the 19 per cent last year and the 20 per cent anticipated by the indications of present government policies next year.

Honourable senators, I hope that Senator Everett will have success, as I am sure he will, when he turns the attention of the National Finance Committee and the Senate to this very important problem.

Report adopted.

The Senate adjourned until tomorrow at 2 p.m.

25862—82½

THE SENATE

Friday, December 7, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-211, to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof.

Bill read first time.

Hon. Paul Martin moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

RESIDENTIAL MORTGAGE FINANCING BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

Bill read first time.

Hon. Mr. Martin moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

CANADA PENSION PLAN (No. 2)

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-224, to amend the Canada Pension Plan (No. 2).

Bill read first time.

Hon. Mr. Langlois moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

PAROLE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-191, to amend the Parole Act.

Bill read first time.

Hon. Mr. Langlois moved, with leave of the Senate and notwithstanding rule 44(1)(f), that the bill be placed on the Orders of the Day for second reading at the next sitting.

Motion agreed to.

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF COMMITTEE MEETINGS—QUESTION OF PRIVILEGE

Hon. Mr. Flynn: Honourable senators, I rise on a question of privilege affecting the Senate as a whole. I received this morning, as all of you probably did, a notice of future committee meetings. It provides that on Thursday and Friday next the Legal and Constitutional Affairs Committee will consider Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

As honourable senators know, this bill is on the Orders of the Day today for second reading. Therefore, the notice assumes that this place will pass this bill in time for a Senate committee's consideration on Thursday and Friday next. It seems to me that the Senate as a whole has been taken for granted too much by this government.

Hon. Mr. McIlraith: It was a mistake.

Hon. Mr Flynn: It may be a mistake but it is a mistake which, I suggest to Senator McIlraith,—

Hon. Mr. McIlraith: The original notice was withdrawn.

Hon. Mr. Flynn: —results from a practice and perspective that has been prevalent in this house for too many years.

● (1410)

Hon. Mr. Goldenberg: Honourable senators, I think I can explain what Senator Flynn is referring to. I personally have not received that notice. There was no authorization to send the notice. What happened was this. The subcommittee—or rather the drafting subcommittee of the Legal and Constitutional Affairs Committee—has been meeting all this week and we wanted another day next week. I asked the Committee clerk to reserve those two days. If the Protection of Privacy Bill should come before us, we would have the two days, but if not, we were going ahead with our study of the Parole Act. There was no instruction to issue any notice to anyone and this is the first I have heard of it. I would feel as Senator Flynn feels had I received it.

Hon. Mr. Langlois: What about the withdrawal?

Hon. Mr. McIlraith: It was withdrawn.

Hon. Mr. Argue: Who sent it out?

Hon. Mr. Goldenberg: I do not know.

Hon. Mr. McIlraith: I think I should say that I was called about it, assuming that such a notice had been delivered to me as one of the members of the committee on corrections. I found it had not been delivered to me. The explanation given was that the notice had inadvertently been sent over here without instructions or authority, and that it had been partially delivered.

Hon. Mr. Flynn: Unfortunately, it came to me.

Hon. Mr. McIlraith: The delivery was not completed to all.

Hon. Mr. Argue: They sent it to the important ones first.

Hon. Mr. Langlois: It is the zeal of the Senate employees.

Hon. Mr. Martin: It is a good point.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report on operations under the Regional Development Incentives Act for the month of October 1973, pursuant to section 16 of the said act, chapter R-3, R.S.C., 1970.

Revised Capital Budget of Air Canada for the year ending December 31, 1973, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1973-3704, dated November 29, 1973, approving same.

Report of the president and statement of accounts of the Industrial Development Bank for the fiscal year ended September 30, 1973, pursuant to section 30(4) of the Industrial Development Bank Act, chapter I-9, R.S.C., 1970.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Monday, December 10, at 8 o'clock in the evening.

Honourable senators, perhaps a word of explanation would be in order, since yesterday I suggested that when the Senate adjourned today it would be until Monday afternoon at 2 o'clock. The change of time is to enable discussions to take place on Monday morning and Monday afternoon among those who are concerned with the foreign takeover bill. For that reason we concluded it would be more appropriate to sit on Monday evening, at which time we could consider second reading of the bills we have received today.

I might add for the information of honourable senators who wish to take part in the debates on the four bills which were introduced today that they will, if the Senate is in agreement, be taken in the following order on Monday: first, Bill C-211, to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof; second, Bill C-224, to amend the Canada Pension Plan (No. 2); third, Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada; and fourth, Bill C-191, to amend the Parole Act.

Hon. Mr. Flynn: Since he is giving explanations, perhaps the deputy leader could explain what happened in the other place to cause an indigestion of four bills at a time.

Hon. Mr. Langlois: I believe my honourable friend the Leader of the Opposition knows the answer to that much better than I do.

Hon. Mr. Martin: Perhaps the answer was the announcement made by the Prime Minister yesterday.

Hon. Mr. Flynn: We will have yet another kind of indigestion from that.

Motion agreed to.

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS ACT, 1972
FEDERAL-PROVINCIAL FISCAL REVISION ACT, 1964
INCOME TAX ACT

BILL TO AMEND—THIRD READING

Hon. Eric Cook moved the third reading of Bill C-233, to amend the Federal-Provincial Fiscal Arrangements Act, 1972, the Federal-Provincial Fiscal Revision Act, 1964 and the Income Tax Act.

Motion agreed to and bill read third time and passed.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—SECOND READING—DEBATE ADJOURNED

Hon. Daniel A. Lang moved the second reading of Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

● (1420)

He said: Honourable senators, this bill is entitled, "An Act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act"; but for descriptive purposes it might better be entitled, "The Right to Privacy Act," or "The Anti-Bugging Act." The purpose of the legislation is certainly to establish the right to privacy in a new area, that is, an area where these gadgets have come into use; but the mechanics of accomplishing this end are carried out through amending the three acts referred to in the title.

The bill is not new in principle, but extends old principles in our jurisprudence into a new area of technology, which in terms of the bill consists of "electromagnetic, acoustic, mechanical or other device," used to intercept a

private communication; or, in common parlance, "bugs," and for purposes of brevity I will use that term during the balance of my remarks.

I said that there is no new principle in this bill, and that it is rather an extension of an old principle in the law, which in fact it is. The right to privacy is deeply embedded in our jurisprudence, as particularly evidenced by the limitations placed by our law on, for example, the search of one's person, or the search of one's premises. This restriction is highly regarded as a fundamental cornerstone of our personal liberties, and the authorities must, in order to engage in such searches, obtain a warrant beforehand, which warrant must be secured through normal judicial procedures.

The restrictions contained in our law, however, did not envisage the wizardry of modern technology, which includes such things as devices for listening to private conversations from great distances without the use of wires, directional receivers for that purpose, and devices which can pick up and transmit voices, spoken words, or words transmitted through wires in electronic form, and devices of such a nature which can be so miniaturized as in fact to resemble bugs, in size and appearance.

Turning to the bill itself, I would point out that it firstly amends the Criminal Code, and that takes up the greater bulk of the bill.

The bill also creates new offences. The first new offence is the interception of private communications by the use of these bugs. When this bill passes, it will be a criminal offence to do so. Secondly, it makes it a criminal offence to disclose the contents of private conversations that were intercepted by the use of these devices; and thirdly, it makes the possession, sale or purchase of these devices illegal, or, in other words, a crime.

In addition to creating these crimes, the bill also sets out rules regarding the admissibility of evidence that is obtained through the use of bugs, and safeguards in connection with the admissibility of that evidence.

The next part of the bill amends the Crown Liability Act, to make the Crown liable when private communications are unlawfully intercepted or disclosed by a servant of the Crown through the use of these bugs.

Finally, the bill amends the Official Secrets Act to provide for the interception by the use of bugs of communications if that interception is done for the prevention or detection of espionage, sabotage or other subversive activity.

The concepts of the bill are very simple up to this point. However, one has to balance on the one hand the individual's right to privacy against, on the other hand, the paramount interest of protecting the state and the securing of law and order in the state. In serving the latter interest, this bill provides that the police, certain members of the armed forces and certain other persons, will be able to use these bugging devices, and the evidence obtained through their use. In consequence, certain licensed people will be able to possess and sell these devices to the authorities who require them. These exceptions to the general rules provided here are essential in this modern age to allow our security forces the weapons needed to combat certain types of crime. The balance between these two interests is

[Hon. Mr. Lang.]

accomplished in this bill, very generally, by outlawing bugging on the one hand except as specifically authorized under its provisions.

The authority to use these devices must be obtained basically from a judge, and on the authority of either the attorney general of a province or on the authority of the Solicitor General of Canada. The bill goes on to set out in detail the evidence that must be furnished upon such application to a judge and the matters upon which the judge must satisfy himself before granting such authority. There is also provision here for what I would call a short form of application which can be used in cases of emergency. In such a case, authority may be obtained from certain specially appointed judges, but that authority is limited as to time, namely, for a period of 36 hours. I might mention that it was in this area that there was a certain amount of controversy, resulting in a subsequent amendment to this bill, as it passed through the House of Commons.

Finally, the bill deals at some length with the admissibility of evidence obtained through the use of bugging devices.

● (1430)

In my opinion it would be sufficient for our purposes today on second reading to say that, generally speaking, the evidence obtained by authorized bugging is admissible in court whereas that obtained by unauthorized bugging is inadmissible. However, there is an exception to that latter generalization, and under certain limited conditions spelled out in the bill such evidence obtained by unauthorized bugging may be used in court.

The bill goes on to provide for penalties, some of which are quite severe, for those contravening its provisions. It also provides for damages that might be paid to individuals who are injured through the unlawful use of these devices.

Honourable senators, none of us wish to live in a world of bugging, snooping and wiretapping. I believe that to be mainly because it has all the smell of a police state. However, on the other hand, none of us wish to hamper the work of our police forces and other officials in maintaining law and order, by denying them the proper use of this technological gadgetry. This bill endeavours to strike a balance between these two concerns. Undoubtedly, some persons may think that it goes too far in permitting the use of these devices; on the other hand, others may think that it goes too far in restricting their use by our authorities. Personally, I am inclined to the latter view. However, it seems to me that the bill strikes as fair a balance as is possible. It deals with a new area and one with which we have become more familiar in recent weeks through listening to broadcasts from Washington. I think it is timely that this sort of law should be put on our statute books and I feel that, notwithstanding the legal requirements and impositions placed upon our authorities before they may legally use these devices, it is a fair balance between the two interests affected, namely, that of personal privacy and that of the state and the preservation of law and order.

For that reason I commend the bill to your favourable consideration.

On motion of Senator Choquette, debate adjourned.

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-228 (LASALLE)—SECOND READING.

Hon. Azellus Denis moved the second reading of Bill C-228, respecting the Electoral Boundaries Readjustment Act.

He said:

[*Translation*]

Honourable senators, I have the honour to move for second reading a bill which stands among the most important for the people of LaSalle, in the great city of Montreal.

A bill such as this enables groups of people living in the same riding to recall or keep their identity of origin, even by the mere reference to their first designation in the name of the riding where they live now. Such is the case with the beautiful riding of LaSalle which comprises three municipalities: Ville LaSalle, Ville Emard and Côte Saint-Paul. These good citizens would like their identity to show, because, as you know, names are sacred and they are reminders of the past, of history.

I am convinced that the people of these three municipalities would be pleased to learn that their riding of LaSalle will from now on be called LaSalle-Emard-Côte Saint-Paul.

Honourable senators, to give in to the legitimate and reasonable wish of these good people is very little for us, but to them, it means a lot.

Hon. Jacques Flynn: Honourable senators, you are already aware of my position in respect of this bill: I am entirely against it because the Electoral Boundaries Commission has set as a principle that the names of constituencies should be simplified. That is why they looked—maybe not successfully in all cases, but certainly in this one—for a name which, if not descriptive of the electoral boundaries, would recall at least something of our history. LaSalle is a fine name indeed, which calls to mind Robert Cavelier de La Salle, one of the greatest explorers of this continent. It is a well-known name, and even if it is that of a municipality, its meaning goes far beyond the boundaries of a municipality.

In my opinion, the choice made by the Commission which recommended that name was a good one. If we try to use as many names as possible, names related to geography and not to history—like Emard, Côte Saint Paul or what have you—we shall reach a point where every small locality will insist its name being used. That is why I feel that multi-barrelled names are a mistake.

The last time I spoke on a bill like this it was about the famous Berthier-Maskinongé-DeLanaudière riding that Mr. Rémi Paul used to represent. We could go on and add five or six other names and it would take half a page in the official report of the Debates of the House of Commons or the Senate to designate the riding represented by a member. I think that is completely ridiculous and, whatever the little local vanities at the origin of a bill like this might be, I cannot accept it.

I am quite sure that it does not fall to the Senate to object to what the House of Commons does in this area. On the other hand, I know that the House never opposes the wishes, I would say more or less legitimate, or more or less selfish, on the part of a member to try and flatter all corners of his riding. There is nothing to prevent that. But the fact still remains that it is contrary to the accepted principle of giving a constituency a name that would be simple, uncomplicated. From reading the *Debates* of the other place, I recall a member saying that in Prince Edward Island they had found names, historic names like Cardigan, Malpec, etc., that describe whole areas, forgetting about municipalities. I think that there at least they have found a way of pleasing everybody.

In this case I do not see why any other name should be added to that of LaSalle. I regret this type of legislation. I do not intend to oppose it, except to say that it will be carried on division because I think it is basically bad.

Hon. Mr. Goldenberg: Does Senator Flynn mean to tell us that LaSalle, the explorer, was more important than Saint Paul?

Hon. Mr. Flynn: Greater than the apostle? I would not want to engage in a polemic on this subject with a theologian like Senator Goldenberg. This is only Côte Saint-Paul. It is not even côte d'Adam (Adam's rib) from which Eve was made.

• (1440)

[*English*]

Hon. Azellus Denis: Honourable senators—

The Hon. the Speaker: I must remind honourable senators that if the Honourable Senator Denis speaks now, his speech will have the effect of closing the debate.

[*Translation*]

Hon. Mr. Denis: Just a few words in closing to take into account the protest from the Leader of the Opposition who has thus condemned not only those who wish to change the name of their constituency but also the government which, as all other governments, is trying from time to time to please certain sectors of the population.

It should fall mainly on us in the Senate to take the side of the minorities and the constituency of LaSalle is a minority as compared to the rest of the country.

I do not want to take up too much of our time but I have here many names of constituencies which are as long if not longer than the name I respectfully submit and which have been suggested by the good friends of the Leader of the Opposition.

Hon. Mr. Flynn: I guess they were wrong too.

Hon. Mr. Denis: No. The Commission did its work but you know that a commission has neither the heart nor the spirit of politicians, of those who have lived with men; it does not care about ancestors, history and the country and when such mistakes are made by such a Commission, we have Parliament to correct them.

I guess that the Leader of the Opposition will not campaign at the next election in the constituency of LaSalle-Emard-Côte Saint-Paul, but I guess he would not do any better than he did the last time.

Hon. Mr. Flynn: This reminds me of Rostand who wrote—

Hon. Mr. Côté: Here is a poem!

Hon. Mr. Flynn: —about the King of Rome saying:

Vous lui remettrez son uniforme blanc.

I hope that in 25, 30 or 40 years when Senator Denis dies he will be buried in his red vest.

Hon. Mr. Denis: I am happy that you noticed it and I am as proud as the electors of LaSalle.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Denis, seconded by Honourable Senator Fournier (De Lanaudière), that this bill be read the second time.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Flynn: On division.

Motion agreed to and bill read second time, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Côté: Now.

[*Translation*]

Hon. Mr. Flynn: I have no objection. In any event, since it cannot be given Royal Assent today, it would be better to postpone third reading until Monday night.

[*English*]

Hon. Mr. Denis: I am going to take a chance that it might go through today. There might be a more important piece of legislation to deal with at the next sitting.

[*Translation*]

Hon. Mr. Flynn: That does not matter. Third readings are always called at the beginning of Orders of the Day.

Hon. Mr. Denis: My honourable leader will be pleased to comply with the request from the honourable Leader of the Opposition.

[*English*]

Next sitting, then.

The Hon. the Speaker: It is moved by the Honourable Senator Denis, P.C., seconded by the Honourable Senator Fournier (De Lanaudière) that this bill be placed on the Orders of the Day for third reading at the next sitting.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

BILL C-232 (OTTAWA EAST)—SECOND READING

Hon. George McIlraith moved the second reading of Bill C-232, respecting the Electoral Boundaries Readjustment Act.

He said: Honourable senators, Bill C-232 proposes to change the name of the electoral district of Ottawa East to Ottawa-Vanier. The reason for requesting this change is that a substantial part of the community in the eastern section of Ottawa known as Ottawa East is no longer in the constituency of Ottawa East but now is in the constituency of Ottawa Centre. That part of Ottawa still remaining within the constituency we are now discussing, and excluding the local area or community formerly known as Ottawa East, along with the whole of the City of Vanier, makes up the present constituency of Ottawa East.

The City of Vanier, formerly the Town of Eastview, has grown rather rapidly.

When a change of name for that city was decided upon, the name of a very distinguished Canadian, the late Governor General Vanier, was chosen. In addition, the City of Vanier has grown in terms of its population and significance in the constituency. I base that statement on the 1971 census, which shows that the City of Vanier had a population of about 21,000, and I believe it has increased since then. That part of Ottawa remaining in the constituency we are discussing has a population of approximately 49,000. I believe the City of Vanier is growing at a more rapid rate than is that part of the City of Ottawa which will remain in the new electoral district.

Honourable senators, for those reasons I commend this bill to you for your approval.

Hon. Jacques Flynn: Honourable senators, I think the remarks I made with respect to Bill C-228 should apply to this one. I do not want Senator Denis to think that I only find fault when he introduces bills.

In my view, the name "Vanier" would have been entirely sufficient as a name for this constituency. It is an illustrious name as well as being short and simple. It would have been entirely adequate to describe the district which Senator McIlraith has just described to us. I think we must come back to the criterion which the commissioners tried to apply in choosing a name to describe a given electoral district, the criterion being that it should be one word. It will probably come to that since the population of the City of Vanier, as Senator McIlraith mentioned, is growing at a faster rate than that part of Ottawa which will remain in the constituency. I am sure that fairly soon a new electoral district will be required, one to cover the City of Vanier only.

Hon. Paul C. Lafond: Honourable senators, I have spoken on this subject previously. In this particular case I believe the aim of the bill is laudable. I disagree with Senator Flynn's view that the constituency should eventually be called only "Vanier," because we do have Ville Vanier in the Quebec district and that could create some confusion.

Hon. Mr. Flynn: It is a provincial district.

Hon. Mr. Lafond: Yes, but it is still a municipality. The present bill calls for the addition of only two letters, not two words, to the name of the constituency, so a grammatical argument is of little value. Nevertheless, as I said previously, my view is that if we are going to have a redistribution commission, either we obey it or we do not. There are still opportunities for processing a change of name for that constituency since the redistribution process has only been suspended, not concluded.

• (1450)

As I have said before, if we have a redistribution commission there are opportunities for the public, the press and those concerned to make representations to the commission when it sits in the constituency or in that area. There is a further opportunity in the other place, when the Redistribution Commission reports are tabled, to make

recommendations to change names. I do not accept at all the process of changing the name of a constituency against the wishes, tacit or otherwise, of the Redistribution Commission through a private bill, so I regret that I shall have to record my division on this bill as well as on the previous bill.

Hon. Mr. Buckwold: Honourable senators I should like to make a comment on Senator Flynn's remarks. I question his consistency in opposing the addition of new constituency names when I look back at the very good name which was the appellation of his own party, which somewhere along the line was extended to include a few progressives.

Hon. Mr. Flynn: It is a good joke, but it is not a serious one.

Hon. Mr. Denis: It was a joke.

Motion agreed to and bill read second time, on division.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. McIlraith: With leave, now.

Hon. Mr. Flynn: I don't mind, but since we have said we will have third reading of the other bill next Monday it would be illogical to proceed otherwise with this one.

Hon. Mr. McIlraith: I am sorry, honourable senators, I misunderstood. My interpretation of Senator Flynn's opposition was not accurate. There is no urgency about the matter and I am quite agreeable to it being dealt with on Monday.

Hon. Mr. Flynn: It is because we said that on the other bill.

Hon. Mr. McIlraith: I misunderstood your earlier indication. I therefore move that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

FOREIGN AFFAIRS

EXPANDED EUROPEAN COMMUNITIES—CONSIDERATION OF REPORT OF COMMITTEE—DEBATE CONTINUED

The Senate resumed from Tuesday, November 6, the adjourned debate on consideration of the Report of the Standing Senate Committee on Foreign Affairs, entitled: "Canadian Relations with the European Community".

Hon. Chesley W. Carter: Honourable senators, I should like to begin my remarks by congratulating Senator Aird, Chairman of the Standing Senate Committee on Foreign Affairs, on his excellent presentation when he opened the debate on the committee's report on Canadian relations with the European Economic Community on July 12 last, as recorded at page 867 of *Hansard*. I should also like to join with Senator Grosart in the tribute he paid to Senator Aird as committee chairman. As a member of that committee, I can support everything Senator Grosart said. In his quiet and unassuming manner, Senator Aird is an extremely effective chairman, and the committee's success is due largely to his personal qualities and the manner in which he presides over the committee's proceedings. It is not only an honour and a privilege but also a joy to serve on the committee with him.

In his opening address, Senator Aird referred to the committee's report as a Canadian handbook on the European Community. He went on to say that its prime purpose is to help make more Canadians aware of the Community, as it is in Canada's best interests to develop closer relations with the European Community at this time. He pointed out that Canadians generally had been slow to recognize the vast potential market of the European Community, which had imported $10 billion worth of finished goods in 1971, and, secondly, the mutual importance of the European Community and Canada to each other as potential sources of investment capital. These could be developed, he pointed out, by utilizing our present important links with the United Kingdom as a launching pad, but new techniques of joint production and joint development might have to be worked out.

The committee's report has been well received by the business community and by the press, both within Canada and outside our borders. The September issue of the *Canadian Business Magazine* comments very favourably on the committee's report. On page 6, a full page article emphasizes and supports the committee's recommendation that our Prime Minister should, as soon as possible, visit officially the Brussels headquarters of the European Community and the member states. Incidentally, the same article also states that the report is a useful reminder of the good work that can done by the Senate as a body.

Outside Canada the committee's report also received very favourable recognition. As an example, I should like to quote part of an article that appeared in the *Christian Science Monitor* of October 12, 1973, written by Eric Dowd of the Financial Times Service. The article begins by referring to the effect on Canada of Britain's entry into the European Community, and continues as follows:

> Although Britain's entry to the EEC had been telegraphed well in advance, and although, even without Britain, the common market has been an important export market for Canada (already taking $1 billion worth of Canadian exports a year), most Canadians, including politicians and businessmen, had until recently only the haziest idea of the problems posed for them by the EEC.
>
> In an attempt to plug this gap in knowledge, the Canadian Senate's Committee on Foreign Affairs has made a wide ranging study which is perhaps the most valuable guide this country has ever given its businessmen. It concludes that only between one and two per cent of Canada's trade will be lost, and then only in the short run, if the right measures are taken by Canada.
>
> It holds out a hope that the EEC will ease some of the tougher restrictions in its common agricultural policy and it wants Canada to press insistently for this in coming talks on tariffs and trade.

Under the heading of "Opportunity Stressed," the article goes on to state:

> The Canadian Senate Committee is still concerned with what it sees as long-range opportunities, rather

than short-term dangers, in exporting to the common market.

The group is highly critical of past efforts by Canadian businessmen; it says they have been slow to recognize new opportunities in Europe and are not aggressive in selling there, contrary to the belief in Europe that North Americans adopt a pretty hard sell.

The Senate Committee is urging smaller Canadian companies to develop export partnerships in the EEC to lower the cost of transport, warehousing and distribution, and Canadian companies generally to establish subsidiary companies within the EEC and enter into joint ventures and licensing arrangements with the European companies.

● (1500)

The Canadian Committee recognizes there are some procedural difficulties in dealing with the EEC, which is far less integrated politically than it is economically, and suggests Canada cover all the bases by forging strong links both with the EEC member states and EEC headquarters. This call for stronger links with Europe is particularly acceptable to Canadians at this time, because of their high level of concern at United States economic and cultural domination of Canada.

That seems to me to be a very good summary of the report.

The report itself is titled, "Canada's Relations with the European Community." This is a subject which has already been debated in this chamber quite extensively on at least two previous occasions during this session. It was debated in February last on the motion to reconstitute the committee and define its terms of reference, and again when the committee reported to the Senate on its visit to Brussels in March last. There is, therefore, very little left to be said on this subject.

It so happened that I had to forego the visit to Brussels because of the death of my dear friend, the late Senator Isnor, which took place on the eve of the committee's departure.

The visit to Brussels grew out of the committee's conviction that not only was it necessary to make Canadians aware of the European Community but it was equally vital that the European Community should be made aware of Canadians and of the fact that Canada is not an economic satellite of the United States and that Canada is in many ways significantly different from our great neighbour to the south. For example, Canadians have maintained their cultural links with Europe, and the Canadian economy also is significantly different from that of the United States. We have different aspirations and objectives. Our problems are different and, in working out solutions to our problems, we use different approaches.

There was reason to believe that those charged with conducting the affairs of the European Community and of developing future policy did not fully realize either the extent or the importance of these differences between Canada and the United States. The remedy to this situation lies in more and better lines of communication, not only between Canada and the member countries of the European Community but also between Canada and the Community headquarters and nerve centre at Brussels.

[Hon. Mr. Carter.]

The first step in developing better communications is the establishment of personal contacts and a free and frank discussion of mutual problems. That is why the committee went to Brussels last March. This visit proved to be as wise as it was timely, as can be seen from the debate introduced by Senator Grosart on May 22 last and continued by Senator Macnaughton on the following day and recorded on pages 630 to 633 of Senate *Hansard.*

The committee returned fully convinced that the lines of communication they had succeeded in establishing should be put on a permanent basis. Since the ambassadors of member countries are neither authorized nor qualified to speak on matters involving Community affairs, the report recommends that the authorities at Brussels set up a Community information office here in Ottawa similar to the Information Centres already established at Washington, Geneva and Tokyo.

It is reasonable to expect that the establishment of an information centre by the European Community here in Ottawa would encourage the press and electronic media in Canada to disseminate much more information about the European Community than is now the case. At the same time it should cause Canadians to take more interest in the Community and the opportunities it affords.

The committee suggests that Canadian universities and academic circles should also take more interest in the European Community than they have been taking to date. In the universities across the country there are centres for area studies for Asia, Africa, and Latin America, but Europe, and particularly the European Community countries, have been largely ignored.

In the committee's opinion, post-graduate courses on European Community affairs could be given in Canadian universities, and scholarships and fellowships could be made available to enable Canadians to take similar courses at European seats of learning. Conversely, foreign officials could be brought to Canada on a functional basis in programs similar to that which the Canadian Wheat Board has been conducting very successfully for the past 20 years. Such programs could very well be sponsored by the Department of External Affairs and/or the Canada Council.

The report also recommended that Canada take advantage of the "exchange visit" programs now sponsored by the Community and, in addition, develop Canadian sponsored "exchange visit" programs to the European Community similar to those already sponsored by the United States.

Chapter 5 of the report, entitled "Closing the Information Gap," deals with this matter in some detail and one can only hope that the Government of Canada will treat this as a matter of urgent priority and adopt the suggestions the committee has made. In view of the fact that the European Community represents a market much greater than that of the United States and one that is also growing at a faster rate, the importance of developing as many contacts and lines of communication as possible cannot be overestimated.

Senator Grosart, in his excellent contribution to this debate on November 1 last, as reported in Senate *Hansard,* page 1077, referred to the meetings the committee had here

in Ottawa with top officials of the Common Market and with members of the delegation from the Parliament of the European Community—whose visit was a direct result both of the committee's visit to Brussels in March and of the initiatives the committee had taken since their return.

At meetings with both of these bodies, committee members emphasized the need for the European Community to set up an information centre here in Ottawa, and the response was extremely encouraging. The idea that ways should be found whereby Canadian parliamentarians can get together with members of the Parliament of Europe was also very favourably received. The value of such contacts is evident from the ones that have just taken place. In view of the fact that the European Community is still in a state of evolution, it is to be hoped that some means of regular periodic meetings will materialize, so that Canadian parliamentarians can impress upon their opposite numbers of the European Community, not only the effects upon Canada that will flow from certain Common Market policies but that we can assist each other in the solution of problems and in determining the courses that should be taken, not only for our mutual advantage but for the benefit of all mankind.

The exchange of viewpoints which we had with the two groups of visitors from the European Community—one group being the top civil servants responsible for the operation of Community institutions and the other a group of parliamentarians representing member countries, was most interesting and, for me, most enlightening, but in some respects I found it also somewhat disappointing.

For one thing, our whole discussion was confined to matters of trade and economics. As long as we stayed within that field there was a fruitful discussion, but once we ventured outside that field there seemed to be no tangible or definite concept that one could lay hold of.

● (1510)

We know that the European Community is in a state of evolution with a number of set goals ranging from that of a common currency to full political union with target dates ranging from 1980 to 1985. But in moving towards these goals, the member countries seem to have no common strategy at all. With the possible exception of agriculture, which is forced upon them by France, they have no common policy, not even on energy, and no acknowledged leader.

Neither do they seem to have any fixed ideas or concepts as to what the role of the Common Market should be in the world at large once political unity has been attained, nor in what direction the Community should move and what type of relationship should be established, either with the other world giants or with the developing countries of the third world. It seems to me that under those circumstances the final shape and direction of the European Community is going to be determined by the force of external events rather than by the conscious will and planning of member countries.

The U.S.A. and the U.S.S.R. are giants industrially, economically and militarily. Japan is an industrial and economic giant. China is a giant in terms of population and of economic and industrial potential. And now the European Community is becoming an economic and industrial giant and with military potential as well.

At one of our meetings I pointed out to our visitors from Brussels that as Canadians we were concerned about where Canada as a nation is going to fit into this world of giants, since having a very small domestic market of only 22 million people we were very dependent on exports and had no special relationship with any other country or group of countries that would assure us access to a major market. That is why we are anxious that the European Community understand our position and take it into consideration so that policies, particularly trade policies, that are mutually advantageous can be developed. Otherwise Canada's economy could be seriously damaged.

I then asked if one of the visitors would care to comment on that statement and explain to the committee what role the European Community, as one of the world giants, would play in the world at large and what its relationship would be with the other giants—for example, with the United States and Japan. I expected an answer somewhat along the following lines, that there is a precarious balance of power in the world today because the world powers, the giants, are working out alignments which can be represented by two triangles.

First there is the big triangle, the United States, China and Russia. At the present time the United States has fairly good relations with both China and the Soviet Union while these two nations have very poor relations with each other. To some extent that puts Washington in the driver's seat, so to speak, but this will not necessarily last forever. It will last only as long as Peking and Moscow are hostile to each other. This should not be regarded as a permanent phenomenon but something that is a phase which will pass probably soon after the present leaders of those countries have departed from the scene.

Then there is the smaller triangle consisting of the United States, Japan and the European Community. This smaller triangle is very important because this is a triangle in which, if the three components agree, something can be accomplished since Brussels, Washington and Tokyo are more or less free to make whatever decisions they deem to be of mutual benefit to members as well as to the world as a whole. If the United States, Europe and Japan can create the right kind of relationships between them so that they can operate as a functioning triangle, then it would not be so dangerous for the free world if the two red giants move closer together again within the larger triangle.

That was the kind of answer I expected to my question but the official who replied stated that the European Community did not think of itself as a giant at all, that within their common tariff structure each member nation was responsible for its own economy, its own industrial strategy, its own foreign policy and the development of its own trade and commerce. The rest of the reply, as I interpreted it, was to the effect that not until all these different policies of all member countries had become fully integrated could the European Community think and plan as a single entity or consider itself a giant and, although they had set target dates for monetary and political union, it would be many more years before integration could be completed.

Articles that I have read in various magazines indicate that they are thinking in terms of a time frame of up to a hundred years. Personally, I doubt if they have ten. The most crucial decisions may well have to be taken within five years or even less. It may be that recent events such as President Nixon's armed forces alert, and the energy crisis which threatens the whole European economy, have changed their thinking in this respect and created a sense of urgent necessity which will greatly speed up the integration process.

In my opinion, it is absolutely essential that a functional relationship between Europe, the United States and Japan be created immediately. Since the United States is a key member of both triangles, steps should be taken at once to solve or alleviate the very serious economic issues between the United States and the other two countries and also that measures be adopted to ensure that further misunderstandings will be avoided in the future.

The Arab countries, especially Saudi Arabia, are anxious to develop an industrial base for their economies before their oil resources are depleted. Since they already have the capital, here is a tremendous opportunity for the European Community to offer both the technology which will be required and economic security through some form of special relationship. Japan and the United States can also help. What is needed is a common strategy based on what is right.

In all this, Canada, having links with all three countries, can play a very constructive role and, at the same time, contribute to world peace, stability and prosperity because the greatest security any nation can have is the goodwill, trust and confidence of all the other nations. If we act on that basis, trade and economic problems will take care of themselves.

On motion of Senator Langlois, debate adjourned.

MIDDLE EAST

UNITED NATIONS EMERGENCY FORCE—STATEMENTS BY CANADIAN MEDICAL OFFICER—QUESTIONS ANSWERED

Leave having been given to revert to Question Period:

Hon. Paul Martin: Honourable senators—

Hon. Mr. Choquette: Would you like to ask me some questions?

Hon. Mr. Langlois: No, he wants to answer your questions.

Hon. Mr. Martin: I have a reason for reverting to Questions, but, as a matter of fact, I would not mind asking Senator Choquette a few questions since he looks so different today from the way he looked in a picture he showed me the other day in which he was wearing a very handsome beard.

The fact is that on December 4 Senator Molson asked me some questions, which were more in the manner of an extended comment, and these were followed by a supplementary question put by Senator Phillips. At that time I promised to make a reply as quickly as possible. It had to do with the observations that were supposed to have been made by Major Jean-Paul Vezina, and my reply covering all these questions is as follows:

• (1520)

Major Jean-Paul Vezina is a doctor in the armed forces serving at Val Cartier. He comes under the direction of Mobile Command. As directed by National Defence Headquarters, this command was responsible for organizing, with the assistance of Air Transport Command, the deployment of the Canadian contingent to the Middle East.

The Surgeon-General reports that Major Vezina was selected, as were all 36 other medical personnel now with the Canadian contingent of the United Nations Emergency Force, for their experience, skill, and the fact that they are members of field ambulance units. Major Vezina had previously served with the United Nations force in Cyprus, and Canada's contingent to the International Commission of Control and Supervision in Vietnam.

The allegations made by Dr. Vezina with respect to such health services as washing facilities, toilets, and general hygiene, were not, in part, unfounded at that time.

The Chief of Defence Staff, General Jacques Dextraze, has pointed out that upon arrival in a theatre of operations it is difficult to have the facilities that we have here in Canada. Under the existing circumstances, facilities were considered adequate.

It must be kept in mind that once Canada agreed to participate in the United Nations Emergency Force the Secretary General of the United Nations asked Canada to supply a signal unit to this emergency operation. Since permanent accommodations were not available in the Middle East, as they had been in both Cyprus and Vietnam, Canada's contingent went to Cairo in such a manner as to be self-sufficient for a period of 30 days.

In the first contingent, all necessary Canadian medical facilities for 400 men, including 16 medical officers, assistants, hygiene technicians and dental officers, were included. In addition, the Senior Medical Officer, Lieutenant-Colonel Slavik, made local arrangements with the UNEF, as General Dextraze pointed out, "to have two major civilian hospitals cater to our needs until a small 20-bed Canadian hospital . . . arrived." That hospital arrived on November 30.

Major Vezina, having returned to Canada, is now on leave. He will report for duty to Canadian Forces Hospital, Val Cartier, on December 17.

In answer to Senator Phillips, I would say, because the new UNEF is composed of a number of nations which are each undertaking separate responsibilities, it was decided that the field hospital would be the responsibility of the Polish contingent. It should be noted, however, that each national contingent is responsible for their own primary medical services. Only when a man needs hospitalization for an extended period will he be sent to the UNEF hospital. This has been the practice followed in Cyprus; that is, having our own medical team, preliminary diagnoses were made by our medical staff. Should hospitalization then be recommended, it would be provided by either the British or the Austrians.

The Senate adjourned until Monday, December 10, at 8 p.m.

THE SENATE

Monday, December 10, 1973

The Senate met at 8 p.m., Hon. Eugene A. Forsey, Speaker *pro tem*, in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Order in Council P.C. 1973-3658, dated November 27, 1973, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said act, chapter H-3, R.S.C., 1970.

Copies of a paper, dated December 1, 1973, entitled "The Criminal in Canadian Society—A Perspective on Corrections," issued by the Solicitor General of Canada.

BANKING, TRADE AND COMMERCE

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

That the Standing Senate Committee on Banking, Trade and Commerce have power to sit while the Senate is sitting tomorrow, Tuesday, December 11, and that rule 76(4) be suspended in relation thereto.

Hon. Mr. Flynn: I would like to inquire of the chairman what the program is going to be. I understand that the minister has agreed to appear before the committee tomorrow, but I would be interested in also knowing what the program of the committee is going to be, not only for tomorrow but let us say for Wednesday also.

Hon. Mr. Hayden: The committee is going to sit tomorrow at 9.30 in the morning. We have arranged to have some witnesses appear before the committee at that time. The minister will be there from 10.30 to 11.30 and he will be available all afternoon and all evening. He will also be available on Wednesday morning and Wednesday afternoon and—God forbid!—if necessary, Wednesday evening.

Hon. Mr. Flynn: When the committee has finished listening to witnesses, is it provided that the bill will be studied clause by clause on a given day? For example, do we know if this is going to start tomorrow or Wednesday?

Hon. Mr. Hayden: With respect to the clause-by-clause study, I would expect that after the minister makes an opening statement—and I did make a suggestion that a short one would be much appreciated—we would start in on either a clause-by-clause study of the bill or a clause-by-clause study of the recommendations of the Senate report.

Personally, I would incline to adopt a procedure under which we would select first the topics which were stressed and were the subject matter of the debate here and then go back into the bill. We would thereby focus attention on the points debated in the Senate first.

Hon. Mr. Flynn: That is what I wanted to hear from the chairman. I think it would be preferable if we were to hear the minister on the points raised in the report which we made last spring and on the points which were raised in debate here in the Senate. Then, when we have concluded hearing the testimony of the minister, we might be in a position to consider the bill clause by clause. We should not do a clause-by-clause study in the presence of the minister. I do not think it would be proper.

Hon. Mr. Hayden: The minister, of course, once he is there and embarks on a course outlined by the chairman, with the approval of the committee, is then there to answer questions.

Hon. Mr. Flynn: Of course, but when he has finished, we can carry on with our own business.

Motion agreed to.

HONOURABLE PAUL YUZYK
HONOURABLE DONALD CAMERON

FELICITATIONS

Hon. Paul Martin: Honourable senators, I wish to draw the Senate's attention to the fact that Senator Yuzyk has written a book called *For A Better Canada.* He was kind enough to send me a copy, and I am showing it to other senators. He will not expect that all that is in his book will meet with full acceptance by all of us, but it is an indication of his interest in multiculturalism, and also a reflection on his industry.

At the same time I would like to mention that I received a book about Senator Donald Cameron, edited by Elizabeth Motherwell, entitled *No Small Plans, an Affectionate and Incomplete Biography.* I am sure we will all look forward to reading this book.

Hon. Mr. Flynn: Honourable senators, I would like to join the Leader of the Government in praising Senator Yuzyk for publishing this book entitled *For A Better Canada,* which I have read in part. What I read has been very good. It is unlike the senator's previous and more scholarly tomes in that it is a book of speeches. It has plenty of heart and gut that you would expect in a book of his speeches. What pervades the book, what can be actually felt in every word he utters, is the man's incomparable Canadianism. It is extremely refreshing in an era when

people are trying to break this nation up. It is heart-warming and relieving to know that there are true Canadians of significant talent working just as hard to make Confederation work.

I want to join the Leader of the Government in congratulating my esteemed colleague on his book. I wish him continued good health, because as long as the likes of Paul Yuzyk are healthy, they will be active, and if they are active, Canada cannot help but flourish in unity and harmony.

I have not seen the book on Senator Cameron, but I will certainly look forward to reading it. Knowing the senator as I do, I am quite sure that I will have generally the same impression as I had on reading Senator Yuzyk's book.

Hon. Paul Yuzyk: Honourable senators, I should like to thank most warmly Senator Martin, the Leader of the Government in the Senate, and Senator Flynn, the Leader of the Opposition, for their kind remarks about my book.

As all senators are aware, I have sent a copy to each of my colleagues, hoping that I would get a reaction from them, and I have received so far only favourable comments. I am sure the unfavourable comments will come a little later. I want to thank you very much for these comments.

Another thing which may interest honourable senators is that I approached three large publishing firms in Toronto to have this book published. Each of the three firms stated that it would require at least one year before the book could make its appearance; but I was not satisfied with that estimate. I wanted it done in six months, if possible, because this book should really be published this year on the occasion of my tenth anniversary in the Senate. However, I soon found out that there were other reasons why they did not accept the book for publication. One of them told me very frankly that if we had a book of the selected speeches of Winston Churchill, and published such a book here in Canada, he doubted very much whether it would be possible to sell 1,000 copies to Canadians. Well, I had to accept that verdict from them, so I went to a smaller firm and made arrangements for its publication and the book appeared within four months—on November 1 of this year. I am happy to inform the Senate that in the five weeks since then the book has already sold 1,200 copies.

● (2010)

Hon. Senators: Hear, hear.

Hon. Mr. Yuzyk: Which proves that some people in high places can be wrong.

Hon. Donald Cameron: Honourable senators, Senator Martin's announcement coupled my name with the book written by Senator Yuzyk, which, unfortunately, I have not acknowledged yet because I have not had a chance to read it, but I will, and I hope that my comments will not be among the unfavourable. I want to deny any authorship of the book to which Senator Martin referred called *No Small Plans.* It was written by a former student of the Banff School, Elizabeth Motherwell. It was published by my successor at the Banff School. When you read it I am sure you will be convinced that my capacities for brainwashing my colleagues exceed anything you ever thought of.

[Hon. Mr. Flynn.]

ELECTORAL BOUNDARIES READJUSTMENT ACT

BILL C-228 (LaSalle)—THIRD READING

Hon. Azellus Denis moved the third reading of Bill C-228, respecting the Electoral Boundaries Readjustment Act.

Motion agreed to and bill read third time and passed, on division.

BILL C-232 (Ottawa East)—THIRD READING

Hon. George McIlraith moved the third reading of Bill C-232, respecting the Electoral Boundaries Readjustment Act.

Motion agreed to and bill read third time and passed, on division.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-211, to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof.

He said: Honourable senators, to summarize Bill C-211 very briefly indeed I must say that it is primarily a measure to supplement the incomes of Canadian families and improve their capacity to meet the cost of raising children. This bill will permit 3½ million Canadian families, the great majority of which have low or middle incomes, to realize a net additional amount of $840 million in 1974 alone. In addition, it will advance the development of a more equitable regional redistribution of income across Canada. For these reasons Bill C-211 represents, to my mind, a major step in the overall reform of the social security system to which the Government of Canada is firmly committed. As a matter of fact, this bill constitutes the largest single federal expenditure ever voted by Parliament for any new program.

This bill is the second major social policy measure that the government has brought before Parliament in the past six months. As honourable senators will recall, the first was the legislation introduced last spring to increase the old age pension to $100 per month, thereby raising the guaranteed income for pensioners to $170.14 monthly for single pensioners, and to $324.60 monthly for married couples when both the husband and wife are pensioners.

Recently Parliament approved a further amendment to the Old Age Security Act to provide that both the old age pension and the guaranteed income supplement will be escalated in accordance with increases in the cost of living on a quarterly basis, instead of once a year as was previously the case. This means that as of October last the guaranteed minimum income is $179.16 for single pensioners, and $341.80 for married pensioner couples. These increased pensions for the aged, together with the changes in the income tax law which substantially reduced or eliminated in some cases the tax burden on pensioners,

have, I believe, gone a long way toward improving the lot of our citizens of age 65 and over.

Bill C-211, now before this chamber, is directed at the other end of the age spectrum—that is, at our citizens who are under the age of 18 years. To mitigate the effects of rising prices Parliament recently approved amendments to the Family Allowances Act and the Youth Allowances Act, to increase the allowances paid in respect of dependent children under the age of 18 from an average of $7.21 to a flat $12 per month effective in October. The bill now before us proposes to almost triple the pre-October average allowance payment from $7.21 monthly to an average of $20 monthly, with effect from January 1, 1974. This increase will mean greater benefits for over 7½ million children in over 3½ million Canadian families.

Family allowances, as honourable senators will recall, were first introduced in Canada in 1945. In that year the allowances were set at $5 for children up to six years of age, $6 for children aged six to nine years, $7 for children aged 10 to 12 years and at $10, finally, for children aged 13 to 15 years. The family allowance program in 1945 was additional to the system of income tax credits for dependent children of taxpayers, that had been in operation since 1918.

• (2020)

The two measures were, however, closely co-ordinated. That is, the Income Tax Act required the return of certain amounts up to 100 per cent of the family allowance payments received, according to a graduated formula, taking into account family income and size.

In 1947 this approach was modified to repeal tax on family allowances and to provide different exemptions depending on whether or not children were qualified for family allowances.

The original exemptions were $100 for a child qualified for family allowances and $300 for a child not so qualified.

In the intervening years these exemptions have been increased and revised to $300 for a child under 16 years of age and to $550 for a dependent child of 16 years and over. In 1957 the allowance rates were changed to $6 for children up to 10 years of age and $8 for children aged 10 to 15. In 1956 the family allowances assistance program was revised to provide the same level of benefits for the children of immigrants during their first year in Canada.

Youth allowances of $10 for dependent children aged 16 to 17, who were in attendance at school, were introduced in 1964. Finally, family and youth allowances were raised to a uniform benefit of $12 monthly effective last October 1.

The original family allowance program was introduced for the purpose of giving a minimum measure of income to support all families, to help ease the financial burden of bringing up children, and to provide a measure of equal opportunity for children regardless of a family's income and economic situation.

The objective of the new family allowance program is to provide a supplement to the income of Canadian families in such a way that those with the greatest need obtain the greatest benefit. The increased allowances were proposed in the Working Paper on Social Security in Canada which was tabled on April 18 last. In this working paper the family allowance increase was put forward as part of what has been called an income supplementation strategy. This strategy is one of five strategies advanced by the Government of Canada as the basis upon which a joint federal-provincial review of social security policy might be undertaken.

At the April federal-provincial conference of welfare ministers it was generally agreed that the propositions put forward in the working paper would provide an appropriate basis for the social security review. There was also unanimous agreement among provincial ministers at that conference that first priority in reforming Canada's social security system should be given to increases in family allowances.

Honourable senators, this bill is important for several reasons. Firstly, as I said earlier, it represents a major step in the reform of Canada's system of social security. It is the initial phase of a program of income supplementation for those Canadian families whose earnings from employment are insufficient to support a family unit, for those families whose breadwinner simply cannot find employment, and for those families whose breadwinner is not expected to work, such as disabled persons and single parent families.

It is estimated that there are some 327,000 families with children under 18 years of age who can be classed among the working poor, families whose earnings are not considered sufficient to support the family unit. There can be several reasons for this. Income from employment does not ordinarily take account of family size. That is the first reason. The family's breadwinner may be working at or near the minimum wage, but even if he or she worked full time at that wage the earnings are not sufficient to support more than one or two dependants. Secondly, the breadwinner may be able to obtain work on a seasonal or intermittent basis only and is not able to earn enough to meet the minimum income needs of the family. For these families it is a constant struggle to keep off the welfare rolls.

The reason why the breadwinners of such families continue to work is that they have pride in their ability to make their own way, and they do not want to lose their self-respect. The tripling of family allowances, to my mind, will go some considerable way in providing more income to assist low income families in meeting the cost of caring for and educating their dependent children.

Another significant feature of this measure is that it will permit a province to vary the family allowances paid in relation to the age of children or to the size of the family, or both, providing there is an act of the provincial legislature which establishes what the variation should be. The provinces will not be permitted to vary the family allowances in relation to family income.

This approach involves two parallel sets of legislation, one passed by the Parliament of Canada, which is the bill before us this evening, and one passed by the legislature of a province wishing to vary the payments. Both of these measures would regulate the family allowances to be paid in the province.

Before the differential rates can be paid in a province, however, the Minister of National Health and Welfare

would have to satisfy himself on two counts—first, that the family allowances to be paid in the province would average $20 per child over a three-year period and, secondly, that an allowance would not be less than $12 per month in respect of any individual child.

At this point I should emphasize that although the amounts of the cheques may vary from province to province, depending on such provincial legislation as may be enacted, the federal government will continue to send the cheques directly to the families.

I should also like to draw attention to the fact that if a province chooses to have a $12 family allowance paid in respect of children in a certain age group or in respect of a certain size of family, it will be necessary to pay more than $20 in respect of other children in order that the $20 average will be achieved.

The provision to permit the provinces to vary the rates of family allowances flows from the fourth principle enunciated in the Speech from the Throne which opened the present session:

> —it must be recognized that Provinces may wish to have the structures of social security vary in accordance with the social needs, income standards and the cost of living in different communities.

Honourable senators, this is also consistent with recommendation No. 84 of the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada. I should also add that the approach of having two parallel sets of laws governing social security transfer payments represents a significant innovation in constitutional arrangements as well as a new and, hopefully, continuing phase of federal-provincial co-operation. Two provinces to date—that is, Alberta and Quebec—have indicated their intention to take advantage of this "flexibility formula," and all provincial ministers of welfare have welcomed the federal government's initiative in giving this increased flexibility.

● (2030)

The government has proposed in this bill that the minimum allowance that can be paid in respect of any child must be 60 per cent of the national norm. This percentage figure was selected taking account of the recommendation of the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada that, where a province wishes to vary the benefits paid to individuals under federal programs involving demographic grants or guaranteed income payments, such benefits should not be less than a certain percentage—perhaps one-half to two-thirds—of the amounts that would be paid under the scheme proposed by the federal government.

Hon. Mr. Argue: Honourable senators, I wonder if I might ask the honourable senator a question at this point. Does this mean, for example, that in a very wealthy family with a high income the guaranteed minimum is $12? Is that what it is aimed at?

Hon. Mr. Langlois: It has no relation whatsoever to the wealth of the family. It is up to the provincial legislatures to vary the rate paid to each child in relation to the size of the family and the age of children in the family.

Hon. Mr. Argue: If a province wishes to vary it, let us say, based partly, on the income of a family, and make a lower payment in the case of a child of wealthy parents, then it means—it may mean other things, too—in the case of wealthy families with high incomes the family allowance in any given province will be at least 60 per cent of the $20.

Hon. Mr. Langlois: This is a taxation problem; it is not dealt with in this piece of legislation. Later on in my presentation I shall give examples of what happens to the $20 average in relation to the income of the family receiving it. My honourable friend will then see that the higher the earning of the family receiving the allowance the lower the amount of the allowance that stays within that family. The amount of the allowance decreases with the rate of income tax.

I shall give two or three examples later on of various income levels, but this is not dealt with in this piece of legislation. This bill merely establishes a rate, which is a monthly average rate, for Canadian children, which may be varied by provincial legislation alone.

Hon. Mr. Argue: The average rate is $20, but it can be varied?

Hon. Mr. Langlois: The average rate must remain at that level of $20 per child per month. For example, if one provincial government decides that in a given family of five or six children the rate should be $12 or $13 each, then for other children that rate can be above $20, so as to arrive at an average of $20, given this variation with different children in the same family. As I said a moment ago, this average must be maintained. It must be established on the basis of three years. I hope I am making myself clear there.

Hon. Mr. Flynn: You are doing your best.

Hon. Mr. Argue: That makes two of us.

Hon. Mr. Langlois: As I have said, the government has proposed in this bill that the minimum allowance which can be paid in respect of one child must be 60 per cent of the national norm, that is, 60 per cent of $20, or a minimum average of $12.

As I was saying, honourable senators, this percentage figure was selected, taking account of the recommendation of the Special Joint Committee of the Senate and House of Commons on the Constitution of Canada that—and here is the essence of the recommendation—where a province wishes to vary the benefits paid to individuals under federal programs involving demographic grants or guaranteed income payments, such benefits should not be less than a certain percentage—and the committee suggested perhaps one-half to two-thirds—of the amounts that would be paid under this scheme proposed by the federal government. That is the reason why in this piece of legislation we have this suggested average of $12 as compared to $20, $12 being 60 per cent of $20.

Hon. Mr. Flynn: Twelve dollars is the minimum, and $20 is the average.

Hon. Mr. Langlois: Twenty dollars is the maximum average. I should also mention that the bill contains a provision to pay a special allowance of $20 a month for the care and maintenance of children who are maintained by provincial governments, or agencies of provincial govern-

ments, in institutions or foster homes, or who are maintained by private institutions.

Here I should open a parenthesis to bring the attention of honourable senators to the fact that these special allowances are not taxable. Furthermore, these allowances cannot be charged. This is the same for the ordinary family allowances, which cannot be charged or transferred. That is under clause 12, and perhaps honourable senators would permit me to read it:

> A special allowance is not subject to tax under any Act of Parliament and shall not be assigned, charged, attached, anticipated or given as security, and an allowance is payable subject to such conditions.

Honourable senators, the principle underlying the new family allowance program is that the allowance represents a supplement to family income. Logically speaking, therefore, we should not be paying an allowance in respect of children maintained by provincial governments in foster homes or institutions, or maintained in private voluntary institutions. There are other provisions to meet the cost of such care, such as the Canada Assistance Plan.

However, the minister has received strong representations to the effect that we would be discriminating against already disadvantaged children in institutional care if we were to eliminate the allowance now paid. Consequently, the government has decided to ask Parliament to approve payment of a special allowance of $20, to be paid for the care and maintenance of those 58,000 children. Moreover, it is proposed to include children in the care of those private voluntary institutions that have been approved by a provincial government.

This will mean that allowances now will be paid in respect of an estimated 9,000 children maintained in private voluntary institutions and for whom payments are not made under existing legislation.

In order to avoid discriminating against children residing with foster parents, it is proposed that the special allowance cheque be sent directly to the foster parent, in the same way that a family allowance cheque is sent to a regular parent.

Honourable senators, turning now to the matter of costs, the proposed new family allowance program will result in an annual cost of $1,830 million. This may be compared with the $640 million which was being expended annually on family and youth allowances prior to the October increase.

However, it is also proposed that the family allowances should be treated as taxable income in the hands of the parent who claims an exemption for the child for income tax purposes. The estimated tax recovery will be $350 million to the federal treasury.

Hon. Mr. Flynn: Out of what? What is the amount expended?

Hon. Mr. Langlois: The total amount is $1,830 million. However, you have to take into account the amount which was being expended before the October increase, which amounted to $640 million less the $350 million recovered by the federal treasury, and a further $115 million recovered by the provincial treasuries as a result of the tax-sharing agreements. Consequently, the net additional cost to the federal treasury of the new allowances will be $840 million.

● (2040)

I should stress that the proposal to tax the family allowances will mean that, if a province does not vary the rates and an allowance of $20 is paid—and I hope I am answering questions put by my honourable friend Senator Argue—only a very limited number of taxpayers with very high taxable incomes—for example, those with taxable incomes of $40,000 whose children are 16 and 17 years of age—will suffer a loss compared with their existing family and youth allowance payments. Obviously, the situation may be somewhat different in those provinces which decide to modify the configuration of family allowances.

The taxation of family allowances will bring them into line with the tax treatment accorded to other income security payments, such as old age security, Canada Pension Plan benefits and unemployment insurance benefits.

It will be recalled that the Economic Council of Canada emphasized the need to concentrate family allowance benefits on the poor. The family income security program, or FISP, which was brought forward last year, was designed to provide greater benefits to the lowest family income group.

As seen in the Speech from the Throne, it was the government's intention to bring forward a new family allowance program which would concentrate the greatest benefits on those families with the lowest incomes. That was clearly stated.

By taxing family allowances, the government will bring about a substantial degree of flexibility in the amount of the benefit because a large part of the allowance will remain in the hands of those who need it the most; that is, the lower income families who do not earn sufficient income to pay taxes or those who earn just enough to be taxed at the lowest marginal tax rate. On the other hand, families in the higher income tax brackets will receive a benefit which will progressively reduce as income rises.

It may be useful, honourable senators, to illustrate the effect of taxing the family allowance. Assuming that the national norm of $20 per child is paid, a non-taxpayer will receive a net benefit of $20 per month per child; the average Canadian taxpayer will receive a net benefit of $15 per child per month; the taxpayer in the highest tax bracket will receive a net benefit of only $8 per child per month.

Even after taxes are paid on family allowances, most Canadian families, and more particularly all the low as well as middle income families, will be well ahead compared to the allowances they receive under the present program. For example, the federal government used to pay a family with four eligible children an average of $346.08 per year. Based on the new average of $20 a month per child, the family earning $4,000 per year will now receive, after allowing for taxes, of course, $934.08, which represents a net increase of $588 per year.

Hon. Mr. Flynn: Oh, no! I am quite sure the honourable senator will want to correct that statement, because if the province changes the amount—

Hon. Mr. Langlois: I must remind my honourable friend that I put the premise that this was based on the $20 average.

Hon. Mr. Flynn: But that can be varied by the province.

Hon. Mr. Langlois: That is beside the point. My example is that we are assuming this is based on the $20 per child per month.

Hon. Mr. Flynn: It would be true, if the province were to accept the $20 average as a minimum, but that is not necessarily a fact.

Hon. Mr. Langlois: In the circumstances I have given for my example, I do not think I have to correct my statement.

Hon. Mr. Flynn: The point is that you won't get it.

Hon. Mr. Langlois: Some provinces have accepted and are satisfied with the $20 average.

Hon. Mr. Flynn: But that is merely a possibility.

Hon. Mr. Langlois: There are only two provinces which have agreed to change the rates.

Hon. Mr. Argue: Some of the provinces may pocket the money.

Hon. Mr. Langlois: Oh, no.

Hon. Mr. Croll: No, that is not possible.

Hon. Mr. Argue: Oh, yes, it is possible. They will pocket it just as they pocketed the old age pension.

Hon. Mr. Langlois: But the minister will have to be satisfied that the money is paid to the children.

Hon. Mr. Croll: It is not possible for them to do that.

Hon. Mr. Argue: It is not paid to the children; it is paid to somebody else.

Hon. Mr. Langlois: It is paid to the children directly by the federal treasury. I made that point, specifically, about ten minutes ago. The family allowance, no matter what the rate is, will be paid by the federal treasury to the child through the parents of the child.

Hon. Mr. Argue: Well, "or to the parents of the child." Or to the agency.

Hon. Mr. Croll: No, no. Not an agency.

Hon. Mr. Langlois: The federal government will pay it directly to foster homes and to provincial agencies in such cases where they, in place of the parents, are taking care of the children.

Hon. Mr. Argue: You may correct me if you believe me to be wrong, but I make the assertion that under the legislation as it now stands it is quite possible for a provincial government, having children under its care in agencies or in foster homes, to allow the $20 a month to go to the foster parents but then subsequently to reduce the amounts of the provincial money which would normally go to the foster homes. And I say to the honourable senator, who is just as interested as I am in this legislation, that I do not think there is any certainty at all that that kind of practice will be prevented.

Senator Croll, I think, would be concerned if he believed me to be correct, but I am sure he imagines I am wrong.

[Hon. Mr. Flynn.]

But I should like to point out to Senator Croll, and to the other senators, that with respect to the recent increase in old age pensions, in the homes for old age pensioners in Saskatchewan the pensioners did not get five cents. The provincial government put all the money in its big, fat pocket.

Hon. Mr. Croll: That is true.

Hon. Mr. Argue: And I am saying that under this present legislation, while it may technically be absolutely correct that the money goes to the foster parents, I would like the assurance that the Government of Saskatchewan, or any other provincial government, will not use this legislation as a means of saving money which they otherwise would be paying to the homes, because what has happened in Saskatchewan since that old age pension legislation is a disgrace to Canada, I say, where people in homes are getting 85 cents a day.

Hon. Mr. Smith: That is a good speech.

Hon. Mr. Langlois: I hope my honourable friend does not want to leave the impression, since he has given only the example of his province, that there is only one dishonest government in the whole of Canada.

Hon. Mr. Argue: I don't think it is dishonest—that is, illegal.

Hon. Mr. Langlois: I hope you don't wish to give that impression.

Hon. Mr. Argue: I do not say it is illegal. I think it probably is legal. I wish it were illegal. But it is highly immoral. It is certainly immoral.

Hon. Mr. Langlois: This allowance is paid to foster homes or institutions as approved by any provincial government and it is payable only if the money goes directly to the upkeeping, caring for and education of the child. That is a provision of this bill. Moreover, the Minister of National Health and Welfare has the right to supervise these payments and, if he finds that this money is being used for other purposes than provided for in this act, he will have the right—in fact, it will be his duty, and I am sure he will carry it out—to intervene and see to it that the money goes to benefit the child or children for whom it is intended.

Hon. Mr. Argue: I should like to see an amendment to clause 9(2) of this bill. The amendment could not be moved at this time, but I would propose that clause 9(2) be amended to read:

> (2) A special allowance shall be applied exclusively toward the care, maintenance, education, training or advancement of the child in respect of whom it is paid, and shall not be used to reduce payments otherwise paid by any agency of the Government of Canada or of any province.

The addition of the words, "and shall not be used . . ." et cetera, would preclude any chiseling, but the way it is now, without that being in the law, they can and will chisel.

Hon. Mr. Langlois: I submit that the bill goes far enough as it is, because it gives the right of control to the Minister of National Health and Welfare. The bill is quite specific. The clause you have referred to, clause 9, is quite

specific and is clear enough to establish sufficient protection for the children to ensure that the money will not be used for some other purpose.

Hon. Mr. Argue: In the case of the old age pensioners, the federal government extended exactly the same protection to the old age pensioners in Saskatchewan, but the Government of Saskatchewan gobbled up the money while those people had to live in provincial homes on a mere pittance.

Hon. Mr. Langlois: I am sorry. I cannot comment on this last remark of my learned friend. I have not studied the case of Saskatchewan to which he is referring. Neither have I had the time to compare the provisions of the present legislation with the old age security legislation. He may be right on that score, but I think in this piece of legislation the minister has the right to intervene and to see that the money goes to the children for whom it is intended.

● (2050)

If I may be allowed to carry on with my exposé of this legislation—

Hon. Mr. Croll: "Exposé" is the word.

Hon. Mr. Langlois: Even after taxes are paid on family allowance, most Canadian families, and more particularly all the low as well as middle income families, will be well ahead in comparison with allowances under the previous program. For example, the federal government used to pay a family with four eligible children an average of $346.08 per year. Based on the new average of $20 per month per child—and that is where I was interrupted by my learned friend, the Leader of the Opposition—the family earning $4,000 per year will now receive, after allowing for taxes, $934.08, which represents a net increase of $588 per year. The same family earning $6,000 per year will receive a net increase of $364.07. The family with earnings of $8,000 per year will receive a net increase of $345.29, and with earnings of $10,000, a net increase of only $319.71.

It is proposed that the new allowances will become payable in January 1974. There are several reasons for choosing this date. First, it coincides with the start of the new tax year, and will facilitate reporting income when taxpayers are filing tax returns for 1974. Secondly, provincial governments require time to develop and submit their plans for variations in rates of allowances. Finally, it will take time to gear up the administrative machinery to provide for the differential payments.

Parents now in receipt of family allowance—and I wish to underline that—will not have to re-apply for the new allowance payments; however, parents will have to provide some additional information to facilitate taxing the allowances.

There are several other features of the bill that I would like to highlight.

The family allowance will continue to be paid to the mother where there is one. It will, however, be up to each family to decide which parent will claim the child as an exemption for income tax purposes.

Family allowances will be paid to parents who are temporarily residing abroad, providing they are still paying Canadian income taxes. This will mean that family allowances will now be paid in respect of children of armed forces personnel and of diplomatic personnel posted abroad. The allowance to be paid in these situations will be the national norm of $20 per month per child.

The allowance will be paid in respect of a child residing in Canada who has at least one parent who is a Canadian citizen or a landed immigrant or, in certain circumstances, who is a non-immigrant and whose income is subject to Canadian income tax. To be eligible for the allowance a parent must be wholly or substantially maintaining the child.

The allowance will be made available for children of immigrants as soon as they are legally landed. This means that the family assistance program, under which an allowance equal to the family allowances are now paid during the first year in Canada, can be discontinued.

The school attendance requirement will no longer apply. Unemployed children under age 18 who do not attend school are just as dependent on their parents as children who do. This means that allowances will be paid for all dependent children of 16 and 17 years of age throughout the year instead of the present practice under youth allowances where the youths must attend school to qualify for the allowances, or be disabled and incapable of attending school.

The bill also provides that the average family allowance can be increased from time to time to take account of changes in the cost of living. Such increases would be brought about by order in council, subject to approval through a resolution of Parliament.

Honourable senators, the proposal to increase family allowances, which was originally outlined in the Working Paper on Social Security in Canada, was applauded by the vast majority of Canadians. To be sure, there were some fears that the magnitude of the increased expenditures would mean an increase in taxes. This will not be the case. The government has decided that priority in the allocation of government revenues will be given to the financing of increases in family allowances. It is intended to fund these higher allowances without having to increase taxes to do so.

Apart from increasing the income of the Canadian "working poor," the increased allowances should, to some extent, ease the pressure on provincial social assistance expenditures. The increase in the allowance should in many instances be enough to keep families off the welfare rolls. Moreover, a tax recovery, as I have said, of $115 million will be realized by the provinces through tax-sharing arrangements. It is hoped that these tax recoveries will be used by the provinces to ease the burden of their social welfare costs.

Honourable senators, there has been some criticism of the proposal to increase family allowances on the grounds that higher family allowances will encourage people to have more children, thus aggravating the so-called "population problem," which to my mind does not exist now in Canada. All available evidence suggests that this claim is unfounded. There are a number of factors which can affect fertility. They include, for example, the level of family income, the economic outlook, trends towards urbaniza-

tion, higher living standards, increased employment of women outside the home—

Hon. Mr. Choquette: Lack of the pill.

Hon. Mr. Langlois: —spread of knowledge of family planning, and development of effective contraceptive devices, as well as changing social and cultural attitudes toward family size. There appears also to be a high correlation between higher incomes and lower fertility.

Taking account of long-term trends, young married couples, relatively better off than their counterparts of a generation ago, are limiting the number of children they have in order to maintain the standard of living they have achieved. Moreover, it is estimated that it costs between $500 and $700 annually to maintain a child; consequently a family allowance of $240 can hardly be said to provide an incentive to procreate.

If one examines the statistics on population trends both in Canada and in other countries, there appears to be no evidence that family allowance programs have stimulated the birth rate. This holds true even for those countries that have deliberately set about to use family allowances or other forms of income support to stimulate the birth rate. For example, population growth was the specific objective sought by the family allowance system in France.

Hon. Mr. Flynn: La revanche des berceaux.

Hon. Mr. Langlois: However, from 1960 to 1971 the fertility rate—that is the number of live births per 1,000 women of child-bearing age—has declined from 70.1 to 60.4 per thousand. Czechoslovakia is another country which in the post-war period tried to stimulate population growth through family allowances and other forms of income support, but the fertility rate fell in that country from 62.4 per thousand in 1960 to 51.4 per thousand in 1970.

It is also interesting to note the population trends in Canada and the United States over the past few years. Canada has paid family allowances since 1945. The United States has no program of family allowances. In 1960, the fertility rate in Canada was 94.6 per thousand and in the United States it was 86.1 per thousand. In 1971 the fertility rate in Canada was 56.5, while in the United States it was 59.3. We should note that that was remarkably close.

● (2100)

In a study conducted by the United Nations in 1965, it was found that there was a high correlation between high levels of economic growth and economic development and low birth rate. This study showed that the level of fertility divided the less developed countries from the more developed countries more consistently and more completely than any other single indicator. In the less developed countries the crude birth rate, that is the number of live births per 1,000 of population in this case, is still well above 30 births per 1,000. But in the developed countries it is below 30. In many it is around 15 per 1,000. The 1965 World Population Conference reported that an advanced economy with a high per capita product requires and imposes a demographic pattern on the country under which the birth rates cannot be as high as those found in less developed countries. On the evidence available I am convinced that in an economically advanced country such as Canada, family allowances at the levels proposed will not affect the underlying factors that are encouraging and stimulating the trend towards still lower birth rates.

I think we should look at another interesting fact. May I recall, again, that it was in 1945 that family allowances were introduced in Canada. In 1945 the average number of children under 16 years per family in Canada was 2.37; today it has fallen to 2.17. Looking at the average number of children per family, the following comparisons are enlightening:

In 1945 Ontario had 2.06 children per family; in 1973 the figure was up to 2.15. In British Columbia in 1945 it was 1.93 children; in 1973 it was 2.09. In the Province of Quebec, in 1945, there were 2.86 children per family. By 1965 that figure had increased to 2.61.

Hon. Mr. Flynn: What was that figure again?

Hon. Mr. Langlois: It was 2.61.

Hon. Mr. Flynn: And before that it was?

Hon. Mr. Langlois: Before that it was 2.86.

Hon. Mr. Flynn: That is a decrease. You said it was increased.

Hon. Mr. Langlois: I may have had a *lapsus linguae*. It is possible. I am sorry.

In 1967 the Government of Quebec introduced its own family allowance scheme in addition to the federal family allowances; yet the number of children per family continued to decrease to 2.11 today in Quebec.

Hon. Mr. Flynn: Is that the purpose of this legislation, to decrease the birth date?

Hon. Mr. Langlois: No, I said it would not affect it.

Hon. Mr. Flynn: Well, you have been giving figures that show that it has decreased all the time, and you seem to defend the bill on that basis.

Hon. Mr. Langlois: My friend is not following my argument. He has been out of the house for a few minutes and that is why he has missed part of my argument, I am afraid.

Hon. Mr. Croll: The accusation has been made time and again that the purpose of this bill has been to increase the population, and he is defending it.

Hon. Mr. Langlois: I gave the examples of France and Czechoslovakia where family allowances and supplementary payments were used in an attempt to increase the birth rate and it had the contrary effect. That is what I am trying to establish.

Hon. Mr. Flynn: I cannot see the relevancy.

Hon. Mr. Langlois: Well, I am replying to a criticism which has been made of this legislation.

Hon. Mr. Flynn: Where?

Hon. Mr. Langlois: All over Canada. Honourable senators will be interested to know that in 1973 British Columbia had the smallest number of children under 16 years of age per family, an average of 2.09. Contrary to popular mythology, the Province of Quebec has the next lowest rate at 2.11, followed by Ontario at 2.15, Nova Scotia at 2.21, Saskatchewan at 2.22 and Manitoba at 2.24.

While Quebec is the second lowest province in terms of numbers of children per family, it is by far the lowest province with respect to the fertility rate. In 1971 there were 47.6 live births per 1,000 women of child-bearing age. The next lowest province was British Columbia with a rate of 55.4 per thousand.

In global terms—and if my honourable friend will bear with me for a minute he will see what I am driving at—families in Ontario will receive $650 million from the federal government through this program; while in Quebec it will be only $497.5 million; in British Columbia it will be $183.1 million, and in Alberta it will be $149.1 million.

I have pointed out these details because there are Canadians who believe that this program is designed primarily to benefit Quebec families. The foregoing facts simply do not support this argument. I hope I have made that very clear.

Hon. Mr. Flynn: You are referring to criticisms made 30 years ago.

Hon. Mr. Langlois: They are still being made today.

Hon. Mr. Croll: On a question of privilege, I would point out that the minister said some time ago he had been receiving letters suggesting that this bill was for the purpose of assisting the people of Quebec to have more children. He denied it. At the same time I received two letters, and I don't know where they came from, saying the same thing. That was less than a month ago. So the myth is still around.

Hon. Mr. Flynn: Well, the myth has been used by the Liberal Party in Quebec, saying that this bill was designed to catch their vote, and I can assure you that you won't change your tune in the country the next time you go to it.

Hon. Mr. van Roggen: If the Leader of the Opposition wants to hear criticism of this bill on those grounds, he should come out and listen to his Tory colleagues in British Columbia.

Hon. Mr. Flynn: I am quite sure they don't speak differently from the Liberal members from that place either—when they are at home, anyway.

Hon. Mr. Langlois: I am sorry that I seem to be the cause of a political undertone in this discussion which I wanted to keep above party politics. I was merely dealing with the criticism that has been levelled against this bill without referring to any political party. As I have said, I pointed out these details because there are some people who believe that this bill is designed to benefit Quebec families and I am sure that I have proven the contrary.

Hon. Mr. Flynn: You won't make that speech in Quebec.

Hon. Mr. Langlois: Some critics also have suggested that we should eliminate family allowances completely or, alternatively, limit allowances to one or two children per family. I reject this proposition out of hand. In all humanity, one cannot argue that because parents ought, perhaps, not to have had children, we should allow the children to suffer from poverty and malnutrition. Other measures should be and are being adopted to encourage family planning. For example, the Department of National Health and Welfare has set up a program of public information and education on family planning. Moreover, they are promoting the training of professionals and non-professionals who are engaged in providing family planning services and are supporting research on family planning.

It is through these improved programs of public information and education that we are coming to grips with the issue of family planning. It is through the family allowance program that it is hoped to improve the living standards of the present generation of Canada's children who, through no fault of their own, find themselves living in conditions of poverty.

This measure will have the effect of generating additional net income for families amounting to $840 million. The greatest part of this amount will be placed in the hands of Canada's low and middle income families, and it will be made available to these families at a time when living costs are continuing to rise. It is hoped that this measure will ease to some extent the heavy financial burden that parents now face in caring for and educating their dependent children.

For all these reasons, honourable senators, I consider it a great honour to have the opportunity of recommending this most important measure to the favourable consideration of my colleagues in this chamber.

• (2110)

Hon. Mr. Croll: Honourable senators, we passed over rather lightly Senator Argue's suggestion that children may not receive the full amount of the family allowance. When the increase in the family allowance was announced some time ago, a statement was made by the minister responsible for welfare in the Province of Ontario that welfare payments would be reduced. There was such a howl in the province and the legislature that he immediately decided to forget about it, so that danger does exist.

Hon. Mr. Argue: The danger does exist.

Hon. Josie D. Quart: Honourable senators, to begin I should like to thank Senator Langlois very much for his explanation of the bill. My first remark will be that I am going to support it.

I am going to support this bill because I know there are people in Canada who are urgently in need of the limited help it provides. I toured Canada with the Special Committee of the Senate on Poverty, and my eyes were opened. I saw what poverty was, and what it could do to people. I want those who need it now, and need it badly, to have all the financial help they can get. So the government can be assured of my vote on this bill. I certainly do not want to see implementation of this measure delayed in any way for any reason.

But let not the government think that it has pulled the wool over these tired old eyes. I am fully aware of the fact that this is no great praiseworthy act of munificence. This is no sterling example of government largesse. Oh no, this measure just serves to keep up with the skyrocketing cost of living. It means that the poor will be kept in the same relative poverty and it offers no real hope. It offers no real practicable way of escape from the cruel condition of poverty. It is a cynical patch, a palliative, any poor excuse for a policy. It is just more of the same, another desperation move by a government that seems totally incapable of

dealing in depth with the serious problems that bind this nation.

The Special Committee of the Senate on Poverty in Canada, under the chairmanship of Senator Croll and of which I was a member, suggested a comprehensive program to the government. We suggested a number of measures that might be used in an all-out frontal attack against poverty. Very few of the recommendations of that committee have been implemented. We have had a few reluctant, half-hearted attempts at a solution, but these have been too few and too limited in scope to amount to anything significant.

We are having a fight with poverty and losing it because the government refuses to really get in there and fight. Oh, they do a lot of sparring, it is true, but as prizefighters they have failed for they have not landed any knockout punches to date. Certainly the bill before us now is no knockout punch. It is a flashy piece of window dressing. It is dull and unimaginative. But then again, the government's record in combating poverty amounts to nothing more than a crazy quilt of ill-conceived half measures.

The government does not know what to do about combating poverty, and it adamantly refuses to take the advice of those who do. So, what happens? We are confronted with a bill that offers yet another handout. The government is simply throwing out another subsidy in the hope this will get the poor off its back.

The poor of this country require far more than just another subsidy. Our poor need a government that really cares and cares enough to put together a comprehensive program, one designed to eradicate poverty once and for all. But all this administration can think of doing is offering yet another subsidy.

What does this bill really do for the poor? Yes, it offers temporary relief, but does it get them out of poverty and allow them the luxury of solving their own poverty problems? Does it make them self-sufficient? Not at all. It simply provides for their continued dependence on the government. It is a sadly deficient piece of legislation.

Honourable senators, we had the right to expect more. We had the right to expect a complete plan—something new, something original, something daring, something that could provide hope for a better and economically sounder future for the poor. But this is not such legislation. Some day I hope a government, a better one, will offer more than a tiny patch to cover the gaping hole of deprivation. Some day, hopefully, a government will be able to offer the poor the opportunity to walk out of poverty under their own steam. Their heads will be held high; they will owe nothing to anybody, and they will be equipped to participate fully in the community and make a worthwhile contribution to our undying quest for a better and fuller life.

Unfortunately, this time has not yet arrived. The present administration lacks the vision to bring it about. I am disappointed at what is being offered in this bill, as I am sure many of you are. It is neither sufficient nor the right kind of help. Being on welfare is not living in luxury or on easy street, and criticism of a great number of welfare recipients is unjustified. The needs of the poor are real, and immediate relief is necessary.

[Hon. Mrs. Quart.]

In my opinion Bill C-211, the family allowances bill, is the most significant and urgent of the package of bills now before the Senate. Although the monthly payments will be increased from $12 to $20 per child, it seems regrettable that these payments will be taxable for the first time. Nevertheless, as I said at the beginning of my remarks, I will support the bill. There are people in dire need who can use this help until such time as we are able to find an administration with the wisdom and resourcefulness to fashion a real solution to poverty.

On motion of Senator Macdonald, for Senator Phillips, debate adjourned.

BUSINESS OF THE SENATE

Hon. Mr. Flynn: Honourable senators, I rise on a point of order. I notice that the resumption of the debate on Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act has been set down as the seventh item on the Orders of the Day contrary to the provisions of rule 21, which reads as follows:

> Unless otherwise ordered by the Senate, orders of the day take precedence according to priority as follows, precedence always being given to orders of the day relating to legislation under paragraphs (b), (c) and (d):
>
> (a) orders of the day for the third reading of bills;
>
> (b) an order of the day which was under consideration at the time of adjournment;
>
> (c) orders of the day which had not been reached at the time of adjournment;
>
> (d) remaining orders of the day.

● (2120)

When the bill was under consideration on the last occasion, Senator Choquette adjourned the debate, but yielded to Senator O'Leary. Since we had to listen to the propagandist speech of Senator Langlois on family allowances, Senator O'Leary gave up. I want the Senate to note that normally item No. 7 would have been item No. 3 tonight.

Hon. Mr. Martin: Under the Rules of the Senate, Senator Flynn is correct, but we understood that it was desirable for us to proceed with the two social security measures about which there did not seem to be a great difference of opinion.

Hon. Mr. Flynn: Oh.

Hon. Mr. Martin: That is what we had been told.

Hon. Mr. Flynn: This was not discussed with me, anyway.

Hon. Mr. Martin: If there is any misunderstanding, I am sorry. It seemed to be a reasonable assumption that we should proceed with the two measures about which our differences are perhaps not as fundamental as they are on other items of legislation. However, I acknowledge that Senator Flynn is correct.

Hon. Mr. Flynn: I want simply to register my objection, because Senator O'Leary is not here to continue the debate. I think that note should be taken of the fact that the Rules of the Senate have not been followed.

Hon. Mr. Croll: Senator O'Leary should be given some priority tomorrow.

CANADA PENSION PLAN (No. 2)

BILL TO AMEND—SECOND READING

Hon. George van Roggen moved the second reading of Bill C-224, to amend the Canada Pension Plan (No. 2).

He said: Honourable senators will recall that in October last, when the then new federal Minister of National Health and Welfare met with his provincial counterparts from all 10 provinces, he was roundly applauded in the press not only for the proposals which he brought to that conference but for the manner in which he developed them with the provincial ministers before announcing them as government policy.

At the time of the conference there was unanimity among the federal and provincial ministers in bringing forward the changes to the Canada Pension Plan which are apparent in this bill. If I may, I shall read the first two paragraphs of the communiqué that was issued at the conclusion of the conference. The communiqué is dated October 11, 1973, and states:

> The Government of Canada and the nine provinces where the Canada Pension Plan operates, and the Government of Quebec where the Quebec Pension Plan operates, announce that they have agreed that the pensions paid under both the Canada and Quebec Pension Plans should be fully escalated in response to increases in the cost of living, starting in 1974. They have also agreed that the levels of earnings upon which benefits and contributions under the two plans are based should be increased, and made identical under both plans. Thus this Conference has succeeded both in improving the benefits of the Canada and Quebec Pension Plans and in restoring parallelism as between two of the most important elements of the two plans.
>
> For the people of Canada this means, specifically, that their pensions under the Canada and Quebec Pension Plans will no longer be eroded by increases in the cost of living. It means, too, that their pensions and contributions will be based upon a larger proportion of their earnings—$6,600 in 1974 compared with $5,600 under CPP and $5,900 under QPP this year. The $6,600 will be increased by 12½ per cent per annum until it reaches the average of the earnings of Canadian workers as represented by the Industrial Composite of weekly wages and salaries as published by Statistics Canada.

The bill also deals with 1975, to which I will refer in a few moments. The communiqué continues:

> The amount of earnings which would be exempted from contributions in 1974 would be set at $700 and thereafter would be determined as 10 per cent of the ceiling on pensionable earnings. Contributions therefore will be based on the band of earnings between $700 and $6,600 in 1974. It is estimated that by 1980 the yearly maximum pensionable earnings will have risen from $5,600 to over $13,000. During the same period maximum retirement benefits will rise from $1,089 to over $3,000, over and above the Old Age Security pension. Finally, the agreement which has been reached at this Conference means that those workers who move from Quebec to other provinces, and vice versa, will no longer be faced with different contributions on the same levels of earning. Similarly, employers having employees in Quebec and other provinces will be in the same situation.
>
> It was also agreed where the Canada Pension Plan operates that, effective in 1974, retirement pensions will become payable at age 65 to any person who has ceased to contribute to the Plan, regardless of his or her earnings. Thus the earnings test which has been applied to people between 65 and 69 will be eliminated. The Government of Quebec has already liberalized the Earnings Test under the Quebec Pension Plan.

Honourable senators, the agreement reached by the ministers has been brought forward in two separate bills. The item to which I have just referred, regarding the elimination of the earning limits for pensioners between the ages of 65 and 69, will be dealt with in the second bill.

The bill before us affects just over 500,000 Canadians and, if it receives royal assent before the end of this year, will go into effect on January 1, 1974.

Honourable senators, I do not need to ask for your support of either the Canada Pension Plan or the proposition that its recipients be guaranteed against inflation, which, in recent years, has been a problem not only in Canada but in all countries of the world. Certainly the problem of inflation cannot be avoided by a great trading nation such as Canada.

Apart from lifting the ceiling of 2 per cent relative to inflation, Canadians could not receive an appropriate pension under the plan were the yearly maximum pensionable earnings not increased. To quote Mr. Lalonde, the Minister of National Health and Welfare:

> The process of strengthening the CPP must start with the recognition that by its very nature the Plan is earnings-related. It is impossible to receive benefits on earnings for which no contribution has been made. Thus, we obviously looked first at the level of yearly maximum pensionable earnings on which people can contribute. This offered visible proof of the extent to which national economic performance had outstripped all expectations of past years.
>
> For when we set up the Plan, we based our calculations around average wages and salaries at the time. We projected a YMPE by 1976 of around $6,000. That figure, in terms of today's economy, now appears ludicrously low.
>
> At the end of 1970, we advanced a proposal to raise the YMPE to $7,800 a year in 1975. While the figure itself was not out of line, the future rate of escalation with such a base figure was in danger of becoming so. Yet even that figure was based on the data available only four years ago. Surely there is no better evidence of the remarkable performance of the Canadian economy in recent years. But if economic indicators have risen, so have costs. Adequacy is expressed in bigger numbers now than it was in 1966.

• (2130)

Honourable senators, I have a volume of detailed figures which have been provided by the Department of National Health and Welfare. To simply recite these would only be tedious, so I will confine myself to the salient facts. We have, first, complete agreement between the ten provincial governments and the federal government that the amendments contained in the bill before us, as well as the bringing together of the salient features of the Canada Pension Plan and the Quebec Pension Plan, should go forward.

I might just digress here to mention the manner in which the Quebec Pension Plan started to drift apart from the federal plan. As recently, I believe, as 1973, the Quebec government raised the limit of inflation for payments under the Quebec Pension Plan to 3 per cent, whereas under the federal plan it remained at 2 per cent.

Another major area where the two plans started to drift apart was in the maximum earnings permitted under the plans. Under the federal plan the maximum earnings permitted are $5,600, whereas under the Quebec Pension Plan it was raised to $5,900. As a matter of fact, the proposed figure for 1974 in respect of maximum earnings of $6,600 is arrived at by taking the Quebec figure of $5,900 and increasing it by 12 per cent.

The next point I should like to make is that this bill, if passed, will remove the 2 per cent ceiling on pension increases in respect of inflation. That ceiling has been part of the Canada Pension Plan since its inception. The bill does not just raise the ceiling, it removes it in total for all time to come. The impact of this proposal is that inflation will no longer erode people's pensions under the Canada Pension Plan. That, of course, will also apply to the Quebec Pension Plan.

The third point is that the increased benefits resulting from the 2 per cent ceiling being removed will apply to all existing pensions dating back to their coming into force. That is why I say this bill, if passed, will have an immediate effect on the pensions payable to the more than 500,000 Canadians who have come under the various provisions of the Canada Pension Plan Act over the last number of years. This would include people receiving retirement benefits, disability benefits, children, widows, orphans, and so forth.

The effect of the ceiling being lifted retroactively back to the beginning of the plan is that instead of these people being brought forward from whenever they came into the plan at the rate of 2 per cent, they will be brought forward at a rate based on the actual inflation rates we have experienced during that period of time. To give you an example of the extent to which pensions will increase under this provision, it is estimated that they will go from the present $81.20 a month to $250 a month by 1980. That, of course, would be in addition to old age security benefits.

The fourth point I should like to draw to the attention of honourable senators concerns the limitation on earnings. The present yearly maximum pensionable earnings set forth under the act, as was referred to in the communiqué which I read a few moments ago, is $5,600. That limit, if this bill is passed, will be raised to $6,600 in 1974, and to $7,400 in 1975, and it is agreed that the parallel Quebec Pension Plan will increase the limitation on earnings to those amounts for those two years.

[Hon. Mr. van Roggen.]

The intention expressed by the minister is that the yearly maximum pensionable earnings should continue to increase at the rate of 12 per cent per year through to 1980, or until such time as they catch up to the average industrial composite for wages and salaries in Canada, at which point they would be approximately $13,000. That does not relate to an inflation factor, honourable senators, but to a combined factor of inflation and the anticipated continued growth in the economy which we have experienced in recent years.

Why two separate bills to accomplish these objectives? The present bill removes the 2 per cent ceiling in respect of inflation, and the two principal divergences which have started to develop between the Quebec Pension Plan and the Canada Pension Plan. It also provides for more than a 12 per cent increase in yearly maximum pensionable earnings for 1974 and 1975. That much will be accomplished by the passage of Bill C-224.

It was also agreed by the ministers at the meeting, as indicated in the communiqué, that this process should continue in so far as increases in permitted earnings are concerned. However, there were a number of technical problems which could not be resolved in time to allow the increases to be included in this bill, if it was to be passed in time to make the benefits agreed to by the ministers available to the half a million Canadians affected on January 1, 1974. It was the proposal of the minister, therefore, that this bill be passed at this time, giving effect to all of the principles agreed to by the ministers at the meeting, and that at a subsequent time a further bill be introduced.

That further bill, basically, will do two things: first of all, it will provide a formula by which the yearly maximum pensionable earnings may be increased in 1976 and 1977, and years beyond, to bring the amount in line with the industrial composite of salaries and wages in Canada; and, secondly, it will cover a number of minor technical matters which are required to give effect to that. That bill will be forthcoming, hopefully in time to be dealt with before the expiration of 1975, which is covered by the escalation in this bill.

It is also felt, as the full escalation of permitted earnings carried through to, say, 1980, might reach a figure of the magnitude of $13,000, that there are interested groups in Canada, including employer groups, who would want to make representations, and undoubtedly the two Houses of Parliament would want to receive those representations in committee. So that has been left to a future date.

Subject to that, honourable senators, I commend this legislation to you. It represents an unanimous agreement between the ten provincial governments and the federal government in attempting to alleviate the burden of inflation on those people who are presently benefiting from the Canada and the Quebec Pension Plans.

• (2140)

I might simply add in closing that the Canada Pension Plan and the Quebec Pension Plan are fully contributory. This legislation will have no bearing on the tax load being

borne by Canadians, and the rates of contribution will remain the same.

Hon. John M. Macdonald: Honourable senators, it is not my intention to speak at any length on this bill. I do not think it is necessary to do so, in that the bill is very straightforward and not difficult to understand.

As has been stated by the sponsor, the bill basically does three things. One is to change the yearly maximum pensionable earnings level for the years 1974 and 1975. Under existing legislation, such earnings would be $5,600 for 1974 and $5,800 for 1975. Under this amendment, these amounts are changed to $6,600 and $7,400.

The second purpose of the bill is to remove the 2 per cent ceiling on the pension index, so that now the actual increase in the cost of living will be taken into account.

The third purpose is what is called the "catch-up" provision—which has been explained by the sponsor—in relation to the actual increase in the cost of living. The percentage increase will go into effect from the time pensions first became payable.

I think there is general agreement with this measure. This is shown by the communiqué which was issued after the federal-provincial meeting on these proposed amendments, and which was read by the sponsor.

Honourable senators, there are some things which are of interest in that communiqué. One is where they stress the fact that they wanted these amendments to come into effect in 1974. I do not intend to quote that again, but I will read one part where it says:

> However, it is recognized that there is urgent need for immediate action on two questions if the changes are to come into effect in January 1974. These are the proposals to escalate benefits according to the full increase in the consumer price index, and to raise the level of the earnings ceiling for 1974 to $6,600. These two changes should be legislated immediately—

Of course, the reason why all agreed to have this legislation passed immediately lies in clause 8 of the bill. That clause provides:

> Subsection 115(2) of the Canada Pension Plan does not apply in respect of the amendments to that Act contained in this Act.

Subsection (2) of section 115 provides in effect that major amendments to the Canada Pension Plan will come into effect on a day to be fixed by proclamation, which day shall not be earlier than the first day of the third year following the year in which any notice of intention to introduce a measure containing a provision to such effect was laid before Parliament. In other words, unless there had been some agreement of that kind, and if that provision in the Canada Pension Plan was put into effect, these amendments could not have been proposed at this session of Parliament.

Of course, in a legal sense that provision would not bind this Parliament, because it could repeal it if it so wished. But if the federal government should act contrary to that provision without the consent and agreement of the provinces concerned, it could certainly be accused of acting in bad faith. Happily in this case the question did not arise, as all the provinces concerned were in agreement to have the proposed amendments passed now. Since they have agreed, the provision of section 115(4), mentioned in clause 9 of this bill, has already been acted upon.

It is of interest to speculate as to why that provision was actually put in the Canada Pension Plan at the time. I presume it was in order to give the provinces some reassurance that changes would not be made unilaterally by the federal Parliament.

Hon. Mr. Martin: That is right.

Hon. Mr. Macdonald: And, technically, so that one Parliament could not bind future Parliaments.

Honourable senators, believing as I do that the proposed amendments are worthwhile, I am pleased to support them. Since the amendments have been so clearly and ably explained by the sponsor, I do not see where any benefit would be obtained by referring this bill to a committee. Therefore, unless the sponsor or someone else wishes to do so, I would suggest that the bill be set down for third reading at the next sitting.

Motion agreed to and bill read second time.

The Hon. the Speaker *pro tem*: Honourable senators, when shall this bill be read a third time?

On motion of Senator van Roggen, bill placed on the Orders of the Day for third reading at the next sitting.

RESIDENTIAL MORTGAGE FINANCING BILL

SECOND READING—DEBATE ADJOURNED

Hon. Richard J. Stanbury moved the second reading of Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

He said: Honourable senators, I appreciate your patience and your durability in allowing me to explain this bill this evening. That may facilitate our departure from this place sometime next week.

Hon. Mr. Bourget: You are optimistic.

Hon. Mr. Stanbury: In any event, I should like to give a short explanation, beginning with the need for Bill C-135.

If the government is to fulfill its obligation to see that all Canadians are well housed, in a healthy and satisfying community environment, some 2.5 million new housing units will be required in the next decade to meet the needs of new families being formed, and to replace some of the existing substandard housing.

In terms of capital, that will mean some $30 billion to $40 billion during the next 10 years. The annual flow of capital into the housing market is about $4.5 billion, compared with $2.7 billion some five years ago. With the growing demand for housing, we are rapidly reaching the point where we will need an investment of some $5 billion a year. Dwelling starts during the current year are expected to reach an all-time high of more than 260,000. As a matter of fact, data for the first 10 months show that the seasonally adjusted rate of housing starts averaged 271,620, up 9 per cent from the 1972 level.

As honourable senators are aware, there has been a good deal of justifiable concern in recent months about the level of mortgage interest rates, which are making it

difficult for many Canadian families to realize their expectations of owning their own homes. In many respects, the cost of capital is the result of market forces, not only within Canada but on an international scale. One obvious approach to this problem is to take what steps are available to bring the supply of capital for housing more closely into balance with the demand, and that is one of the purposes of this legislation.

An important constraint on the availability of capital for housing has been the recognition on the part of investors that residential mortgages are less fluid that other kinds of investments. It is difficult to get in and out of the mortgage market if your circumstances or your investment strategy should change. Recently, however, it has been found that there was a sharp decline in the United States housing starts. That has happened very largely because of this drying up of the pool of mortgage money. We simply cannot allow that to happen here. It is even more important here than in the U.S.

● (2150)

A key difference between the two countries is the relative size of Canada's post-war baby boom, which resulted in the fastest growth in adult population of any major industrial nation of the world. The rate of growth of this segment of Canada's population is, in fact, more than double that of the United States. Most of the bulge now is in the 18- to 19-year-old age group—that is, those born in the period between 1944 and 1955—the age when people customarily leave their parental homes to set up housekeeping on their own.

A number of social and economic factors have in recent years acted to reinforce the effects of this basic demographic trend. For example, the long-run movement of population from rural to urban areas has meant that younger rural residents immigrating to cities have had to find accommodation of their own at an earlier age than if they had remained in the country. The average age of marrying has declined, again leading to an earlier demand for separate housing, while at the other end of the spectrum, greater financial independence for the elderly has meant that a larger proportion of older people are living on their own. A higher number of divorces has also led to an increased rate of "undoubling" of households. Then, too, family ties have been weakening, the young desiring more independence and a place of their own. This is probably most pronounced in the case of young, single females who have been flooding into the labour market at record rates and acquiring jobs with incomes sufficient to enable them to rent their own apartments.

Between 1961 and 1966, new household formation, both family and non-family, totalled 625,000—about the same as in 1956-61. In the 1966-71 period, however, the increase was 870,000 and the Central Mortgage and Housing Corporation estimates that 934,000 new households will be formed between 1971 and 1976.

During this latter period there is no question that the post-war baby boom will provide the main impetus for the fast growth. The number of new households formed in the 15 to 34 age group rose dramatically from 161,000 in 1956-61 to 375,000 in 1966-71. In 1971-76 the increase will be an estimated 559,000.

[Hon. Mr. Stanbury.]

Now, this bill is intended to accommodate the problem of fluidity by creating a federal mortgage exchange corporation, in effect, by providing an active secondary market in which mortgages can readily be bought and sold.

Another important factor in limiting the flow of private capital into residential mortgages has been that it is largely a market for big investors. It is difficult for a small investor—either an individual or an institution such as pension funds or credit unions—to operate in the mortgage market without sizeable packages of money. Mortgages, legally and administratively, are not readily split in such a way that the investor can acquire a separate and divided piece of the action that fits his investment portfolio. Furthermore, getting into the mortgage market requires some knowledgeable advice and expertise that is not always available to small investors.

The bill responds to these last two problems—the problem of making mortgage investments available in manageable units, and the requirement for expert advice—by permitting the creation of a new kind of institution called mortgage investment companies. In effect, the mortgage investment companies will provide small investors with the same kind of access and expertise in the mortgage fields as mutual funds provide for investors in equity shares. By amendments to the Loan Companies Act and the Income Tax Act, these companies, under federal government supervision, will give many small investors the opportunity of participating in mortgage and real estate investments for the first time.

The overall effect of these measures will be to remove some of the constraints which have discouraged institutional investors from getting into mortgages and which have shut many smaller investors out of the market altogether. The bill will make residential mortgages more attractive and put them on a more nearly equal footing with other kinds of investment.

All of the indications so far are that the financial community feel these measures are appropriate and effective and that they will have the effect which the government intends. One of the institutions with the greatest potential for increasing the flow of capital is the trustee pension fund.

These funds are now investing only about 9 per cent of their assets—the savings of Canadian workers—in residential mortgages, compared with more than 50 per cent by the life companies and nearly 60 per cent by trust companies. If, by making mortgages more accessible and attractive, we could increase investment by trustee pension plans from the present 9 per cent to, say, 15 per cent, that would make available more than $500 million a year in new money for housing.

Honourable senators who recall the amendments to the National Housing Act which were before us earlier in this session will be aware of the direction which the government has taken in meeting the housing needs of low income Canadians. Many of the amendments enacted at that time involve substantial subsidies for the benefit of people who are unable to house themselves adequately with their own resources. To the extent that we can increase the flow of private capital into the mortgage market, public funds may be reserved for people who, for

one reason or another, are not provided for in the private market. The government should not be required to fill any gaps in the private lending field.

The bill which I am now commending to honourable senators for approval in principle is necessarily complex. But perhaps I might conclude these remarks by describing briefly the main characteristics of the institutions which it proposes to establish.

The Federal Mortgage Exchange Corporation, which many people are referring to as the mortgage bank, will be a crown corporation responsible to the Minister of Finance and will come under the supervision of the Superintendent of Insurance. The corporation will be empowered not only to buy and sell residential mortgages but also to make loans to private mortgage institutions for terms up to one year on the security of residential mortgages.

At incorporation the federal government will be the sole shareholder. It will be administered by a board of ten directors appointed by the Governor in Council. The federal government will provide operating capital by investing $50 million in shares of the corporation and may lend it an additional $150 million plus a further $75 million on a dollar-for-dollar matching basis with loans from the private sector. About $200 million may be mortgages now held by Central Mortgage and Housing Corporation.

With regard to the mortgage investment companies which will be permitted by this legislation, their investments will be confined to Canada and at least half of their assets must be in mortgages, residential real estate or cash. Other provisions of the bill ensure that these companies must maintain a highly liquid position to protect investors. Their income must be passive; that is, they must not actively conduct a trade or business.

The bill provides for amendments to the Income Tax Act regarding the status of these companies and this, perhaps, deserves a word of explanation. The significant effect of this part of the bill is to provide that, where the company promptly conveys dividends to the investors, these dividends will be taxed only once—in the hands of the investors—and not twice, in the hands of the corporation and again in the hands of the investors. This so-called conduit or flow-through tax provision is not unique with these companies. The principle applies equally to taxation of dividends of real estate trusts and of mutual funds which, in some respects, are very similar in their operation to the new mortgage investment companies.

I would like to conclude now by commending the principles involved in this legislation to honourable senators. As I have suggested, it is a very necessary instrument in meeting the housing needs of Canadians in the decade ahead. It can help us find the $40 or $50 billions we will need to create enough housing for our growing population. By improving the supply of housing capital, it can help exert a downward push on mortgage interest rates. By increasing the flow of private capital it will help conserve public financial resources to be directed to those in greatest need of help with their housing problems. I know that honourable senators will share my concern to help provide all Canadians with adequate shelter, now and for the years ahead, and will appreciate the urgent need to put the measures provided for us in this bill into effect with the least possible delay.

• (2200)

On motion of Senator Macdonald, for Senator Bélisle, debate adjourned.

BUSINESS OF THE SENATE

On the motion to adjourn:

Hon. Mr. Langlois: Honourable senators, before moving the adjournment of the house, I should like to clear up an apparent misunderstanding which arose this evening in regard to the Orders of the Day. At the same time I should like to indicate the order in which we propose to proceed tomorrow.

On Friday, December 7, four bills were introduced in this house, and in speaking about the agenda for today's sitting I said this:

> I might add for the information of honourable senators who wish to take part in the debates on the four bills which were introduced today that they will, if the Senate is in agreement, be taken in the following order on Monday: first, Bill C-211, to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof; second, Bill C-224, to amend the Canada Pension Plan (No. 2); third, Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada; and fourth, Bill C-191, to amend the Parole Act.

That is the order in which those bills were taken today, and I would suggest, if the Senate is in agreement, that the same order be followed again tomorrow, that is—

Hon. Mr. Choquette: Excuse me. We want No. 7 to be proceeded with first. By the way, senator, I had made a note of this. Seeing that the leader is away I was going to bring it to his attention, and I have already underlined it. I can understand why there was that misunderstanding. We did follow that order, but we did not say that there would be first, second and third readings. You see, what you have just read there says, "I might add for the information of honourable senators who wish to take part in the debate on the four bills which were introduced today that they will, if the Senate is in agreement, be taken in the following order . . ." We have taken them "in the following order," but you put them ahead of the business that was already under discussion.

Hon. Mr. Langlois: This was the intention, of course, and I have no objection if my honourable friend insists on having order No. 7 taken first tomorrow. I have no objection to that, and I want this to be clearly understood so that we do not have the same misunderstanding tomorrow that we had today. Is that clear?

Hon. Mr. Choquette: That is clear. That is perfectly clear.

Hon. Mr. Martin: And we will go on with the family allowances bill right after.

Hon. Mr. Buckwold: I think we have a third reading that should come first.

Hon. Mr. Martin: That will come first. Third readings should always come first.

Hon. Mr. Langlois: That is according to the rules.

Hon. Mr. Choquette: That is all right.

The Hon. the Speaker *pro tem:* Honourable senators, is it agreed that that order should be followed, on the understanding that third readings come first?

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, December 11, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

APPROPRIATION BILL No. 5, 1973

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-239, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1974.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Leopold Langlois: Honourable senators, with leave of the Senate, I move that this bill be read the second time later this day.

Hon. Mr. Choquette: I wonder if the deputy leader could inform us of the reason for the urgency and why leave should be given to proceed with second reading later today?

Hon. Mr. Langlois: Honourable senators, we are nearing the end of the session. It is proposed that tomorrow there will be royal assent. If we can include this bill in the royal assent tomorrow, it would be quite in order to do so. As honourable senators know, last week I gave notice of a motion to suspend certain rules of the Senate. I have not made the motion, and I hope I will not need to, although it is customary to do so at this stage of a session.

In view of the fact that we are nearing the end of the session, I hope that we shall be given leave to proceed with second reading later this day, subject to the debate being adjourned until tomorrow if the Deputy Leader of the Opposition wishes to do so.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Motion agreed to.

CANADA PENSION PLAN (No. 2)

BILL TO AMEND—THIRD READING

Hon. George van Roggen moved third reading of Bill C-224, to amend the Canada Pension Plan (No. 2).

Motion agreed to and bill read third time and passed.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—SECOND READING—ORDER STANDS UNTIL LATER THIS DAY

On the Order:

Resuming the debate on the motion of the Honourable Senator Lang, seconded by the Honourable Senator Inman, for the second reading of the Bill C-176, intituled: "An Act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act".—(*Honourable Senator Choquette*).

Hon. Mr. Langlois: Honourable senators, may I suggest that this item be taken later on this day.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Order stands.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Langlois for second reading of Bill C-211, to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof.

Hon. Orville H. Phillips: Honourable senators, during the past four years we have been subjected to and inflicted with various government announcements concerning changes in the family allowances. We have had these both in Throne Speeches and in the form of announcements from Dominion-Provincial Conferences. We have had various programs, such as the FISP program introduced in the other place and then allowed to die. More recently, as an emergency measure, we have had the family allowance increased to $12 a month.

● (1410)

After four years, the government seems to have gotten tired of its revisions. It has taken the baby bonus and thrown it out with the wash and started all over again. This is a new bill, supposedly, and not an amendment to the existing legislation. Yet the new bill contains a great many of the principles of the old bill. This bill maintains that there must be an average of $20 a month per child, yet the provinces can vary that as they please.

In 1947 the average family allowance, or baby bonus, was $7.21. This new legislation proposes an average of $20 a month. It is interesting that the change from $7 to $20 equals the cost of living increase from 1947 to 1972. It does not take in the really accelerating cost of living in 1973. Therefore, it is necessary that the government get down to plan basic principles and attempt to meet inflation. We have had legislation after legislation bringing allowances, pensions and so on in line with the present-day cost of

living. But, necessary as these amendments have been, they do not meet the problem of inflation. That is one problem the government is unwilling to face, is unwilling to attempt to control.

In all the legislation we have had since the special session in August, we have increased various pensions and allowances to meet the present-day cost of living, but we have not had one piece of legislation to control inflation. One must ask why. Why haven't we had one, single, solitary piece of legislation to control inflation?

The Minister of National Health and Welfare, when he was going to the Dominion-Provincial Conference at which he made the proposal that family allowances be increased to $20 per month, acted somewhat like a socialist Paul Revere. As he jogged down the hill he kept lighting various lights on the way to the old railway station and kept shouting, "Family allowances! Twenty dollars per month!"

But, honourable senators, on the way back, the old lamplighter sang a different tune. He must have met the Minister of Finance part-way up the hill, because he started to say, "It is taxable! It is taxable! It is quite all right, it is taxable!" He went on to point out that the federal government would recover $350 million and that the provinces would recover $150 million annually by taxing family allowances.

I find it amazing that a government which cannot calculate oil reserves, which cannot keep track of the unemployment insurance fund and really has no idea of what the cost of living is, can be so definite, so "accurate," in saying what we are going to recover from this $20 a month. Perhaps we should take the "experts" out of the Department of National Health and Welfare and put them into the Department of Finance and the Department of Manpower and Immigration. Then we would have no problems in those departments. If they are that accurate, they are in the wrong department.

One question which comes to mind is: What formula is going to be used in distributing this money to the provinces? I note from the information given to the committee in the other place that Ontario, Alberta and British Columbia are listed as receiving grants from this new form of taxation. If the equalization formula were used, then Ontario, Alberta and British Columbia would receive nothing under this proposal.

The bill itself and the government explanations up to date have not dealt with the cost or the difficulty of administering this program. Make no mistake about it, honourable senators, it is going to be costly to administer this bill. It is going to be, as Senator Manning said in committee the other day, a "nightmare to administer this program."

I am afraid that we may find ourselves very much in the same situation as we often find ourselves in when paying those who are unemployed. Honourable senators are familiar with the complaints of the unemployed when their cheques are not on time and when they are not accurate. It is all blamed on a computer. The computer in this case will have to work overtime. The late Senator McCutcheon used to lecture us on the stupidity of collecting money from those in a higher income bracket, giving it back to them in some form of subsidy or allowance, then taxing them on it. We are doing the same thing again, and one must ask what is the cost of this double taxation and who is paying for it? Are the provinces paying for it, or is the federal government being big-hearted again and paying all the administration costs? A chartered accountant friend of mine pointed out to me that a person eligible for family allowance and earning $20,000 a year would receive a net increase of $2 per month from this program. Now, $20,000 in this day of inflation is not a large salary and is earned by a great many people. However, we are collecting $20 a month in taxation from these people, the administration costs are $5 so we are collecting $25 a month in taxation to give them a net gain of $2, which is nothing short of rank stupidity. I know that once a program of this nature starts it is difficult to cut it off at certain limits but, honourable senators, we must consider that we are taking it from the taxpayer in income tax and it is costing us at least 20 per cent to administer.

[Hon. Mr. Phillips.]

• (1420)

It is rather amusing to read the remarks of the Minister of National Health and Welfare in his explanation in the other place. He went to great efforts to point out that the increased family allowances would not result in an increased population explosion. He hopped all over the map, pointing out that Czechoslovakia tried this and it did not work, that British Columbia has the highest supplemental benefits and the lowest birth rate and Quebec has the second highest benefits and the second lowest birth rate in Canada. There is only one conclusion to be drawn from the minister's remarks, that family allowances are a sort of political form of contraception, which I am sure was not the intention of the government. It is not the rate of family allowance that has resulted in a decreased birth rate. There are factors that the government refuses to recognize, such as the cost of living and the cost of housing. It is not easy to provide housing for a family of nine at today's standards. The extreme cost of food and clothing must also be considered. Clothing in particular has become a very serious item in the family budget. These are the factors which must be taken into account.

One matter that irritates me greatly is the fact that this program was announced at a Dominion-Provincial Conference. We are seeing more and more of this. The federal government does not announce its programs to Parliament, but goes down to the Government Conference Centre in the old railway station, calls in its provincial counterparts and makes the announcements there. The provinces accept them. Then, because of that acceptance, Parliament is not supposed to criticize the programs. If we are proceeding on that assumption, honourable senators, why have Parliament meet? I would hope that in future some of these announcements could be made to Parliament, and discussed and debated before they are presented to the provinces.

Mr. Lalonde, in his introductory remarks, pointed out that the increased allowances should keep a number of families off the welfare rolls. This raises a very intriguing question. As you know, the allowance for welfare recipients varies from province to province. What happens if one province decides to pay $40 a month for the first child, $30 a month for the next two or three and then tells the

welfare recipient that he now receives $100 income in family allowances? There is nothing in the bill to prevent this. In my opinion, the bill is deficient in this regard.

My next remark, I think, should be of interest to Senator Croll in particular. Apparently the government has announced that it is abandoning the principle of a guaranteed income; at least, that has been the statement of various ministers. Of course, that was before the O'Brien "think tank" and maybe it is now back on the agenda. If we are to introduce all these measures and assistance, however, they should be coordinated in such a manner as that recommended by the Special Senate Committee on Poverty.

Honourable senators, again I ask the government, instead of moving a little at a time, to adjust payments for this group of people to bring them up to the inflationary rate, and let us begin an assault on inflation. Let us have the government face up to its responsibilities instead of attempting by one piece of legislation to bring the poor up to a certain level. Let us deal with the problem in a very concrete manner, rather than a little at a time. The Conservative Party has supported this legislation, but not because it felt it was an answer. It is merely a need, and it is unfortunate to think that those in economic agony really need this increase. Perhaps I could suggest to the government that they begin preparing the next amendment. They are already a year behind in their cost-of-living adjustments. Start the amendment to this legislation before it receives royal assent.

● (1430)

Hon. Hazen Argue: Honourable senators, when Senator Langlois was speaking last evening, I intervened by asking whether or not it would be possible for provincial governments, in view of the fact that there was an increase in family allowances, to reduce the expenditures they were otherwise making on behalf of children in foster homes or of people receiving welfare.

I have read the exchange carefully. Senator Langlois may have missed my point. At all events, I should like to make it again because I consider it to be a valid one, namely, that with the increase in family allowances, provincial governments may reduce welfare payments. Because there is an increase in family allowances paid to foster parents, many provincial governments may take advantage by reducing their own payments on behalf of a child. This is a very grave danger and a real possibility in connection with payments to people on welfare. Despite a substantial and welcome increase in family allowances, provincial governments may consider that this is an opportunity for them to save on their welfare payments. In other words, what the federal government is giving with one hand, provincial governments may be taking away with the other. From statements I have read in the press, and from other information I have gathered, I am led to believe that this is likely to happen.

I would refer honourable senators to what happened a few months ago when there was a substantial increase in old age pensions. I pointed out at that time that in the case of pensioners in approved homes who were in receipt of higher pensions, provincial governments would have the amount of welfare that was paid to the homes reduced by the amount of increase that the pensioners received.

In approved homes in Saskatchewan, the so-called comfort allowance, which is for everything except room and board and clothing, amounts to the magnificent sum of $15 a month. The clothing allowance is $11. Therefore, a person in one of those homes who wishes to clothe himself receives a total cash payment, after an amount for board and room is deducted, of $26 a month.

I am sure honourable senators were shocked at the small amount being paid, and I felt that honourable senators supported my contention that there should be provision to ensure that this money was passed on to the pensioners in those homes. We received some assurance that provincial governments would look at this matter sympathetically.

Friends of mine in Saskatchewan who live in such homes report to me that they have not received a five-cent increase. They have not received a cost of living bonus. They have not received the increase in the old age pensions. All that has happened is that the provincial governments have interceded, and either the homes or the provincial treasury have taken advantage of the increase and taken the money.

I have one friend, in a home in Saskatchewan, who is physically handicapped but still energetic enough to wish to earn a little money over and above the monthly pittance of $26. He is well into his seventies but despite his advanced years has recently done odd jobs for two or three hours a day. Some years ago he sold his farm to a member of his family. He retired and wishes to earn a bit extra. But what do they say to him? They say, "We will let you keep a few dollars of this without any penalty, but we are going to take 50 per cent of those additional dollars over and above the $26 allowance."

Honourable senators, I put this forward to show how hard and cruel some provincial governments can be when it comes to dealing with people who are in a defenceless position. I suggest that if provincial governments can rob old age pensioners, the same provincial governments could take steps to rob children of their total benefits resulting from this increase in family allowances. If we are going to add $10 to family allowances, and then take $10 off somewhere else, how is that likely to be of any benefit at all?

I had the privilege a few weeks ago of visiting a mother in her home in a small town in Saskatchewan. She is on welfare and has sole responsibility for six children. Her total welfare income is $395 a month for seven people. She pays $85 a month rent for her house, and has $310 left for fuel, electricity, clothing, food, medicine, entertainment, and for the 101 items that human beings in Canada spend their money on. That is her total income.

It is my duty to stand in this place and say that it was a dreadful shame for the Saskatchewan government not to have made it crystal clear that people on social welfare would not actually receive the full increase of $60 or $70 a month provided for under the increased family allowances. For provincial governments to even consider chiseling on this proposed increase in family allowances in respect of children is a dreadful shame. This matter was raised in the other place—not in prolonged debate, but certainly it was raised and alluded to.

I am pleased that the idea I am expressing has found support from members in a number of political parties.

Jack Marshall, a Conservative member of Parliament for Newfoundland, has expressed his concern that this practice may be followed, namely, that provincial governments may use this legislation to save money themselves and to reduce welfare payments.

The NDP member of Parliament, Arnold Peters, in addition to condemning the practice and the Ontario government for not having made its own position clear, stated that Ontario is likely to use this program to reduce its expenditures. He had this to say:

> The Minister of National Health and Welfare (Hon. Mr. Lalonde) should be prepared to introduce an amendment to ensure that the Ontario minister cannot take the increased family allowance out of other welfare payments. Of course, we could increase family allowances to the point where Ontario would not have to pay anything. But, Mr. Speaker, Ontario is not a poor province; and does not have to be niggardly.

● (1440)

Well, in that statement he could have substituted the word Ontario for the word Saskatchewan. I would like to see an amendment placed in this legislation so as to carry out what I believe to be the intention of Parliament, namely, that the increase in family allowances should be for people on welfare and for young people in foster homes.

Senator Langlois did an excellent job in introducing this most important and far-reaching piece of legislation. He gave an interesting review. I make no apology for speaking on it, because over the years in the other place I used to introduce private members' resolutions, resolutions in my name, asking for the doubling of family allowances. That was a pretty simple thing to ask; it was not complicated. We have waited a long time but now we are being told that they are being doubled. I must say that the doubling now would no more than restore the purchasing power to the families that they had at the time many of those speeches were made.

These increases will be in themselves a welcome result, and I am sure Senator Croll is happy at this increase. It does not go far to provide the guaranteed minimum payment for which he has been campaigning so effectively. It is some more income—and more income is very important to people who have very little of it.

Last night, as reported in *Hansard*, page 1307, Senator Langlois said:

> Apart from increasing the income of the Canadian "working poor," the increased allowances should, to some extent, ease the pressure on provincial social assistance expenditures.

Well, if it eases the pressure it must save money, and if it saves the money then the people receiving family allowances are being chiseled and short-changed. Senator Langlois went on to say:

> The increase in the allowance should in many instances be enough to keep families off the welfare rolls.

Hon. Mr. Langlois: That is the explanation.

Hon. Mr. Argue: That statement is correct if you apply it to a person who has great pride and does not wish to go on the welfare roll—there are thousands of people like that—and uses this increase as a means of convincing himself that he does not need to apply. But if it really means that all provincial governments will be doing is keeping people off welfare rolls because now they have a larger income and therefore will not qualify, then I would think this legislation is defeating the purpose for which Parliament at any rate, would like to see it used.

If someone robs poor people, if someone takes away their subsistence, if someone takes the increase in the old age pension that should go to them, it is hard to get any publicity on that point, it is hard to make people listen, If somebody robs a bank he might go to jail for a few years, but if a government robs the poor it is hard to get publicity exposing what the government is in fact doing.

Honourable senators, even though it is late in the session and even though the press never mentioned that the Senate also would have to deal with family allowances when the bill was passed in the House of Commons—nonetheless, I think the Senate should deal with the point I have raised. I would ask that this bill, as is normal practice, be referred to our Standing Senate Committee on Health, Welfare and Science and that the Honourable Marc Lalonde, Minister of National Health and Welfare, be called so that we can raise this point with him. It would be my hope and intention to have placed before that committee an amendment that would, I trust, achieve this purpose if acted upon. I am not too optimistic about the Senate's accepting amendments even though they may be important ones, but I am still not discouraged from suggesting amendments I feel should be adopted. I am still not discouraged from asking the Senate to consider them.

I hope that a few months from now I will not be able to rise in the Senate and say "I told you so. See what the provincial governments are doing." We should take every precaution to make certain that the increase in family allowances, designed to improve the living standard of the poor, does not find its way into provincial coffers or into other hands.

Hon. Leopold Langlois: Honourable senators—

The Hon. the Speaker: I must inform the Senate that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Mr. Langlois: Honourable senators, I wish to thank those who have taken part in this debate, and I shall endeavour to be brief in my remarks on what has been said by my colleagues.

I refer first to the remark made this afternoon by Senator Phillips. I must say, if I understood him correctly, that I think he made a very slight mistake when he mentioned—and I do not want to put words into his mouth—that the average of $20 a month could be varied by the province. This is not what the bill says. The average of $20 per child is the maximum average, and cannot be changed. What can be changed is the rate paid to any individual child depending on the size of the family and the age of the recipient, and provided the minimum paid to any individual child is not lower than 60 per cent of $20, or $12. This is the minimum average. Outside of that, no varia-

tions whatsoever can be made by any provincial legislature to the legislation which is proposed now.

Senator Phillips also made reference to the cost of living. If I understood him correctly, he suggested we should make haste to bring in legislation, even before this bill receives royal assent, in order to keep up with the ever increasing cost of living. Senator Phillips forgets that this legislation, now being considered, provides for an increase of the payments herein in accordance with the cost of living. As I explained yesterday, this can be done by order in council subject to the approval of Parliament through a resolution.

Hon. Mr. Croll: On a quarterly basis.

Hon. Mr. Langlois: On a quarterly basis, as Senator Croll adds. This is correct.

Senator Phillips also spoke of the cost of administration of this program, and added that it would be a nightmare to administer it. When the President of the Privy Council was before our National Finance Committee I asked him a few questions as to whether this was correct. I can assure the house that the minister then had no worries at all about the cost of instituting this new program. He said that quite a lot of the information necessary to apply these varied rates provided in the law is available now. Senators should not forget that the family allowance scheme has always been based on age groups, and it is necessary for the department to have up-to-date information as to the ages of recipients. I even asked the minister, when he was before the committee, whether the administration of this new program will cause any big increase in the number of personnel now employed under the present system, and his answer was no. I do not think we need to be unduly concerned about this forecast of increased cost, or even about the "nightmare" of administering this new program.

● (1450)

As for the taxation of family allowances, I am inclined to believe that Senator Phillips forgot what I said last night when I mentioned that this special allowance paid in regard to children in foster homes, provincial institutions or private institutions, as approved by provincial governments, will not be taxable for the good reason that the foster parents, or the institutions for that matter, cannot claim the recipient as a dependant. This is the reason why in the case of the special allowance there is no taxation of that allowance.

Apparently Senator Phillips missed that point last night. I cannot blame him for that, however, because my statement was quite long. I would not blame anyone for not listening to it very closely.

The last remark made by Senator Phillips on which I must comment is that this new scheme of family allowances should first have been put before the Houses of Parliament before it was considered by the conference of provincial welfare ministers. As I said last night, this new family allowance scheme—

Hon. Mr. Choquette: I believe Senator Thompson wishes to ask you a question.

Hon. Mr. Langlois: Excuse me, senator. I did not hear you.

Hon. Mr. Thompson: Just for clarification, Senator Langlois, did you say that a foster child is not a dependant?

Hon. Mr. Langlois: I said that a foster child cannot be claimed as a dependant under the Income Tax Act.

Hon. Mr. McDonald: An institution cannot claim such a child under the act.

Hon. Mr. Thompson: Do you say that a family that fosters a child cannot claim him or her under the act?

Hon. Mr. Langlois: I am saying that such a child does not fall within the definition of "dependent child" in the Income Tax Act. In other words, foster parents or provincial and private institutions cannot claim the recipient as a dependant. What I have said applies to both foster parents and provincial or private institutions taking care of children in receipt of family allowances.

I should like to return now to Senator Phillips' suggestion that this scheme should have been submitted first to the Houses of Parliament before it was ever discussed at the conference of provincial welfare ministers. With respect to that suggestion I must state, as I stated last night, that this whole new scheme of family allowances was contained in the Working Paper on Social Security which was tabled in Parliament on April 18 and that, therefore, the scheme was submitted to the attention and to the knowledge of those in Parliament who are interested in this kind of legislation.

Hon. Mr. Phillips: There is a difference between a working paper and legislation.

Hon. Mr. Langlois: But how could we have legislation before there was an agreement with the provinces? This is a joint scheme which will be worked through concurrent legislation—legislation passed in the legislatures of the provinces and in this Parliament.

Hon. Mr. Phillips: But you do not have agreement with all the provinces yet.

Hon. Mr. Langlois: Two provinces have agreed to vary the rates. The others have not committed themselves yet, so far as I am concerned. Only Alberta and Quebec have agreed to vary the rates.

Hon. Mr. Phillips: You still have not given a reason why it could not have been given to Parliament first.

Hon. Mr. Langlois: I can merely point out the fact that the scheme was made known to Parliament before it was discussed at the conference of provincial welfare ministers. That is the only comment I wish to make in this respect.

Coming now to the remarks of Senator Argue, who repeated in part what he said last night during the course of my statement, I believe I understood correctly last night that his intention was, as it is today, to propose an amendment to the bill presently before us in order to curb, in some way, the legislative authority of the provincial legislatures.

Of course, provincial legislatures can legislate in respect of their security programs and amend them as they wish. I do not see what an amendment to this legislation could do towards preventing provincial legislatures from doing that. Provincial legislatures are autonomous in their right

and their power to legislate in spheres within their jurisdictions.

As I said last night in reply to the questions put to me by the honourable senator, clause 9, which he himself partly quoted, is quite sufficient to guarantee that the allowances which are provided for in this act will go to the benefit of the children. I refer this house again to clause 9(2) of the bill which reads as follows:

> A special allowance shall be applied exclusively toward the care, maintenance, education, training or advancement of the child in respect of whom it is paid.

A further guarantee to that effect is contained in clause 10(1), as follows:

> A special allowance is not payable in respect of a child for any month unless
>
> (a) an application therefor has been made in prescribed manner by the department, agency or institution that maintains the child; and
>
> (b) payment of the allowance has been approved under this Act.

That is why I said last night that the minister had control. He can turn down an application, or he can accept the application. The minister has the perfect right to supervise the spending of the money, and, if the allowance does not go as prescribed by clause 9 towards the care, maintenance, education, training or advancement of the child, the minister can stop the payments at any time.

I think that is a sufficient safeguard, and that the amendment suggested by my good friend is unnecessary. In any event, I am afraid that his amendment would be *ultra vires* of the authority of this Parliament which cannot curb or limit in any way, shape or form, the legislative authority of any province. My friend cannot expect me to use the words that he used like "rob the children," but I do not think that any government of any province wishes to do that.

Hon. Mr. Argue: Some of them have already said they are going to.

Hon. Mr. Langlois: Oh, no. Which province said that?

Hon. Mr. Croll: No.

Hon. Mr. Argue: Ontario said they were considering it. As I read the newspapers, Mr. Brunelle said that they were not prepared to say they would add this amount to the existing social welfare payments.

Hon. Mr. Croll: Let us be quite fair about this. I raised the matter here last night. The Minister of Health and Welfare for Ontario said that they would reduce the welfare payments to those people who were drawing increased family allowances. He said that on Monday. On Tuesday he ate his words. The government ate those words, and tried to hide from the statement that was made. They completely repudiated that statement. It certainly does not hold in Ontario.

Hon. Mr. Argue: I am pleased to hear that. I was in the library this morning, but I did not see that particular item. If they have done that, great! So far as I know, Saskatchewan has not yet eaten its words. I do not know about the other provinces, but let us hope they are all eating their words, if they are making statements like that, and let us hope that the money does go as an additional income. But, as I suggested to Senator Langlois, it is quite within the Constitution for the Parliament of Canada to attach certain conditions governing money which the federal government pays out to the provinces.

[Hon. Mr. Langlois.]

Hon. Mr. Langlois: First, I must say that I am amazed to hear that my good friend relies on the press to interpret what was said inside or outside another legislature by anyone. He has been long enough in politics—

Hon. Mr. Argue: What do you read?

Hon. Mr. Langlois: —to have learned not to depend too much on the accuracy of press reports.

Hon. Mr. Argue: Senator Croll is relying on the accuracy of some other press reports, so who is right? I take Senator Croll's reports as being accurate.

Hon. Mr. Croll: I am not relying on press reports, although the reports were there. When I saw this I got in touch with the people concerned to ask if it was possibly true. It was true for about an hour.

Hon. Mr. Argue: It is true that they said it once, and corrected it by saying something else later.

Hon. Mr. Croll: By repudiating it.

Hon. Mr. Argue: All right, the press was right on both counts. It was accurate reporting in both instances.

Hon. Mr. Langlois: I have not read in the newspapers that any provincial government said it was its intention to rob any of the children of this country.

Hon. Mr. Argue: They would not say that; they would just take it.

Hon. Mr. Langlois: As I said, the wording of the two sections I have quoted is clear enough to guarantee the result which seems to be sought by my honourable friend, and I repeat that it would be a curb or limitation on the legislative authority of provincial governments to use the wording he has suggested in amendment.

Before I resume my seat I wish also to comment on the reference my learned friend—my honourable friend—made to my remarks last night.

Hon. Mr. Argue: You slipped that "learned" in.

Hon. Mr. Langlois: Yes, it is a habit in the courts to style our opponents as our learned friends, rather than our honourable friends as in this place.

Senator Argue read from page 1307 of yesterday's *Debates of the Senate* part of my statement, and if I am permitted I will put the full statement on the record. I said:

> Apart from increasing the income of the Canadian "working poor", the increased allowances should, to some extent, ease the pressure on provincial social assistance expenditures. The increase in the allowance should in many instances be enough to keep families off the welfare rolls.

That is not robbing the children.

> Moreover, a tax recovery, as I have said, of $115 million will be realized by the provinces through tax-sharing arrangements. It is hoped that these tax

recoveries will be used by the provinces to ease the burden of their social welfare costs.

That is all I said, and it is clear enough. The minister made the same statement in the other place, and I do not see how my good friend can quarrel with this.

Again before resuming my seat I would like to make a correction to a statement which I was induced to make a few moments ago to Senator Croll, when he suggested that the indexing of the allowance will be made on a quarterly basis. We were both wrong. I said yes, but was taken by surprise, and I am now reliably informed that this is done on an annual basis and will commence in 1975, based on the change in the Consumer Price Index.

With this I close my remarks on second reading.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Langlois: With leave, now.

Hon. Mr. Argue: No, honourable senators. It was my hope that this bill would be referred to a committee.

Hon. Mr. Langlois: The bill has now been read the second time.

Hon. Mr. Argue: Yes, I realize that. I made a suggestion but the sponsor does not agree with it, otherwise he would have moved that the bill be referred to a committee. That is all right, but I do not think we need to hurry to third reading today. I have further remarks to make on third reading, and would like to give consideration to them. I ask that third reading be given at the next sitting.

Hon. Mr. Martin: Could you not agree to third reading now?

Hon. Mr. Argue: No, I would like it to take place at the next sitting of the house.

Hon. Mr. Choquette: We can still have royal assent tomorrow.

Hon. Mr. Langlois moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

RESIDENTIAL MORTGAGE FINANCING BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator Stanbury for second reading of Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

Hon. Rhéal Bélisle: Honourable senators, I should like to begin my remarks by congratulating the Honourable Senator Stanbury on his detailed presentation of Bill C-135. He did a wonderful job in trying to convince us of the necessity of supporting this bill. It is obvious to me that, as a former President of the Liberal Party of Canada, he had a great platform and he enriched himself very much by it. Let me put the government at ease. We plan to support this bill. There is no guarantee that this measure will serve to reduce mortgage rates, but it does offer some reason for hope in this regard. The bill seeks to stimulate the flow of private mortgage funds for housing. This increased mobility, or liquidity of mortgage moneys, will mean greater availability and hence more competition. As those of us know who have not closed our minds to the virtue of the market economy, added availability and competition will likely serve to drive down the rates of mortgage money.

The bill is intended to create institutions which will operate competitively on the private market and prompt a greater degree of private investment in mortgages and real estate. These institutions will simply make it easier for a number of investors, large and small, corporate and otherwise, to invest with greater facility and security in the area of mortgages and real estate.

A provision for a tax benefit is also contained in the bill. The mortgage investment corporations provided for in the bill will be allowed to pass the income received from their portfolio directly to their shareholders, either as an interest taxable dividend or a capital gains dividend. This represents the end of double taxation in this area. The principle of conduit taxation is being paid tribute to, and any day on which taxation can be reduced in any way has to be a happy day. In the past in other areas of corporate endeavour the corporation first paid a corporate tax of 50 per cent. When they made their distribution to investors, the investors paid a further income tax. As a result of the pass-through provision contained in this bill the corporation now will not pay a corporate tax, payment of tax being made only upon distribution. The investor, upon distribution of profits to him, if the distribution is made within 90 days of the company's year end, will pay an income tax on the amount distributed to him. If the company distributes profits later than 90 days after its year's end, there will be a corporate tax. But the dividend that the investor receives will be treated as a capital gains dividend and will be subject to taxation on the basis of the capital gain rather than on the basis of a regular dividend. This means that it will be taxed at a significantly reduced rate.

● (1510)

The government is convinced that such tax benefits will serve to entice Canadians into investing in the purchase of mortgages. It is unfortunate that the government cannot convince itself that the same principle might work equally well in other areas. Some of us have been convinced of that for years. We feel certain that the general application of this principle would constitute the best shot of adrenalin our economy has ever been administered. The government seems to have recognized in this instance that the removal of oppressive taxation will act as a stimulant. Why could not this be the case generally?

It is to be hoped that they will experiment with this principle in other areas. The principle of the bill is good. It deserves our full support. The idea is to make more mortgage money available for residential housing and, from the way it is structured, I think it will achieve that end.

The mechanism is created to provide for the accumulation of money to be loaned out for the purchase of houses. Interest will be charged on those loans, and in part this will represent the profit of those firms. Interest rates will

be determined by the market. The most important aspect is that profits will not be taxed twice. If they are, it will be at a reduced rate.

I see nothing wrong with the bill as far as it goes. I support it, and I hope the government will adopt the principle in other areas.

On motion of Senator Phillips, debate adjourned.

PAROLE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

On the Order:

Second reading of the Bill C-191, intituled: "An Act to amend the Parole Act".—(*Honourable Senator Langlois*).

Hon. H. Carl Goldenberg: Honourable senators, I move second reading of this bill.

Hon. Mr. Choquette: Honourable senators, I have no particular objection. If honourable senators will recall, we had a little scrap yesterday. I was going to be on first, but here I am taking a back seat to everyone. So go ahead, Senator Goldenberg. I wanted to show the house how magnanimous I am.

Hon. Mr. Langlois: I said that there would be no objection to doing that.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Carter, that this bill be read a second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Goldenberg: Honourable senators, this is a very simple and short measure.

Under the legislation as it stands, there is provision for from three to nine members to be appointed to the National Parole Board for a period of up to 10 years. There are now nine members of the board. The legislation before us proposes the appointment of a maximum of 10 additional members for periods of up to five years. In other words, the present members have been appointed for 10 years. The new members, to be called *ad hoc* members, will be appointed for periods of up to five years.

They will be full-time members of the board. They are not temporary members. They will serve for shorter periods. That is the difference between the additional members now proposed and those who are presently on the board.

The reasons for the increase in membership are clear. The National Parole Board faces a great backlog of cases, and because of this backlog the board had to change a policy which it had been pursuing for some time, namely, of sitting in panels of two and hearing inmates who were applying for parole. That is the only fair practice. A man whose liberty is affected is entitled to be present when his case is heard. This practice has been discontinued because of the great volume of work undertaken by the board.

Another reason for increasing the membership of the board is to effect a change in practice with respect to temporary absences. Parole is granted by the National Parole Board. Temporary absences are granted under the Penitentiary Act by the director of an institution or the Commissioner of Penitentiaries. The temporary absences in certain cases were granted, as we now call it, back to back; in other words, successive temporary absences.

It is questionable whether this is permissible under the legislation, and therefore the practice of back to back temporary absences was discontinued. It is replaced by the use of day parole or temporary parole. Day parole and temporary parole can only be granted by the National Parole Board. This is another reason for the enormous increase in the volume of work by the board.

The third reason for the appointment of additional members is that it will make possible the regionalization of the board's services. At present the services are highly centralized. They are centralized in Ottawa. The Hugessen report, a report on parole made earlier this year, pointed out that the present National Parole Board suffers from excessive centralization. The same evidence has come from all parties who have presented briefs to our committee which is studying the parole system.

With the addition of 10 members, it is proposed to regionalize the work of the board. Two members will be sitting as a panel in each of the five regions of Canada: British Columbia, the Prairies, Ontario, Quebec, and the Atlantic provinces. In this way the inmates will again be heard when their parole applications are heard. In other words, panel hearings will be reintroduced.

That is all that the legislation involves—namely, the appointment of up to 10 additional members. It is hoped—and this, by the way, is one of the reasons for the shorter term—to be able to interest people such as judges, police officers and provincial government officials to receive temporary leave of absence from their duties in order to work with the Parole Board for a period of two, three, four or five years. This would make possible closer liaison with the bench and police services.

I conclude by pointing out that there is no intent in this measure of reforming the parole system. Consideration of parole reform is under way. The government, as the Solicitor General made clear in presenting this legislation in the other place, is now studying a report presented by a committee under the chairmanship of Acting Chief Justice Hugessen of the Quebec Superior Court, and is awaiting the report of the Senate committee and of a House of Commons committee which has also been studying certain aspects of the problem.

● (1520)

Reform will come in due course but there is no doubt that the present situation calls for an increase in the membership of the board in order that the work of parole be properly done.

Hon. Mr. Choquette: Honourable senators, I propose to move the adjournment of this debate. I am ready with my remarks now, but I would not think of inflicting two speeches on this chamber on the same day.

Hon. John M. Macdonald: Honourable senators, I should like to add a few words regarding this bill. I notice the sponsor mentioned what the minister said before the House of Commons committee, that he hoped to appoint

judges or police officers or civil servants to the Parole Board. I think that is utterly wrong.

Hon. Mr. Croll: Terrible.

Hon. Mr. Macdonald: I see no reason for appointing judges, police officers, or civil servants to this board. Their functions are wholly different. In fact, I would say the last person anyone should appoint to the Parole Board would be a judge. I may be quite wrong. Perhaps the last person should be a police officer. His function is to investigate crime, getting a conviction if he can. The judge proceeds to sentence a prisoner and then his function ends and the Parole Board takes over. The functions are different and let us keep them different. Let the judges stick to their judging and the policemen stick to their police work. Let the Parole Board do its job. Personally, I feel that the members of the Parole Board are doing a good job now.

Hon. Mr. Goldenberg: Honourable senators, may I say to Senator Macdonald that I was not expressing my approval of what was said. I merely said that this is what the Solicitor General recommended. Personally, I agree with what Senator Macdonald has said about the appointments to the board.

On motion of Senator Choquette, debate adjourned.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—SECOND READING

The Senate resumed from Friday, December 7, the adjourned debate on the motion of Senator Lang for the second reading of Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

Hon. Lionel Choquette: Honourable senators, in rising to speak in this debate, I should like to congratulate Senator Lang on his moderation in moving the second reading of this bill. As he said, none of us wants to live in a world of bugging, snooping and wiretapping, which has the smell of a police state. On the other hand, none of us wants to hamper the work of our police forces, and other officials charged with the protection of society, by denying them the use of this technological gadgetry. As Senator Lang has said, the bill tries to maintain a balance between those two concerns.

For my own part, I suppose I am basically a "law and order" man. I believe that the alternative to order in society is anarchy. In the words of Gilbert and Sullivan, we must at all times "make the punishment fit the crime."

Like Senator Molson, I am concerned about a comparatively new phenomenon, "organized crime," a sophisticated type of crime which affects principally our large metropolitan areas, and which requires sophisticated techniques favourable to the prosecution. Ordinary law-abiding citizens going about their business have little to fear from this legislation. We are not talking about crime in Stittsville or Medicine Hat or even in Come-By-Chance; we are speaking of large organized syndicates in cities like Montreal, Toronto, Winnipeg and Vancouver. We must root out this type of crime by the best means at our disposal in order to protect our society.

The bill, as we have it before us now, is much better than the original version. It underwent significant changes as it proceeded through the other place.

The term "offence" has been more specifically and narrowly defined. The government accepted the principle that emergency interceptions would always have to be subject to judicial approval. The number and type of offences for which legal authorization to intercept could be obtained was severely restricted. The provision allowing for unsupervised 36-hour emergency permits for electronic eavesdropping was amended. Judicial approval is now to be required in all instances.

But let no one get the impression that this bill provides any thorough and comprehensive protection of privacy. No protection is offered in this bill against visual invasion of privacy, such as the taking of unauthorized photographs of people. No protection is offered against the unauthorized taping of conversations where only one of the parties is aware of the taping. No protection is offered against the invasion of privacy represented by the computer and the facility it affords for the accumulation of information on people.

Honourable senators, the bill is not perfect but it is a start. Those of us who are concerned about privacy worried about the lack of protection that existed. There was no law to prohibit wiretapping, and no law to prevent the purchase, sale or possession of electronic eavesdropping equipment. There was no law to prevent the disclosure of information obtained from unlawful electronic eavesdropping. Now we have a law. Now the primacy of the judiciary in protecting the rights of people in the area of personal privacy has been recognized by the government. That is extremely important.

The bill is not perfect, but it is a start; it is a step in the right direction. It strikes a proper balance. We are providing for the protection of personal privacy while at the same time not going too far in restricting law enforcement agencies, those responsible for the protection of our system, in the prosecution of their duties.

At least as I read it now, it does not appear to me that this bill severely handicaps our law enforcement agencies. I only hope I am right, and that time does not show that we have gone too far along these lines.

Honourable senators, I think this bill should be sent to committee. Some senators might have suggestions as to how it might be improved even further. If someone can muster the patience, he might try to convince the minister to have the bill translated from legalese into English. The drafting is frightful. I do not know whether all honourable senators have read this, but it is not even grammatical in parts. Sentences are too long, and cannot be read in one breath. There is nothing clear about many of them. Cannot anyone write plain, grammatically correct English any more?

Let me take page 3 of the bill. Here we find a mistake which is made repeatedly in editorials, in Hansard, everywhere—a very simple one. On page 3, there is this:

> (b) a person who intercepts a private communication in accordance with an authorization or any person who in good faith aids in any way a person whom he has reasonable and probable grounds to believe is acting with any such authorization;

What is "whom" doing there? The pronoun "who" is the subject of "is acting."

Some people continue on indefinitely like that, and these mistakes go on unnoticed and uncorrected. I find another at page 10, and there are others that I could indicate. However, I am going to deal with the translation of the last paragraph on page 10, subclause (5), which reads as follows:

● (1530)

> Any information obtained by an interception that, but for the interception would have been privileged, remains privileged and inadmissible as evidence without the consent of the person enjoying the privilege.

That is clear enough. There are 30 words in that short paragraph in the English version. In the French version, which is so obscure that you cannot understand one word of it, there are 40 words.

Privileged conversations exist, and are well known to many people. Even the ordinary layman knows that there is a privileged conversation between the solicitor and his client, in either his office or a prison cell. Another occasion of a privileged conversation is that between a doctor and his patient, or between a confessor and a penitent. Now, that privilege exists in the French language and it exists in the French legal phraseology, but in this whole paragraph of 40 words, as opposed to 30 in the English text, the word "privileged" does not appear once. On the contrary, there is a bunch of words which do not convey the idea of a privileged conversation.

I do not know who drafted these translations, who supervises the drafting of them or who edits them, but they should be gone over carefully, and the grammar and phraseology should be corrected.

Honourable senators, I propose to vote for the second reading of this bill with one reservation. I hope we have not gone too far in restricting the law enforcement agencies, those responsible for the protection of our system, in the prosecution of their duties. I agree that this bill should go to committee, and I think we should be vigilant to see to it that we continue to live under the rule of law and not under the rule of a criminal elite anywhere in this country.

Hon. Chesley W. Carter: Honourable senators, before this bill is given second reading I should like to say one or two words, and I shall be very brief because my remarks are directed to the notification clause, the proposed new section 178.23 of the Criminal Code, which is on page 18, and specifically to the new section 178.13(2)(e) on page 5.

Senator Lang, when he introduced this bill, stated that it was an effort to try to balance the rights of the individual to privacy, on the one hand, against the protection of the state and the security of law and order, on the other. He described the protection of the state and the security of law and order as being of "paramount interest." I direct your attention to these two clauses because I believe they tip the scales against the security of law and order.

Authorization to use bugging devices must be obtained from a judge, and under section 178.13 (2)(e) that authorization is limited to a period not exceeding 30 days. When the 30 days are up, the police may then go back to the judge again, and secure a further authorization for another 30 days. So far as I know there is no limitation in the bill on the number of 30-day periods which can be

authorized, but one must assume that a judge will get tired of repeating and renewing that type of authorization. Moreover, bearing in mind that many investigations on the part of the police, particularly the Royal Canadian Mounted Police, extend over a period of years—sometimes two and three years—it is easy to see that that particular section is a considerable handicap.

A much greater handicap, however, to my mind, is included in the notification section, 178.23 on page 18, which states that within 90 days of the ending of the authorization period the Solicitor General of Canada or the provincial Attorney General, whichever is the proper authority, must advise the person in writing that he has been bugged.

Senator Choquette has just referred to the situation in Canada where we have a considerable problem now in dealing with organized crime. This particular clause, in my opinion, tips the scales in favour of organized crime, and it tips the scales particularly when the police are trying to discover the kingpin of the organization. That person often is not very obvious. He is not down on the street corner pushing drugs, or doing things like that. He is probably living in a penthouse in very respectable surroundings. It is not going to be easy to smoke that type of person out.

I submit that this particular clause requiring the 90-day notification is going to make it impossible for the RCMP ever to get at the big fellows in organized crime, particularly those in the drug traffic. I know that some people will point out that a subclause of this clause also allows a judge, after the 90-day period has expired, to defer notification for another period of time, but that does not belie the fact that at some point in time the person who is bugged has to be notified.

I should like to point out that when the police are after the big fish they very often have to depend on their contacts in other countries, such as Interpol and other police organizations. Involved in that procedure is what one could call a type of conspiracy, because the police are dependent upon tips.

Now, it does not matter how long it is after the authorization period before the person has to be notified. The important point is that at some point in time he does have to be notified, and once he is notified he then knows that somebody in his organization has squealed on him, and you do not have to stretch your imagination very much to realize what is going to happen to that person who squealed. He will be hunted down, and his life is in jeopardy. So the effect of this clause will be a drying up of the supply of tips to the Royal Canadian Mounted Police. It is going to make the world a much safer place for the kingpins of organized crime.

● (1540)

Perhaps it could be argued that this bill should be passed now, even with this clause in it, and that we should hope that at some future date it will be brought back again for amendment. I submit that the Senate should not proceed on that basis. If we do, I think we will be lowering the dignity of the Senate as a body, and rendering a disservice to the people of Canada, who depend on the Senate to exercise its proper function when legislation of this nature comes before it.

I am aware of the fact that the government tried to remove this clause—the notification clause—in committee and again in the house. The government does not want it in. However, for some reason or another, they were unsuccessful, and I believe they were unsuccessful because the impact of this clause was not properly explained to, and not fully understood by, the members of the other place when they voted on it. I am pleased that this bill is going to a Senate committee, because I cannot bring myself to believe, if the members of the other place really understood what the effect of this clause is going to be, that they would have insisted on keeping it there.

This Senate committee will be our last chance to get all the facts—to get as much evidence as possible with respect to the impact that this bill will have on police action. I understand that representatives of police associations are going to appear before the committee, and I hope that the RCMP also will be called, because the RCMP have detachments across Canada and can give a balanced view of the impact of this bill across the country. At the same time, they can explain to the committee what impact this is going to have on their relationships with international police forces.

In conclusion I should like to read an editorial which appeared in the Ottawa *Journal* last Thursday, and which, in my opinion, sums up the whole case in a nutshell. The beginning of the editorial emphasizes that this bill is a good measure, and states:

> —it remains, a measure designed to outlaw all private wiretapping and even the possession of wiretapping equipment by everyone except authorized police officers. It makes it possible for victims of wiretapping to seek punitive and civil damages. Violators of privacy will, for the first time, be subject to a penalty—up to five years in jail.

The editorial continues, and in the final paragraph states:

> The amendent—

That is, the particular one I am addressing myself to, the notification clause.

> —that would compel the police to inform anyone put under electronic surveillance of that fact is largely window dressing which the Senate, in its deliberations over the legislation, should try to remove. It is at best silly, at worst damaging to the confidentiality and security of police work.
>
> Police officers undertake many investigations which do not lead to charges. What is to be gained by someone being notified after the fact that, pursuant to a court order, his telephone had been bugged? Nothing except ulcers or a nervous breakdown. The courts can't be sued. The wiretap has taken place and it can't be undone. The disclosure requirement will be no deterrent.

So, honourable senators, since this particular clause can do nobody any good, and can certainly result in a lot of harm, I hope that it will be removed.

Hon. M. Grattan O'Leary: Honourable senators, I had decided yesterday to permit my distinguished legal colleague to say the things that I intended to say, because surely he could say them better, and I had decided to say nothing at all. There is, however, one clause in this bill which I think, honestly, should be removed if we are going to talk about stopping wiretapping. I refer to the new section 178.16(2) which starts on page 9, and which actually permits a judge to receive illegal wiretapping evidence in court as evidence. I say, if we permit that—if we permit wiretapping evidence to be used by a judge in court to convict a man—then we are permitting a monstrous apostasy of true justice.

My friend, Senator Choquette, spoke of the drafting of this bill. When I tried to go through it yesterday I could not help thinking of the Czar of Russia who while visiting Paris many years ago was asked how many lawyers there were in Russia. He said that there were only four, and that he was going back home to have three of them shot. I am certain that if he had had a lawyer in Russia who drafted and presented him with a bill such as this, he would be perfectly justified.

It is not only that the English is bad, but the sentences are unbelievable, as Senator Choquette has said. If you can only get lawyers—and I presume this bill was written by lawyers—who give too much thought to Blackstone and too little to Fowler's *Modern English Usage*, there must surely be someone in the vicinity who can put this into plain English. Some of the sentences are unbelievable. They make no sense, and are certainly on very dubious grammatical grounds.

However, what I am concerned with is this particular clause. It says that if a judge has before him wiretapping evidence presented by a police officer, and if he should decide in his own mind that an obviously guilty person might go free if this evidence is not used, then he may make it admissible—that is, evidence illegally obtained by wiretapping. In other words, if this evidence, even though it be obtained by bugging, by illegal wiretapping, should be presented, he still would be able to say, under this bill, that it should be accepted by him as admissible evidence, and used to condemn the man.

I say, honourable senators, that that is a monstrous apostasy of true justice. If we in Canada, who over the past two or three months have been professing horror at some of the things we have heard about Watergate, permit that clause to appear on the statute books, all I can say is that our professions of horror about Watergate are nothing but pure and sanctimonious humbug. I doubt if there is anything of this sort on any statute book of the world today.

● (1550)

Incidentally, we speak of this protection of privacy, but any child reading this bill, and knowing what conditions are in Canada on this continent and all over the world today, would know perfectly well there is little protection of privacy for the average citizen. I can name scores of cases in which this bill provides no protection of privacy whatsoever. It is true that it is a step in the right direction, but it is certainly a short and a feeble step.

I repeat, I will not stand in this house and accept a vote for this clause. I will say, "No, on division," if the bill contains that clause. I know what they tell us. They say such things as, "This bill was worse than it is now when it first appeared." Well, if it was worse than it is now, it must have been an awful mess. That is all I can say about it. However, I know what is said. I have talked to people

and they say, "Look, all this is being done for your own protection; it is all being done for the good of society." When I heard this so often during the past week I checked to see what Justice Brandeis said in connection with the very same point. Justice Brandeis, who perhaps next to Justice Marshall and Justice Holmes was the most famous and distinguised of all the jurists in American history, warned against this very situation. He said:

> Experience should teach us to be most on our guard to protect liberty when the Government's purposes are beneficent. Men born to freedom are naturally alert to repel invasions of their liberty by evil-minded rulers. The greatest dangers to liberty lurk in insidious encroachments by men of zeal, well-meaning but without understanding.

That is true. The do-gooders who want to save us from ourselves are those who all through history have imposed tyranny upon others. I have no doubt at all that the gentlemen in the Kremlin who issue their edicts and decrees believe they are doing it for the good of the Russian people. I have no doubt that when Mr. Hitler used the Gestapo, SS brigades and so on he thought he was doing it for the good of the German people. These are developments against which we must be alert to protect ourselves. We must protect ourselves against do-gooders who want to regulate and conduct our lives. There is too much of that sort of thing contained in this bill.

I will not stand in the Senate, nor will I sit in the Senate, and accept, even by inference, by implication, that this bill should be placed on the statute books of Canada as it is. In my opinion it should be referred to the appropriate committee, and have removed from it this stigma upon true justice, human liberty and human life.

Hon. Ernest C. Manning: Honourable senators, my comments on this bill will be very brief. I do wish, however, to add my endorsation to the points raised by Senator Choquette and Senator Carter. This is one occasion on which I regretfully find I cannot agree with the conclusions expressed by our distinguished colleague, Senator O'Leary.

It seems to me more and more in this age, when organized crime is becoming such a grave concern in this country and in others, that our laws so often in our endeavours to protect the rights of individual citizens are making it increasingly difficult for those charged with law enforcement to effectively control the rapid increase in crime. We must remember that criminals do not play by decent rules. When we provide legislation that safeguards the rights of law-abiding citizens, something with which we certainly all agree and endorse, we must realize that in so doing it is almost inevitable that we create situations of which those who do not respect the law, or the rights and privacy of other citizens, can readily take advantage to accomplish their illegal ends. I hope this bill will be referred to committee and strengthened on the side of those charged with the responsibility of law enforcement.

With regard to the point raised by Senator O'Leary, the admissibility of evidence obtained by wiretapping, in my judgment the important aspect of evidence is whether it is factual. If we can bring into court evidence that is factual and bears on the judgment which must be made by the court, surely that is the important thing. Whether that evidence was obtained by one method or another is not the important thing. That is incidental, and every time we put an obstacle in the way of obtaining evidence by law enforcement officers we reduce the possibility of securing all the evidence that could be available to enable a court to make a just decision when dealing with those who violate the law.

I therefore reiterate my hope that when this bill is in committee it will be strengthened by dealing particularly with those objectionable clauses which were mentioned by Senator Carter. It should also be amended to whatever degree is necessary to put in the hands of our law enforcement officers the tools they must have if we are to hold them responsible to deal effectively with the increasing crime and lawlessness which exists today in this country.

Hon. John. M. Macdonald: Honourable senators, I find I must violently disagree with the views just expressed by Senator Manning as to the admissibility of evidence. I wholly agree with the views expressed by Senator O'Leary.

The new section 178.16(2) provides the right of a judge to admit evidence which was illegally obtained. In the first place, there is no need to obtain that evidence illegally. The bill sets out the legal methods by which to obtain it by wiretapping. To my mind there is not one bit of difference between a judge being authorized to admit evidence that was illegally obtained by wiretapping, and being authorized to admit evidence illegally obtained in any other way.

We have done away with the third degree, and no longer allow evidence to be beaten out of suspects. There is no difference in principle. The end does not justify the means, and I say it is wholly wrong that evidence which is illegally obtained be allowed in a court. One illegality does not excuse another. I would hope, therefore, that that section will be done away with.

So far as the remarks of Senator Carter are concerned, I concede they have some merit. Why notify a person three months afterwards that his telephone has been tapped? That does not make sense, in my opinion.

However, I wish to emphasize that I wholly disagree with the remarks made by Senator Manning.

Hon. Mr. Manning: Honourable senators, may I correct an erroneous impression I may have left, judging from the statements just made. I would not advocate for one moment the acceptance of evidence obtained illegally. My point was that we ought to amend our legislation so that this avenue of obtaining evidence will not be illegal. In my opinion, our error is in declaring illegal a source of evidence which could in many cases lead to lawbreakers being brought to justice.

● (1600)

Hon. Donald Cameron: Honourable senators, I want to make just a brief comment with respect to this particular section 178.16(2). I find myself in complete agreement with both Senator O'Leary and Senator Macdonald, and in disagreement with my friend, Senator Manning, although I can appreciate his position as a former attorney general of the Province of Alberta. It seems to me that there are other ways of obtaining this information. If we must resort to this means of obtaining evidence, then, as Sena-

tor O'Leary and Senator Macdonald have said, we are opening up one of the most dangerous threats to privacy I have seen in a long time.

For that reason, I hope this bill will be referred to committee, and that this clause will be either struck out entirely or amended to remove this defect.

Hon. Edward M. Lawson: Honourable senators, I have two brief comments to make with respect to this legislation. First of all, I agree with the remarks of Senator Carter and his concern that the individual who has been bugged would be informed by the police agency concerned. I also share his view that this bill should go to committee, and that responsible members of the RCMP be called to explain to the committee the risks which may be involved to law enforcement that may result from this particular clause, because it may even include making known the methods and the individuals who use them.

Also, I want to associate myself totally with the remarks of Senator O'Leary. I have some personal knowledge of a case in the United States which involved evidence obtained as a result of bugging. That case was prosecuted and a conviction obtained as a result of wiretap evidence. An agent was used by the government to obtain this evidence. I am sure everyone believed it was the purest form of evidence, and that all persons connected with that prosecution were pure of heart, including the agent. However, a year or two later the agent who acted for the government in that case was convicted of the most serious crimes, of the most reprehensible acts, those crimes having been committed prior to his functioning as an agent for the government.

I know it is going to be said that this type of thing would not happen in Canada, but we cannot be sure of that. Because of such circumstances, we might have second thoughts about allowing wiretapping evidence to be used against any accused, but if we have it in any form there is no prohibition against an over-eager prosecutor from obtaining not so pure evidence which he can use in his endeavour to obtain a conviction.

The best way to avoid that happening here is simply to delete that clause from the bill. In that respect, I am in complete agreement with the remarks of Senator O'Leary. In order to have the guarantee that it will not happen here, that particular clause of the bill will have to be struck out.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Goldenberg, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

APPROPRIATION BILL NO. 5, 1973

SECOND READING—DEBATE ADJOURNED

Hon. Leopold Langlois moved the second reading of Bill C-239, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1974.

He said: Honourable senators, you will recall that royal assent has already been given to two supply bills covering Estimates for the current fiscal year. The first provided interim supply for the months of April, May and June. The second, assented to on June 28, 1973, provided full supply for the balance of the main Estimates for 1973-74.

The bill introduced today provides for full supply of Supplementary Estimates (A), 1973-74, which total $1,005 million. These Estimates consist of approximately $528 million in statutory expenditures, and $477 million in voted items which are made up of $468 million in budgetary items and $9 million in non-budgetary items.

The total Estimates tabled to date for 1973-74 consist of budgetary expenditures of $19,389 million and non-budgetary expenditures of $902.2 million, giving a grand total of $20,291.2 million.

Supplementary Estimates (A) were referred to the Standing Senate Committee on National Finance on November 8, 1973. These Estimates were discussed in committee on November 21 with the President of the Treasury Board and one of his senior departmental officials.

The form of the supply bill is the same as that passed in the previous years. No additional borrowing authority is requested, since the first supply bill for the current fiscal year provided sufficient borrowing authority in the amount of $3 billion.

These relatively large Supplementary Estimates are made up mainly of a few items which reflect changes in forecasts of statutory expenditures, or the costs of measures the government has taken to mitigate the effects of rising prices, or to provide employment.

The larger statutory items are as follows:

1. Additional fiscal transfer payments to the provinces of $147 million which, because of higher tax yields in the so-called "have" provinces, necessitate larger transfers to other provinces.

2. An additional $59 million in debt charges for higher interest rates.

3. Higher family allowances and youth allowances payments requiring an additional $222 million. This relates to the increases in family and youth allowances which went into effect in October last.

4. A payment of $79 million towards an actuarial deficiency in the Canadian Forces Superannuation Account based on the regular five-year assessment of the actuarial deficiency of that account.

5. $27 million in payments to the railways for the maintenance of passenger and uneconomic branch line services.

● (1610)

The large items which Parliament will be asked to vote upon include:

1. $152 million for the carryover and extension of the 1972-73 Local Initiatives Projects and for the cost of the 1973-74 Local Initiatives Projects which is to be borne in this fiscal year.

2. $65 million for increased pensions and allowances to veterans.

3. $53 million for payments to subsidize the price of fluid milk and milk powder to the consumer.

Honourable senators will note that these Supplementary Estimates provide only for the amendments to the Family Allowances Act and the Youth Allowances Act that raised the benefit payments to $12 per child—that is the increase passed in October last. They do not provide for the amounts involved in the bill which is now before Parliament, for the obvious reason that the decision of Parliament could not be anticipated in the Supplementary Estimates. In addition, provision has not been included in these estimates for the program which subsidized the price of bread. This will be the subject of separate legislative action.

These Estimates, as has been done in previous fiscal years, seek authority to finance new items through complete or partial offsets in other votes in the same program, or other programs of the ministry where funds can be made available through the exercise of restraint, or where changing circumstances permit lower expenditures. These offsets are treated as $1 votes in order to bring them before Parliament for authorization.

There is a total of 23 $1 items included in these Supplementary Estimates. They consist of:

(a) Items authorizing the deletion of debts due the Crown. There are three such items.

(b) Items for grants. There are seven such items.

(c) Items authorizing transfers from one vote to another. There are four such items, including one item for Indian Affairs and Northern Development which is also listed in category (b).

(d) Items which authorize amendments to previous appropriation acts. There are nine such items, including two items for Industry, Trade and Commerce, which are also listed in category (c).

(e) Items which specifically amend existing legislation other than appropriation acts. There are three such items.

Honourable senators will be happy to learn that the explanations of the $1 items which were originally requested by our National Finance Committee were made available to, and were used by, members of the other place, and also by our own committee, in considering these Estimates.

I have before me the explanations for these $1 items. It is a rather lengthy document and all the explanations are there. I shall be only too happy to supply further information on these $1 items, if honourable senators wish me to do so.

I have covered the important features of the bill. If honourable senators wish further explanation, I shall do my best to provide it.

Honourable senators, while I am on my feet, I should like to refer to the debate which took place in this house on December 6 last when Senator Grosart was speaking on the motion for the adoption of the report of the Standing Senate Committee on National Finance which studied these Estimates. I am sorry that Senator Grosart is unavoidably absent today. However, I am not challenging what he has said, but merely wish to explain the interjection which I made at that time.

On page 1290 of *Debates of the Senate* of this session Senator Grosart spoke about the performance indicators proposed by the Economic Council of Canada. I interjected:

[Hon. Mr. Langlois.]

But the indicators were not defined, if I recall.

Senator Grosart replied:

The indicators are well defined and documented.

He went on to refer to the presentation made by Dr. André Raynauld, chairman of the Economic Council of Canada, to the Conference of Federal and Provincial Ministers of Finance. I shall skip a few sentences expressed in the same vein, and Senator Grosart then said:

> In this I found the responses from the minister somewhat disappointing, because he did not seem to be aware of the precision with which these indicators were established by the Economic Council of Canada.

I should like to refer honourable senators to the Tenth Annual Review of the Economic Council of Canada entitled: "Shaping the Expansion." I propose to quote the following two paragraphs, appearing on page 9 of the review, which deal with these indicators:

> The reason for setting up such an institutional concertation process is to generate a consensus around the basic national objectives we are striving to achieve. Once precisely defined—

I emphasize the words "once precisely defined."

> —these objectives would serve as a focus for public and private decisions, provided sufficiently broad agreement had been reached, both by the public at large and in the government sector.
>
> Further, it would be highly desirable for the federal government—at some future time—

And I emphasize the words "at some future time."

> —to adopt the system of performance indicators. The private sector could then make decisions with a clear and precise perception of the future orientation of economic policy. Immediate adoption of the indicators would, however, be premature—

I emphasize the words "be premature."

> —as they are still at testing stage. The system has to be tried by decision-makers, first, to determine whether it would be as useful in practice as it seems to be in theory.

I put this on the record merely to emphasize what I meant when I interjected the other day that these indicators were not well defined, and to put another perspective on the remarks of the minister to the committee when speaking about these performance indicators.

I thank honourable senators for their kind attention.

Hon. Mr. Macdonald: I wonder if I might ask the honourable senator if he would table the explanations of the $1 items?

Hon. Mr. Langlois: I shall be happy to do that. I have them here. If honourable senators are agreeable, I will table them. I have them in both French and English, and I might as well table them in both languages.

Hon. Mr. Molson: Would the honourable senator agree to having them printed as an appendix to today's proceedings?

Hon. Mr. Langlois: If the Senate is agreeable, I shall so move.

Hon. Mr. Molson: I think that would be worth while.

Hon. Mr. Flynn: I think they were printed in the minutes of the committee's proceedings. It would be useful to have them here.

Hon. Mr. Langlois: They appear as an appendix to the minutes of the committee.

The Hon. the Speaker: Honourable senators, is it agreed that the explanations be printed as an appendix to today's proceedings?

Hon. Senators: Agreed.

(For explanation of $1 items, see appendix, pp. 1332-1336.)

On motion of Senator Macdonald, for Senator Phillips, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1331*)

THE ESTIMATES

EXPLANATION OF ONE DOLLAR ITEMS IN SUPPLEMENTARY ESTIMATES (A), 1973-74

SUMMARY

The one dollar items included in these Estimates have been grouped in the attached schedules according to purpose.

A. One Dollar items authorizing the deletion of debts due the Crown—3 items.

B. One Dollar items for grants—7 items.

C. One Dollar items authorizing transfers from one vote to another—4 items (includes one item for Indian Affairs and Northern Development which is also listed in Schedule B).

D. One Dollar items which authorize amendments to previous appropriation acts—9 items (includes two items for Industry, Trade and Commerce which are also listed in Schedule C).

E. One Dollar items which specifically amend existing legislation other than appropriation acts—3 items.

Estimates Division
November 1973

SCHEDULE A

ONE DOLLAR ITEMS AUTHORIZING THE DELETION OF DEBTS DUE THE CROWN—3 ITEMS.

Indian Affairs and Northern Development

Vote 25a—Authority is requested to delete an uncollectable debt of $6,295.44.

Explanation—It is proposed to write-off a debt incurred by the Department in its Northern Natural Resources and Environment Activity. The Department has been unable to collect this debt due to the financial condition of the company. This amount has been examined and approved by the Standing Interdepartmental Committee on Uncollectable Debts due the Crown.

Veterans Affairs

Vote 5a—Authority is requested to delete certain debts due amounting to $74,580.53.

Explanation—To write-off the accounts of some ten debtors. Six of these are for debtors who have died with no known estate, three are for debtors who are considered to be indigent and one is for a liability which is not admitted and for which further collection expenses are not justified. The write-off of these accounts have been approved by the Standing Interdepartmental Committee on Uncollectible Debts due the Crown.

Vote 45a—Authority is requested to delete a debt amounting to $31,090.21.

Explanation—To write-off an outstanding debt of a debtor who has died leaving no known estate. This write-off has been approved by the Standing Interdepartmental Committee on Uncollectible Debts due the Crown.

SCHEDULE B

ONE DOLLAR ITEMS FOR GRANTS—7 ITEMS.

Environment

Vote 25a—To authorize grants totalling $46,000.

Explanation—The additional funds will be used to provide for the following grants:

(1) Chemical Institute of Canada—to provide a grant to assist in the cost of a symposium to be held on the Control of Insect Pests	$ 1,000
(2) Creston Valley Wildlife Management—to provide a further $30,000 to this authority in order to effect a more equitable Federal-Provincial distribution of costs. The Department has already provided a grant of $25,000 to assist the authority with its operating expenditures	$ 30,000
(3) Festival of Forestry—to provide an additional $15,000 to assist with the cost of the Festival (formerly the British Columbia Festival of Forestry). The Department has already provided a grant of $5,000	$ 15,000

Source of Funds—Vote 25—Contributions provided for Environment Management Services will be less than originally forecast.

External Affairs

Vote 10a—To authorize grants totalling $69,500.

Explanation—Additional funds are requested to provide for the following grants:

(1) Emergency Fund for the Westman Islands—to provide assistance to the volcanic disaster relief fund for the Westman Islands in Iceland	$ 62,500
(2) Atlantic Council of Canada—to provide an additional $5,000 to assist the Council in meeting its higher costs for public information and conference activities. The Department has already provided a grant of $2,500	$ 5,000
(3) An additional $2,000 is requested to provide for gifts to countries attaining independence and to mark special occasions	$ 2,000

Source of Funds—Vote 10—Contributions under the United Nations Voluntary Fund for the Environment are less than was originally anticipated.

External Affairs—Canadian International Development Agency

Vote 25a—To authorize the payment of grants totalling $752,050.

Explanation—It is proposed to provide additional grants to the following United Nations Organizations:

(1) International Planned Parenthood Federation—to provide an additional grant to assist with the Federation's work. The current Estimates provide for a grant of $1,230,100. $252,050

(2) United Nations Relief and Work Agency —to meet higher costs incurred in caring for Palestine refugees in the near East. The current Estimates provides for the payment of a grant of $650,000. $500,000

Source of funds—Vote 25—Funds are available as a result of less than anticipated payments to International Organizations.

Indian Affairs and Northern Development

Vote 35a—(This item is also included in Schedule C) To authorize the payment of a grant and contributions totalling $754,700.

Explanation—It is proposed to pay the following grant and contributions:

(1) Yukon Prospectors Association—to assist with the preparation of briefs in connection with proposed amendments to the Yukon Quartz Mining Act $ 1,000

(2) Government of the Northwest Territories —to assist in the provision of an arena for the community at Frobisher Bay $300,000

(3) Government of the Northwest Territories —to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $238,700

(4) Government of Yukon Territory—to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $215,000

Source of Funds—Vote 25—$453,700.—Funds are available due to the deferral of certain Constitutional Studies and Territorial Municipal Services Impact Studies and reductions in the level of operations elsewhere within the program.

—Vote 30—$300,000.—Funds are available due to a delay in the construction of the Resource Management Building at Yellowknife.

—Vote 35—$999.—Forecast expenditures for the amortization portion of the Transfer Grant to the Northwest Territories will be less than expected.

Vote 70a—To authorize grants totalling $40,000.

Explanation—The following grants are proposed:

(1) It is proposed to provide assistance in the form of scholarship to assist university students selected by the Department for post-graduate studies in resource conservation, outdoor recreation and other similar fields $ 30,000

(2) National and Provincial Park Associations in Canada—to provide financial assistance to a non-profit organization which assists the Department in the promulgation and comprehension of Parks Canada Policies and Plans through its participation at public hearings $ 10,000

Source of funds—Vote 70—funds are available due to the operating costs of certain parks being less than anticipated.

National Health and Welfare

Vote 45a—To authorize a grant of $100,000.

Explanation—It is proposed to provide an additional grant for family planning services. The number of applications for financial assistance received has been greater than was expected. The present Estimates provides for grants totalling $1,150,000 to assist in the family planning services and other projects in this area.

Source of funds—Vote 40—Funds are available due to contracts having been cancelled or delayed for the production of information materials. Some of this information is now being provided by the various applicants.

Secretary of State—National Museums of Canada

Vote 90a—To authorize a grant of $55,000.

Explanation—to provide a grant to the University of Toronto Press to meet the deficit which is expected to be incurred in the production of "Mammals of Canada".

Source of Funds—Vote 90—Funds are available due to the delay in negotiations for grants with qualified students engaged in graduate courses in the history of Canada art, and lower than expected expenditures for catalogue assistance.

SCHEDULE C

ONE DOLLAR ITEMS AUTHORIZING TRANSFERS FROM ONE VOTE TO ANOTHER—4 ITEMS (INCLUDES ONE ITEM FOR INDIAN AFFAIRS AND NORTHERN DEVELOPMENT WHICH IS ALSO LISTED IN SCHEDULE B).

Indian Affairs and Northern Development

Vote 35a—(This item is also included in Schedule B) Amount of the transfer to this vote $753,700.00.

Explanation—The additional funds will be used to provide for payment of the following contributions.

(1) Government of Northwest Territories—to assist in the provision of an arena for the community of Frobisher Bay $300,000

(2) Government of the Northwest Territories—to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $238,700

(3) Government of Yukon Territory—to cover the cost of completing its 1972-73 Federal Labour Intensive Projects Program $215,000

Source of Funds—Vote 25—$453,700.—Funds are available due to the deferral of certain Constitutional Studies and Territorial Municipal Services Impact Studies and reductions in the level of operations elsewhere within the program.

—Vote 30—$300,000.—Funds are available due to a delay in the construction of the Resource Management Building at Yellowknife.

Industry, Trade and Commerce

Vote 1a—(This item is also included in Schedule D) Amount of transfer to this vote $1,764,931.

Explanation—The additional funds are required for the following reasons:

(1) Metric Commission—the additional funds will be used to hire staff and to provide for associated expenses which are required to meet the increased workload resulting from the promotional work necessitated by the Commission's program $626,800

(2) Additional funds are required to provide for the operating expenses and staff required by the Canadian Trade and Tariffs Committee in order that it may obtain the views of all interested Canadians including Provincial Governments, Businesses, Consumers and Labour as part of the process of developing Canada's objectives for the multilateral trade negotiations which is currently underway $127,500

(3) Defence, Industry and Productivity—Industry Modernizations for Defence Exports Program—funds are requested for the deletion of the unpaid balance of a loan provided to a firm under this program. This contract has now fallen into the default $ 55,831

(4) Regional Offices—Additional funds are required to cover the cost of upgrading and expansion of the existing Regional Offices and the opening of a new office in St. John's, Newfoundland $338,000

(5) Trade Commissioner Service—Additional funds are required as the result of the devaluation of the Canadian dollar and the increased cost of operations abroad $616,800

Source of Funds—Vote 10—Funds are available from the PAIT Program disbursements which are now forecast to be less than was expected.

Vote 32a—(This item is also listed in Schedule D)—Amount of the transfer to this vote is $1,699,999.

Purpose—This additional amount will be used to provide for payments under the two-price wheat program based on the bushels sold for human consumption in Canada in 1972.

Source of Funds—Vote 35—funds are available as the forecast contribution to the Brazilian Government for construction of grain silos at grain importing and distribution points in Brazil will be less than expected due to construction delays.

Regional Economic Expansion

Vote 11a—Amount of transfer to this vote was $14,999,999.

Explanation—These additional funds are requested to provide for forecast contributions required as the result of the extension of economic expansion and social adjustment assistance to all areas of Canada rather than the designated areas.

Source of Funds—Vote 10—contributions within this program are expected to be less than originally forecast.

SCHEDULE D

ONE DOLLAR ITEMS WHICH AUTHORIZE AMENDMENTS TO PREVIOUS APPROPRIATION ACTS—9 ITEMS (INCLUDES TWO ITEMS FOR INDUSTRY, TRADE AND COMMERCE WHICH ARE ALSO LISTED IN SCHEDULE C).

Finance

Vote L13a—To authorize an extension to the vote wording so as to permit Loans made under the Winter Capital Projects Program which are to be consolidated after March 31, 1976 to include interest accrued thereon to the date of consolidation.

Explanation—This extension is requested to enable the Government to capitalize interest which may accrue on loans made to the same debtor and to permit the consolidation of these loans into one loan. If these loans were not consolidated the interest, in some cases could prove to be a financial burden to the debtor.

Indian Affairs and Northern Development

Vote L81a—To authorize an extension to the vote wording so as to extend the purposes of the Working Capital Advance Account to cover the acquisition and management of stores required for the operation and maintenance of the canals.

Explanation—This extension is required since the present National Parks Act does not permit the use of the

Working Capital Advance Account to finance the stores operations under the Canals Activity.

Industry, Trade and Commerce

Vote 1a—(This item is also included in Schedule C)—To authorize through an extension to the vote wording the reimbursement of the Department for the unpaid balance of a loan totalling $55,831.40.

Explanation—The proposed revision to the vote wording is requested to authorize the write-off of a loan provided for the purchase of equipment to assist an industry under the Defence Industry Productivity Program. The equipment has been repossessed due to the termination of the contract by default and the Department has not been successful in finding a purchaser for this equipment during the past fiscal year.

Vote 32a—(This item is also listed in Schedule C)—To authorize additional funds required for payments to Canadian Grain Producers in 1973-74 based on the number of bushels of wheat sold for human consumption in Canada in 1972.

Explanation—The original estimate for 1973-74 as to payments under the two-price wheat program was made prior to the receipt of official figures. As a result, the number of bushels sold for domestic human consumption in Canada in 1972 was higher than expected.

Labour

Vote 1a—To authorize through an extension to the vote wording the expansion of the Adjustment Assistance Program to cover displaced workers in the leather footwear and tanning industries.

Explanation—Authority is requested to enable the Department to enter into agreements to provide Adjustment Assistance Benefits to displaced workers which become unemployed as a result of implementation of the Leather Footwear and Tanning Industries Adjustment Program.

Regional Economic Expansion

Vote 1a—To authorize through an extension to the present vote wording the transfer without cost of the Bow River and St. Mary irrigation projects to the Province of Alberta.

Explanation—This authority is requested so that the Minister may transfer without cost to the Province of Alberta all assets of the Bow River and St. Mary irrigation projects. This transfer is in accordance with negotiated Canada-Alberta agreements signed earlier this year, in which it was agreed to transfer to Alberta all rights and interests in the property.

Treasury Board

Vote 7a—To authorize the deletion from the Accounts of Canada of the Reserve for Retroactive Salary Increases.

Explanation—Authority is requested to delete the Reserve for Retroactive Salary Increases for 1969/70 and 1970/71 established by the Treasury Board from the Accounts of Canada. This Reserve is no longer required since collective bargaining procedures are now developed to a point where retroactive salary payments can be provided within annual appropriations.

Vote 15a—To authorize an extension to the vote wording so as to permit payment to the Unemployment Insurance Commission of the cost of developing bilingualism in that Agency.

Explanation—Authority is requested to enable the Commission to be reimbursed for the cost of developing bilingualism in accordance with the Government's announced policy.

Vote 20a—To authorize an extension to the vote wording so as to permit the payment to employees of their share of the premium reduction under the Unemployment Insurance Act.

Explanation—Authority is requested to amend the wording of this vote to permit the payment to employees of their share of the employer unemployment insurance premium reduction to be charged against it. This reduction is granted under the Unemployment Insurance Act in respect of employees who are entitled to accumulate sick leave credits, the payment of which would reduce the liability of the Unemployment Insurance Commission to pay sickness benefits.

SCHEDULE E

ONE DOLLAR ITEMS WHICH SPECIFICALLY AMEND EXISTING LEGISLATION OTHER THAN APPROPRIATION ACTS—3 ITEMS.

Justice

Vote 1a—Authority is requested through this Vote wording so as to enable the Minister under the Judges Act to reimburse District Court Judges for all travelling expenses incurred in performing duties at a place other than that at which they are obliged to reside.

Explanation—The present Judges Act provides for the payment of a maximum travelling allowance of $500 per annum to district Court Judges in Ontario. This was found to be insufficient to cover travelling expenses of District Court Judges who regularly travel to judicial centres which are located some distance from the centre at which he resides. It is therefore proposed to reimburse these judges on the same basis for travelling expenses as county court judges.

National Health and Welfare

Vote 50a—To authorize an increase of $2,000,000 in the Statutory aggregate amount of payments that can be made under the Fitness and Amateur Sport Act.

Explanation—This increase in statutory ceiling is required to permit the provision of additional assistance to foster increased paticipation of Canadians in sport and fitness activities at all levels of endeavour, whether competitive or not.

Veterans Affairs

Vote 30a—To authorize an amendment to the Pension Act so as to enable the Canadian Pension Commission to accept and administer property and money bequeathed or donated in trust to the Commission for the benefit of pensioners and their dependents.

Explanation—The present Pension Act does not enable the Canadian Pension Commission to accept and administer properties and moneys bequeathed or donated in trust. Authority is requested to enable the Commission to accept and administer properties and moneys conveyed to the Commission in trust for the benefit of pensioners, their dependents and any other persons.

THE SENATE

Wednesday, December 12, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

FOREIGN INVESTMENT REVIEW BILL

REPORT OF COMMITTEE

Hon. Salter A. Hayden, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-132, to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons, and had directed that the bill be reported without amendment.

He said: Honourable senators, I propose to depart somewhat from the normal procedure in that I intend to read the report myself, and save the Clerk or the Assistant Clerk the trouble of doing so.

The report reads as follows:

> The Standing Senate Committee on Banking, Trade and Commerce, to which was referred the Bill C-132, intituled: "An Act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons" has, in obedience to the order of reference of December 6, 1973, examined the said bill and, for the reasons hereinafter mentioned, now reports the same without amendment.

Honourable senators will note the language, "for the reasons hereinafter mentioned."

> This was not the first time your committee had occasion to consider the above bill, which received first reading in the House of Commons on January 24, 1973. As a result of authority given to your committee by the Senate on May 16, 1973, to consider the document entitled *Foreign Direct Investment in Canada* (tabled in the Senate on May 15, 1972) and the bill based thereon, being Bill C-132, your committee held hearings and tabled a report on July 12, 1973, (see appendix to the *Debates of the Senate* of that date at page 873).
>
> As a result of the deliberations of your committee and the submissions made to it at that time, a number of areas requiring clarification or, in the opinion of your committee, corrections were identified and set forth in its report as recommendations for amendments to the bill (see specific recommendations, at pages 875 and following of the report). Your committee was in communication with the Honourable the Minister of Industry, Trade and Commerce prior to the formal tabling of its report as to those parts of the bill which appeared to your committee to require amendment. On July 5 the minister tabled a series of amendments to the bill in the Commons Committee on Finance, Trade and Economic Affairs which was also considering the bill at that time. These and other amendments were incorporated into the bill by the Commons Committee which reported the bill, with amendments, on July 20, 1973.
>
> A number of the areas of concern to your committee were covered by the bill, as amended, which was passed by the Commons on November 26, 1973.
>
> Of sixteen Senate recommendations, ten were dealt with by the Commons amendments. Of these ten, six, in the opinion of your committee, can be said to meet fully the objections which prompted your committee's recommendations. A further four amendments responded at least in part to your committee's recommendations, and in the remaining six cases, no amendments were made (see appendix "A" to the *Debates of the Senate*, December 4, 1973).
>
> Of the areas not touched or only partially touched by the Commons amendments, four, in the opinion of your committee, emerge as having particular importance:
>
> (1) Provision for adequate recourse to the courts;
>
> (2) The role of the provinces;
>
> (3) The position of real estate transactions under the bill; and
>
> (4) The presumption (although rebuttable) that 5% share ownership constitutes acquisition of control.
>
> The Minister of Industry, Trade and Commerce, the Honourable Alastair Gillespie, together with Mr. F. E. Gibson, Director of Legislation, Department of Justice, and Mr. Harvey Lazar, Special Advisor to the Minister, appeared before your committee on December 11. The minister and his officials responded to questions on a broad range of subjects relating to the bill and the way in which it is expected it will be applied; for example, the minister indicated that binding rulings on the question of non-eligibility would be given to an applicant notwithstanding that no specific acquisition was contemplated at the time. Reference is made to issue No. 23 of the proceedings of the committee for other important statements made by the minister; however, your committee considers it expedient to outline his statements and undertakings in respect of the four matters above referred to.
>
> On the question of appeals to the courts, Mr. Gibson indicated the manner in which, in his view, recourse could be had to the courts under section 18 of the Federal Court Act, in view of the definition in paragraph 2(g) of that act, for judicial review of purely legal questions (as opposed to the policy question of

whether an investment is of "significant benefit" to Canada) disputed by an applicant. The minister undertook that should these remedies not prove efficacious in practice after an opportunity for some experience under the bill, he would recommend that appropriate amendments be brought forward.

Hon. Mr. Flynn: We have heard that before!

Hon. Mr. Hayden: The report continues:

On the question of the role of the provinces in the review process, the minister stated in very specific terms his proposals for communication and consultation with the provinces.

On the difficult question of the treatment of real estate transactions under the bill, the minister undertook to bring forward guidelines illustrating what kind of transactions would be considered to be acquisitions of a business and consequently within the purview of the bill, and what kind of transactions would be regarded as acquisitions of property, and therefore not within the scope of the bill.

Finally, on the question of whether the figure of 5 per cent was too low a figure for the purpose of presuming acquisition of control, the minister emphasized the rebuttable nature of the presumption created and undertook to recommend amendments to the legislation to increase the figure if experience indicated that the 5 per cent figure, arbitrarily selected in the first place, proved lower than was necessary to properly accomplish its purposes.

In your committee's opinion, specific amendments are not the sole means of clarifying questions which arise under legislation. The present bill, if enacted, will be the first such legislation of its kind in Canada. The bill has raised a number of questions which, as a result of hearings before your committee and its deliberations on the bill, as well as discussions in other places, have been fully aired. In this connection your committee should mention a further submission made to it at its hearing on December 11 and to which the minister appeared receptive, pointing out that the amendment to paragraph 3(3)(e) of the bill may not adequately exclude certain kinds of internal reorganization other than the "statutory" or "Letters Patent" type to which the amendment appears to be confined.

It would be perhaps impossible to deal effectively at this stage, by way of amendment to the bill, with all possible objections to and concerns about the bill and its operation. As the minister acknowledged, doubtless the need will arise, as experience of operation of the bill is gained, for amendments to it and your committee recommends to the minister who will be charged with the responsibility for administration of the bill that, following its enactment and in the light of practical experience under it, all the concerns of your committee expressed in its recommendations be noted in applying the bill, in the preparation of guidelines which may be issued under the authority thereof and, where necessary, by specific amendment to the legislation.

[Hon. Mr. Hayden,.]

• (1410)

In 1971 your committee made a number of recommendations for changes in Bill C-259, the Income Tax reform legislation. In order to avoid further delays in passage, the then Minister of Finance undertook to bring forward in due course certain amendments to meet your Committee's recommendations. Your Committee notes with satisfaction that all of those amendments have now been made.

Hon. Mr. Flynn: All of this?

Hon. Mr. Hayden: The report concludes:

It is in a similar spirit and with similar confidence in the undertakings and statements of the Minister of Industry, Trade and Commerce made before your committee on December 11 that your committee is pleased to recommend passage of Bill C-132.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Hayden: Honourable senators, before the motion is put, I should like to have leave of the Senate to offer a few words of explanation amplifying the report.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Hayden: I realize that this could be done on third reading, but it might be of value, now that the report has been distributed to all senators, if I deal with it very briefly now.

I think I can safely say, as can those who were present yesterday when we had a pretty full attendance at the meetings of the committee, that the questioning of the minister covered a wide range of subjects. Mr. F. E. Gibson, representing the Department of Justice, was also present. We dealt with particular subject matters which were discussed during the debate in this chamber and on which particular emphasis was placed during the course of that debate. One such subject was the question of appeal; that is, a non-eligible person who wishes to acquire shares of a Canadian business enterprise has the right to proceed to judicial review when his application is refused by the minister.

In the recommendations made by the committee when it was considering the bill by reference from this chamber before the bill was formally received here, a course of appeal was outlined, which we suggested be incorporated in the bill itself. However, there exists a statutory right of appeal, which is contained in the Federal Court Act. Mr. Gibson developed this at length, and the committee was satisfied with this opportunity for judicial review at the instance of an applicant, and even at the instance of the minister, by the Federal Court, in connection with issues which might be the subject of dispute. These issues apply to acquisition of control, non-eligible persons and Canadian business enterprises. We exacted an undertaking from the minister that if the Federal Court, where any such proceedings might be taken, decided it did not have jurisdiction to maintain such an application, the minister would propose the necessary amendments to make certain that the jurisdiction would exist, together with the right

of an applicant to go to the court for judicial review of his position.

On the question of the role of the provinces, the minister made a complete statement of his position. I had intended to read it, but honourable senators will see it in the proceedings of the Standing Senate Committee on Banking Trade and Commerce, in a few days.

There might be some value in reading a portion of it. If the Senate will bear with me, I will indicate the nature of the minister's remarks. The minister, when asked what the procedures would be under which he would deal with the provinces and consult with them, said:

> Before the second proclamation, that being with respect to the establishment of new businesses, I will be meeting with them.

The word "them" means the ministers in all the provinces and the other officials designated by the provincial leaders in those provinces. The minister continued:

> In fact, I hope to be meeting with them to deal with the channels of communication before the first proclamation.

The first proclamation must be made, under this bill, not less than 180 days after royal assent has been given to this bill. The minister continued:

> So it would seem to me that the voice of the provinces will be heard. The phrase I have used throughout the discussion on this bill is that the provinces will be given a voice but not a veto. I think that is probably, in as few words as I can use, a way of distinguishing it. They will be given a voice. This is a national bill concerned with national policies, and, therefore, there should be no provincial veto.

The minister indicated further on—it is quite a lengthy statement—that he had requested the provincial premiers to appoint a minister. Most provinces already have a minister of industry. The point of contact between the minister in Ottawa and the provinces will be with the provincial minister of industry, together with any other provincial officials designated by the premier of the province.

So much for reference and consultation. On the question of land, or real estate, a statement was made by the minister through Mr. Gibson. Mr. Gibson explained at length the scope of section 18 of the Federal Court Act. If honourable senators read section 18 they will see that it does not appear that the act extends far enough to cover the minister, because section 18 deals with federal boards and tribunals. The interpretation section says:

> "Federal board, commission or other tribunal" means any body or any person or persons having, exercising or purporting to exercise jurisdiction or powers conferred by or under an Act of the Parliament of Canada,"

In the light of Mr. Gibson's statement, which the minister confirmed, it would appear, from consideration of section 18 of the Federal Court Act and the interpretation section, that there is jurisdiction for an applicant who has been injured or who thinks he has been injured by any disallowance of the minister or by the wrong application or interpretation of the factors leading to that decision. He may then go to the federal court. The committee felt that the undertaking of the minister to reinforce that right of judicial review, if any court presumed to challenge it, was adequate for the purposes of this bill. We were prepared to accept that in lieu of a particular amendment to the bill itself.

● (1420)

I started out intending to read to you the minister's statement with respect to land transactions, but that statement seems to have gotten lost in the welter of papers I have. The minister's statement was to the effect that he would propose issuing guidelines provided for under the bill and that these guidelines would indicate, by examples, both those areas subject to review and those not subject to review in transactions relating to real estate.

Hon. Mr. Flynn: That would not be binding on another minister.

Hon. Mr. Hayden: No. The only comment I would make—and it is a gratuitous comment—is that as far as I am concerned, if a minister gave an undertaking to issue guidelines and did not live up to that undertaking, he would have the greatest difficulty in getting any subsequent bills passed by this chamber. It might even be impossible.

Hon. Mr. Flynn: What happens if we have a change at the ministerial level, as was the case with the Honourable Mr. Benson?

Hon. Mr. Hayden: Well, my friend will have an opportunity to speak on third reading.

Hon. Mr. Flynn: Why not now?

Hon. Mr. Hayden: I do not control the appointment of ministers or changes at the ministerial level, nor does my friend as yet.

Hon. Mr. Flynn: Never. Don't worry about that.

Hon. Mr. Hayden: Not as yet, anyway. The minister explained that he felt there was a difference between the business of dealing in real estate and the business of dealing in property. His feeling was that there are bound to be many transactions which may fall on one side of the line or the other.

In view of the proposed issuance of guidelines, it was the view of the committee, as evidenced from the report, that this adequately deals with the situation at this time, particularly when the minister, realizing that this was the first venture to control foreign investment in the economy of Canada, recognized the need for amendments to meet the situations which would be experienced. He went on to say that he would deal with such situations by way of binding rulings, guidelines or regulations. He also said that if a situation could not be dealt with by any of those means, he would then recommend to his colleagues that it be dealt with by way of amendment to the act itself.

With respect to the five per cent, which is the threshold in applying a test as to whether there is acquisition of control or not, the minister very frankly admitted that this was an arbitrary figure. They had to select some figure, as he said, and five per cent was chosen arbitrarily. However, if it should develop, by reason of the volume of applications generated on this basis, and the experience in

connection with them, that this threshold has been set too low, it will be increased to a more appropriate figure. The minister gave this undertaking.

I have attempted to paraphrase some of the things that were said in the course of the committee hearings. The hearings went on until about 4 o'clock in the afternoon and the report was considered by the members of the committee and they approved of it in the form in which I presented it and read it to you today.

Hon. Mr. Flynn: When was the report drafted? Was it drafted in the course of the hearings, or after?

Hon. Mr. Hayden: If my friend wants to ask me that question, I will answer it on third reading. I am first explaining the report now, and in my opinion this is not the time to answer his question.

Hon. Mr. Flynn: Why not? It seems to me that it is a good question. I would like some clarification. The honourable senator has read the report and has explained it. Now, are we discussing the report or not? Of course, all is contrary to the rules, but with leave the chairman has been empowered to proceed. I do not see why we should not be entitled to discuss the report, as he has been doing.

The Hon. the Speaker: As honourable senators know, under rule 78(4), when a committee reports a bill without amendment, such report shall stand adopted without any motion, and the senator in charge of the bill shall move that it be read a third time on a future day.

Senator Hayden asked for permission to speak on his report, and the Senate gave permission. If other honourable senators wish to ask such permission, and if leave is given, there is no reason why they should not proceed.

Actually, there was a precedent for this when a bill to amend the Income Tax Act came before this house. Senator Connolly (Ottawa West), who had introduced the bill, spoke on the report, with leave, and there were other speeches made at that time; but I think that if they are going to be made they should be made with leave of the Senate.

Hon. Mr. Flynn: We have given leave.

Hon. Mr. Martin: I think we all agree that the Leader of the Opposition ought to have that leave.

Hon. Mr. Flynn: If third reading is going to be moved now, I don't mind.

Hon. Mr. Hayden: Is there any objection to third reading now? Honourable senators, with leave I move that this bill be now read a third time.

Honourable senators, I told my friend that when we got to the stage of third reading I would answer his question as to when the report was drafted. Perhaps that is why I got his consent to third reading right away.

Hon. Mr. Flynn: That is why I gave you leave.

Hon. Mr. Hayden: That is fine. We have counsel on the staff of this committee. Also, you have to give the chairman some sense of judgment or appreciation of how things are going. Certainly, by the time we had reached the recess, about 12 o'clock in the day, I had concluded, perhaps wrongly, as to the direction of the thinking. I had a session with our staff advisor and I laid out several courses of action for drafting. He produced a draft which, later on in the day, I read to the committee after it had voted that the bill should be reported without amendment. Some changes were made in that draft, to meet the wishes of members of the committee, and the result was the report which I presented today.

• (1430)

MOTION IN AMENDMENT NEGATIVED

Hon. Jacques Flynn: Honourable senators, I am unable to express in English my reaction to the explanation given by the chairman as to the manner in which the report was drafted and was adopted by the committee, and can only do so in French. No doubt *Hansard* will translate it for tomorrow but the interpreter can do it now for those of you who use the translation equipment: Qu'en termes élégants ces choses sont dites.

It is quite obvious that this "scenario" was organized in advance; we knew exactly what was going to happen. This report could not have been prepared so expeditiously if the chairman had not known the exact direction in which he wanted the committee to go, and seen to it that it took the course he wanted it to follow. The committee followed the course as directed. It could not do otherwise, owing to the great influence—I would not say bad influence, but the great influence of the chairman of the committee.

I am sorry that, owing to another commitment, I was unable to be present for yesterday's meeting of the Banking, Trade and Commerce Committee. I had hoped that the committee would not complete its hearing of the witnesses before I had a chance to get back, because I should have liked to have said a few words on the clause-by-clause study of the bill. However, I was not there—something which happens to all of us—and, therefore, I cannot complain about that. I will say, however, that I find it unfortunate that this report reminds me so much of the income tax reform bill, not only because it follows the same pattern but because it actually refers specifically to that unforgettable bill.

The penultimate paragraph of the report reads:

> In 1971 your committee made a number of recommendations for changes in Bill C-259, the income tax reform legislation. In order to avoid further delays in passage, the then Minister of Finance undertook to bring forward in due course certain amendments to meet your committee's recommendations. Your committee notes with satisfaction that all of those amendments have now been made.

I will not challenge that assertion, because the matters referred to happened too long ago. But if I had time to look into it, I feel certain I would be able to prove that that assertion is not entirely correct, although it may, in substance, be right. I think it all depends upon the vantage point from which you consider the report of the committee. Certainly, I was not at all satisfied with the manner in which the legislation was dealt with in 1971, and, therefore, I do not approve of the way in which we are dealing with the present legislation.

When we were discussing Bill C-132 on second reading, I expressed my doubts as to the necessity of passing the legislation at this time. I expressed my doubts as to whe-

ther there was any urgency to pass it immediately. I said that it might be good in principle but that in practice, considering all the relevant circumstances, there was no good reason to rush it. In fact, it was also the view of many provinces, including Quebec, that there was no rush about this matter.

Even if we intend to exercise some control over foreign investment in this country, that does not mean that we have to do so immediately. There is no rush with regard to this bill, as was the case or was purported by the government to be the case with regard to the income tax reform legislation of 1971. There was no urgency in that case, nor is there any with respect to this case. There would be no problem arising from delaying the passage of this bill for six months or even a year or more. We could very well have taken the time required properly to consider whether we should delay passage of this bill in order to bring forth a superior piece of legislation.

When I look at the report of the committee which resulted from our study of the bill prior to its coming before us and then look at the report we are considering today, I am annoyed by the about face which this report represents. I am thoroughly displeased with what we are doing here and what, I am afraid, is about to be done by this chamber.

In my opinion, it is not enough for the Senate to make recommendations for amendments and then settle for the mere promises of the minister that some of those amendments will eventually be made. We know what happened to the minister who made certain promises with regard to the income tax reform bill. He was replaced, and the new minister refused to be bound by the promises made by his predecessor.

Hon. Mr. Langlois: Mr. Benson's promises were kept.

Hon. Mr. Flynn: They were not kept. I do not agree with that. There are still a number of ills in that act which have not yet been cured.

If my friend wants to discuss that act, I am willing to do so, but I will say one thing at the start: We were assured by the then minister, when dealing with the income tax reform bill, that that legislation would mean less revenue to the government and great relief to a significant number of taxpayers in Canada. That never materialized. On the contrary! The government has collected $3 billion more under the new tax bill than it received before, and everyone knows that is so.

Hon. Mr. Langlois: That was not the subject of a Senate amendment, though.

Hon. Mr. Flynn: Yes, but the underlying principle of the income tax reform legislation was that we were going to give relief to many people. The amendments we proposed in the Senate were intended to give that relief, but they were refused, and I suggest that there are figures published by the Department of National Revenue which prove precisely that the government has pocketed $3 billion more since the inception of the new income tax legislation—in other words, in the last fiscal year. In any event, that is not the subject matter of the bill before us today, but since reference was made to what we did in the case of the income tax reform bill I thought my comments might have some bearing on what we should do today.

I disagree entirely with the idea that we should take the opinion of an official of the department as to the question of appeals. If the opinion that Mr. Gibson gave yesterday is correct, then, as far as the income tax legislation is concerned, should we not simply abolish the Income Act Appeal Board? If we do not need any board to appeal to the Federal Court, why not simply abolish the Income Tax Appeal Board? It is quite obvious to me that this reference, which the chairman has made to the Federal Court Act with regard to any person acting as a court or quasi-judicial body, does not apply to a minister of the Crown, or, if it does, has not been decided by any court yet and that we should not be satisfied simply with the assurance or the pious hope of any official of the Department of Justice that this is so. I have seen this argument before. Every time we question the wording of a bill, we always receive the same reply: "We know that it is like that, and, even if it has not been proven, it will be proven so." But very seldom has that been the case.

I do not accept the suggestion that the Senate should be satisfied with the pious assurance of any official of the Department of Justice as far as appeals are concerned.

With regard to the concurrence of the provinces, our committee, when it studied the bill, gave reasons for providing for the concurrence of any province in which the investment was going to be made in order to satisfy two things: first, the policy of that province and, second, getting the assurance that no province under these circumstances would challenge the constitutionality of the bill before the Supreme Court. Those were the two arguments. Those arguments are not countered by the assurance that the minister will meet with the provinces. There are, admittedly, many federal-provincial meetings. But you know very well how most of them end: The federal minister states his position, "take it or leave it," and that is the end of the conference. The provinces who are happy, take it, and those who are not happy, don't take it, or accept it in part. But it is always the same story. Do you suggest, honourable senators, that we should be satisfied with this procedure? I disagree entirely.

● (1440)

In the circumstances, not being satisfied with this report, I intend to move that the bill be referred to the Standing Senate Committee on Banking, Trade and Commerce on two counts, and on two separate motions. There is one which will deal with the problem of the concurrence of the provinces, and another which will deal with appeals.

I will start with the provinces. As far as their concurrence being required is concerned, the recommendation of the Senate committee has not been implemented. The proposition that we should settle for the mere assurance of the minister that he will consult the provinces is completely unsatisfactory.

I therefore move, seconded by Senator Choquette, that Bill C-132 be not now read a third time but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce with specific instructions to amend it by adding new clauses to provide:

> (a) that the province in which the investment is located be given a copy of all notices received by the agency under section 8 of the Bill and of any other

information submitted by any applicant immediately upon receipt by the agency, and

(b) that where the Minister proposes to recommend to the Governor in Council that an investment not be allowed, the Minister shall not submit such recommendation unless the province in which the investment is located either advises him within a specified period of time that it concurs with such recommendation or fails to communicate with the Minister within such period of time.

I may add that this wording is practically word for word that of the report of the Senate committee made prior to the coming before us of the bill. It seems to me that the reasons given at that time by the committee, and given and explained again by the chairman of the committee when he spoke introducing the bill, are sufficient to convince the Senate that we should approve this amendment.

The Hon. the Speaker: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), it is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Bourget, P.C., that this bill be now read a third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Choquette, that Bill C-132 be not now read a third time but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce with specific instructions to amend it by adding new clauses to provide:

(a) that the province in which the investment is located be given a copy of all notices received by the agency under section 8 of the Bill and of any other information submitted by any applicant immediately upon receipt by the agency, and

(b) that where the Minister proposes to recommend to the Governor in Council that an investment not be allowed, the Minister shall not submit such recommendation unless the province in which the investment is located either advises him within a specified period of time that it concurs with such recommendation or fails to communicate with the Minister within such period of time.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. John J. Connolly: Honourable senators, I have listened very carefully to what the chairman of the committee has said, and I have also listened with great interest to Senator Flynn's discussion in connection particularly with the work done by this committee.

For my part, not only do I make no apology for the work of the Standing Senate Committee on Banking, Trade and Commerce in connection with this bill, because I think the work that has been done on this bill has been exemplary, but I certainly make no apology for the work done by the same committee on Bill C-259 in 1971. At that time, in my opinion, the Senate broke new ground in connection with the great problem that traditionally second chambers have had.

I have used this argument many times before, but I think it bears repetition. We find ourselves, as do other second chambers in the parliamentary system, at the end of a session, or at the end of a Parliament, deluged with legislation—very often complicated and important legislation—with little or no time to deal with it. I think this departure from the rules which have been adopted in this chamber is a pioneering step for the parliamentary system. By pre-study of the legislation we put ourselves in a better position to deal with legislation when it comes to us in a formal way after it has been passed by the House of Commons.

I do not propose to engage in a dispute about whether every one of the amendments that were proposed by the Senate to the tax reform bill in 1971 were in fact included in subsequent amendments to that bill. But I do think—and I remember Senator Molson using the language in this house—that perhaps 95 or 99 per cent of the suggestions of the Senate committee with respect to the amendment of that bill have been adopted. What we have done in both these cases is to apply the kind of sober second thought that responsible people in the second chamber of a parliamentary system are expected to apply to legislation.

I say more than that. I say that our experience so far, particularly on the tax bill, has been fruitful. We have achieved something that perhaps we would not otherwise have achieved.

Hon. Mr. Flynn: Bringing more billions of dollars into the treasury.

Hon. Mr. Connolly: Well, I will not engage the honourable senator on that point, because I think it is not germane to the issue we have before us now.

There is the question of delay. Senator Flynn suggests that we should hold this bill up for another six months, perhaps another year, and that there is no hurry about it. The fact of the matter is that the bill is before Parliament. We studied the subject matter of the bill nearly six months ago. We did a month's study of it. Ultimately we are going to be faced with the same problem that we were faced with yesterday, whether it comes three months from now or six months from now. I think that the Senate committee did what it should have done in this respect. It dealt with the matter before it, and, in my view, dealt with it in an effective way.

Senator Flynn has suggested that it is not sufficient for a Senate committee simply to recommend amendments. I think, in the circumstances in which the committee dealt with this bill yesterday, it is highly appropriate for us to consider the problems that are indigenous to the introduction of a piece of legislation like this, which breaks new ground. It was responsible action on the part of the members of that committee—and I feel that my own responsibility was discharged—to discuss this frankly with the minister, get his reactions to the difficulties that we saw and, finally, to accept his proposal that at least the legislation is worthy of a try, and if amendments are ultimately required they will be brought in. The minister gave us that undertaking. I am sure that that undertaking will be honoured, just as the undertaking given by the Minister of Finance in 1971 was honoured, although not by the minister who gave the undertaking but by his successor.

On the question of appeal, Senator Flynn suggests that what we did in the committee yesterday was to simply accept the say-so of the official of the Department of Justice, who explained the effect of section 18 of the

Federal Court Act combined with section 2(g), which is the interpretation section.

● (1450)

I am sorry that Senator Flynn was not there himself yesterday because, being the distinguished lawyer that he is—and I do not flatter him when I say that—I think he would agree with the other lawyers on the committee that the interpretation by the chairman, contained in part of the report, is an interpretation generally agreed to. It is not a tortured interpretation.

Hon. Mr. Flynn: I am sorry, but I should point out to the honourable senator that when we made the report last May this section in the Federal Court Act then existed, and we were the same lawyers.

Hon. Mr. Connolly (Ottawa West): We were the same lawyers, and the law was on the statute books. It was unfortunate that we did not advert to it.

Hon. Mr. Flynn: We did.

Hon. Mr. Connolly (Ottawa West): I do not remember adverting to section 18 of the Federal Court Act at that time, and I do not think the matter came before the committee.

Hon. Mr. Flynn: It did.

Hon. Mr. Connolly (Ottawa West): If my friend knew about it at that time, then my statement that he is a distinguished lawyer is even more strongly established. But I did not know about it.

In my view, honourable senators, the interpretation given yesterday is a clear and reasonable interpretation. But if we are completely wrong, and if, in fact, appeals cannot be made on the points to which the report refers, and if there is difficulty in that respect, what we have now on the record is an indication from the minister that the legislation before us will be amended to provide the right of appeal.

Coming now to the question of liaison with the provinces, the wording of the statement made by Senator Hayden, chairman of the committee, is a quotation from the minister to the effect that he thought the provinces, under the bill, should be consulted, but that they should not have a right of veto—and here I am paraphrasing. This is primarily a piece of federal legislation intended for the benefit of all of Canada. We did not go into the reasons, and I do not at this time propose to go into the background and the reasons which urged the Government of Canada at this time to bring forward this kind of legislation. The fact remains that the legislation is now before us, and it is federal legislation.

There may be some doubts in the minds of some people as to whether it is constitutional. I do not say that it is or that it is not—I have an open mind about it. But I was impressed, and I think the committee was impressed, with the expressed intention of the minister to consult very closely with the provinces in respect of all matters in connection with both foreign takeovers of existing Canadian companies and the formation of new Canadian business enterprises by non-eligible persons. From a practical point of view, it was pointed out to the committee yesterday—and the minister and the officials agreed—that in almost every case of an important takeover, or the establishment of an important new enterprise, the province is likely to discover the existence of such proposals in advance of discovery by, and notice being given to, federal officials. I do not think there is a great chance that the provinces would be kept in the dark in any particular in respect of important takeovers, or in respect of the establishment of new important enterprises.

Honourable senators, I am very proud of the work that the Senate committee has done on this bill, and in the past I expressed my pride in work of a similar character done on the income tax reform bill of 1971. I think that a great deal more credit than he has been given is due to the chairman of the committee for the way in which he has enabled the committee to deal with these matters in advance of our receiving the bills. The committee was enabled to provide itself with suitable staff so that the members had expert advice as they did their work. Our chairman's conduct of the meetings has been a great contribution to the work of the Senate and, even more, a great contribution to the work of Parliament.

Hon. Ernest C. Manning: Honourable senators, we are specifically debating whether this bill should be sent back to the committee with instructions to make the amendment that has been proposed. I think you will agree that in debating such an amendment it is almost unavoidable that we go beyond the terms of the amendment itself, or beyond the motion itself, and consider the reasons why such a motion would be proposed. I hope that I will be permitted that latitude.

I had intended to make some comments on the principle of this bill when it received second reading, but unfortunately I was not able to be in attendance on that occasion. I shall not personally support the motion to refer this bill back to committee for this one specific amendment, because if such an amendment were desirable and if such an amendment were made, it would still not come to grips with what I consider to be the most serious aspects of this particular piece of legislation.

I endorse fully the commendation expressed by Senator Connolly of the excellent work done on this bill by the committee, and by its chairman. On the occasion when he introduced this bill in the Senate and on the occasion of dealing with his report, he has outlined in his usual clear and explicit manner the provisions and implications of this particular piece of legislation. But quite frankly, the more I hear this bill explained, and the clearer its provisions become by reason of those explanations, the more disturbed I am that we are placing legislation of this kind on the statute books of Canada at all.

We are entering a period in this country when we are going to require investment capital on a scale unequalled in any previous period in our history. In the current energy crisis alone, it has been estimated that Canada will require probably $30 billion in the next ten years if we are to develop adequately our energy resources to avert what otherwise may be serious shortages in the years ahead. I am very disturbed to see us passing legislation which amounts to one more impediment in the way of obtaining adequate foreign investment capital in this country. It can correctly be said that this bill does not prevent foreign investment capital coming into Canada. It indicates, however, an attitude and position on the part of the Govern-

ment of Canada that creates very grave doubts in the minds of foreign investors. It is the indirect impact of such legislation that, I suggest, may well cost this country millions of dollars of much needed foreign investment capital in the critical years which lie ahead.

● (1500)

I look back over the past and I frankly hate to think where we would be in Western Canada in resource development had there been this type of impediment in the way of American investment 30 years ago. My first great concern, therefore, is as to the necessity of such legislation at all. This bill has been talked about in the media and across Canada as a bill to prevent foreign takeovers. That misconception needs to be repeatedly dispelled. No one can take over a business in this country without the free will consent of the owner or owners of that business. Every transaction we are talking about that this bill will touch is a transaction in which Canadian owners of a company have initiated steps to sell their equity to a foreign investor, or have been approached by a foreign investor with an inquiry as to whether they are prepared to sell all or part of their equity. When governments start interfering with the right of Canadians, individually or collectively, to dispose of assets which they rightly own, government is injecting itself into a field that leads to results the consequences of which can be very detrimental in the long run to the well-being of this country and the development of its economy. I cannot escape the conclusion that there is little, if any, necessity for such legislation in Canada. Primarily it is another government capitulation to the political pressures of the socialistic elements in this country which have always been biased against foreign investment and, particularly, against United States investment. I am disturbed to see a bill going on the statute books that employs the method that this bill employs to accomplish its objective. What we are doing is putting in the hands of a minister of the Crown very broad discretionary powers. We are establishing for him an advisory or screening committee to recommend to him whether he should or should not approve certain sales of Canadian companies, or permit the establishment of certain new companies by other than Canadian citizens. That is a very bad method to employ. If it is necessary to introduce some type of legislation along these lines, surely it would be far better to spell out specifically in the statute what is required of foreign investors wishing to own all or part of a company in Canada. Then the investor would know in advance precisely the rules with which he must comply before he comes to this country. This business of leaving these vital decisions to the discretionary powers of ministers who change from time to time and to advisory committees, whose judgment may be influenced by political considerations which have nothing, or very little to do with the issue at stake, inevitably creates an atmosphere of uncertainty in the minds of investors. This again has a very detrimental impact as far as the flow of essential investment capital to this country is concerned.

Finally, there is this matter of constitutionality. I was sorry that the chairman did not deal with that specifically in this report. Surely the fact that this bill applies to companies incorporated under provincial statutes does raise a serious constitutional question. The government of

Canada, if it was going to insist on this type of legislation, would have been well advised to refer the bill to the Supreme Court of Canada for a ruling on that important constitutional point. I can see difficulties arising down the road when the federal government interferes with the sale of a company which is incorporated entirely under the companies act of a province, and perhaps operating only in that province. It is unwise to leave an issue of that importance in doubt until action is initiated with respect to a specific case. In the meantime the element of uncertainty is left in an important constitutional field.

In my view it is not practicable to attempt to make amendments to this statute that would meet the major objectives. I agree with the section of the report that points this out quite clearly. I am not only unimpressed, but I am afraid of the position in which this matter is being left as far as consultation with the provinces is concerned. We have seen from past experience that the meaning attached to consultation with the provinces by the Government of Canada and the meaning attached to the procedure by the provinces are often two very different things. We have some very unhappy situations in Canada today due to this difference of interpretation as to what is meant by consultation between federal ministers and the governments of the provinces. That is not a good basis on which to leave an issue of this importance.

My conclusion, therefore, is that I see no purpose in referring the bill again to committee for one or two specific amendments. Had the motion been that the bill not be read a third time, but given a six-month hoist, that would have been a far more practical motion and I would have supported it. In my view this bill should be withdrawn altogether and redrafted, if the decision is that we must have such legislation at all. It should be redrafted to spell out in the statute itself the specific restraints considered necessary of foreign investment in Canada which, under this legislation, are left to the discretion of a minister of the Crown.

For those reasons I cannot do other than oppose altogether the legislation in its present form.

Hon. L. P. Beaubien: Honourable senators, I agree very much with Senator Manning, Senator Cook and Senator Lang. During the years that I have been in the financial business I have never seen any kind of foreign investment in Canada that has been detrimental. Nearly all senators who live in the different provinces of Canada and have spoken in this connection have stressed the tremendous good that has been generated in various regions by foreign investment. Take Labrador, for instance. There is no question that enormous changes have been brought about there through foreign investment.

● (1510)

The development at Churchill Falls, which produces something like seven million horsepower at a cost of less than $1 billion, is of tremendous benefit to Canada and particularly to the province of Quebec. It will go on being an increasing benefit as the cost of all other kinds of competing energy increase.

The different dams built above Churchill Falls form a retaining lake the size of Ireland. The dams are there forever, and the power thus generated is purchased at the Labrador border by Quebec Hydro. This cheap power is a

great benefit to every inhabitant of Quebec and the development would not have been possible without foreign capital.

I would like to give the house two or three figures to illustrate my point. Let us take, as an example, Imperial Oil. We have always been told that the oil industry is nearly 100 per cent foreign-owned. I work with an estate that purchased 100 shares of Imperial Oil in 1919 at a cost of $2,000. Later that year each share was split four for one. In 1925 the stock was split four for one for the second time. In 1969 each Imperial share was split four for one for the third time. At that stage the estate owned 6,400 shares. Multiply that by the price the stock is selling at today, and you get a value of $256,000.

Imperial Oil has 129,500,000 shares outstanding of which the parent company owns 69.8 per cent. The remaining 30.2 per cent are mostly held by Canadians, and a lot of it is in our different pension funds. That means that Canadians own 38 million shares of Imperial Oil, and if you multiply that by today's price of $42 you come up with the astronomical figure of $1.6 billion.

That is a lot of money. To give honourable senators an idea of how much money it really is let me point out that CPR has 71 million shares outstanding. Multiply that by today's price of $14.50 and the answer is $1 billion. Bank of Montreal has 34 million shares issued. At $18.50 a share that works out to $600 million. In other words, the Canadian public's investment in Imperial Oil is equal to the combined value of the CPR and Bank of Montreal. The total value of Bell Canada common shares is about $1.4 billion, and that of Royal Bank shares is $1.1 billion. It is not surprising that Imperial Oil is a popular stock with the pension funds that are being built up, year after year, to protect the Canadian worker.

Getting back to the bill, I should like to compliment Senator Hayden on the way he dealt with it. As Senator Connolly said, our method of going through the bill, and studying the substance of it, was of great help. By so doing we were able to see the weaknesses of the bill.

In my opinion, there should be some amendments. I do not like the feeling that exists in the Senate that come what may no bill should be amended and sent back to the other place; the attitude that they are having trouble in the other place and, therefore, no matter what happens, we will not amend any bill. I think that is a wrong attitude. It is very wrong.

For my part, I do not like the bill. I do not think it is needed. I agree with Senator Manning. Therefore I shall vote against the bill in every way that I can.

If we could vote for the amendment and send it back to the other place, it might die. I think that is the best thing that could happen to it. Therefore I shall vote against the bill, or I shall vote for the amendment, whichever comes first.

Hon. Eugene A. Forsey: Honourable senators, I merely wish to say that if the amendment proposed by Senator Flynn were confined to the first half of it, I should be strongly inclined to vote for it. In fact, I would. I have no objection to the first half of the amendment, the compulsory furnishing of information to the provinces. This provides for what seems to me to be consultation in the proper sense of the term.

But with the second half of the amendment, I am not in sympathy at all. Assuming that the legislation is within the power of Parliament, which I think it is, then there seems to me no reason at all for offering the provinces a veto on a matter of national policy.

If anybody says the legislation is unconstitutional and should be referred to the Supreme Court, my answer would be that, on the whole, experience has demonstrated that it is better that legislation should go before the courts in the form of concrete cases rather than in the form of reference cases.

Hon. Mr. Everett: Honourable senators, my point is not really addressed to the amendment but rather to the principle of the report that is before us. I am prepared to wait until after we have dealt with the amendment before discussing this matter, if that is your wish.

Hon. Mr. Martin: On third reading.

Hon. Mr. Everett: On third reading.

The Hon. the Speaker: With leave of the Senate and notwithstanding rule 45(1)(b), it is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Bourget, P.C., that this bill be now read a third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Choquette, that this bill be not now read a third time, but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce with specific instructions to amend it by adding new clauses to provide—

Hon. Senators: Dispense.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of Senator Flynn's motion in amendment please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against Senator Flynn's motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1520)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Beaubien	Fournier (*Madawaska-Restigouche*)
Bélisle	Macdonald
Choquette	O'Leary
Cook	Phillips
Flynn	Quart—10.

NAYS

THE HONOURABLE SENATORS

Argue	Inman
Basha	Lafond
Bonnell	Laird
Boucher	Langlois
Bourget	Lapointe
Carter	Lefrançois
Connolly	Manning
(*Ottawa West*)	Martin
Croll	McElman
Davey	McIlraith
Denis	McNamara
Duggan	Michaud
Everett	Molgat
Forsey	Molson
Fournier	Neiman
(*de Lanaudière*)	Norrie
Fournier	Perrault
(*Restigouche-*	Petten
Gloucester),	Smith
Giguère	Sparrow
Godfrey	Stanbury
Goldenberg	Thompson
Hayden	van Roggen
Hays	Williams—44.

The Hon. the Speaker: I declare the motion in amendment lost.

Hon. Douglas D. Everett: Honourable senators, before we proceed to third reading of this bill I have some comments I wish to make. My comments are not related to the bill itself as much as they are to the principle of the report.

Like Senator Connolly, I congratulate Senator Hayden on the departure he took with respect to Bill C-259, the income tax legislation, and with respect to the bill now before us, undertaking the pre-study in order to permit our committee to examine the bill and to consider it fully without being rushed by legislative requirements. On the other hand, in the case of Bill C-259, the undertaking by the minister was to bring forward certain specific amendments to the bill. The Senate passed Bill C-259 on that basis, that the amendments to be made by the minister were of a specific nature.

● (1530)

It seems to me that there is a new principle arising out of Bill C-132. After its first hearings, the Standing Senate Committee on Banking, Trade and Commerce, reported on July 12, and it recommended 16 alterations to the bill. The committee states, in its present report which was tabled here today, that 10 of those were accepted and the bill was amended accordingly, but that six of them were left open.

On page 2 of the report, the committee outlined the four areas that were left open:

(1) Provision for adequate recourse to the courts;

(2) The role of the provinces;

(3) The position of real estate transactions under the bill; and

(4) The presumption . . . that 5 per cent share ownership constitutes acquisition of control.

The principle that bothers me is that we passed Bill C-259 because we had an undertaking that "specific" amendments would be made. Here we have passed the bill and the undertakings are that the bill will be administered in a certain way or that certain unspecified amendments will be made to the bill. I just caution the Senate that this is perhaps a poor principle on which to pass legislation.

One of the areas was provincial participation in the review process. In the July 12 report to the Senate, recommendations for specific amendments were made. In the report before us it says that "the minister stated in very specific terms his proposals for communication and consultation with the provinces."

On the question of appeals, in the July 12 report we recommended that certain provisions, certain amendments, be made to provide for appeals on specific grounds. In the report before us, the minister undertook that "should these remedies not prove efficacious in practice after an opportunity for some experience under the bill, he would recommend that appropriate amendments be brought forward," not specific amendments but appropriate amendments; in other words, amendments that he would bring forward at the time.

Under the question of presumption of control, in the July 12 report the committee recommended that the 5 per cent figure should be increased to 10 per cent. In the report before us, the minister "undertook to recommend amendments to the legislation to increase the figure if experience indicated that the 5 per cent figure, arbitrarily selected in the first place, proved lower than was necessary to properly accomplish its purposes."

The point I am making is that what we have done here is to pass legislation on the basis of the minister's statement that either he will administer it in a certain way or he will bring forth appropriate amendments which he will draft at the time.

I can appreciate that this course has been necessary in order to handle this legislation, but I caution the Senate that we should be very careful about going too far in this direction. What in effect we may be saying is, "Bring forth any legislation that you like and assure us that you will administer it in a certain way and we will pass it."

That assumes a number of things. It assumes that the same minister is going to be there; it assumes that the same principles are going to apply, and it assumes that the minister who is going to be there understands the same criteria as the committee does in respect to future amendments and the operation of the bill.

This is not an area in which I am sufficiently knowledgeable to say that we should not go forward in respect

of this bill. I think it was necessary in respect of this bill, but this is an area where we should be very cautious in the future about going further. When we are dealing with a bill, it seems to me that our responsibility is to pass the bill or to amend it. At the worst, we could do what we did with Bill C-259, pass it on the undertaking that amendments will be made subsequently. But it is very dangerous to pass a bill on the basis of certain undertakings having been given as to how it will be administered or that it might be amended some day if it is not working properly.

● (1540)

Hon. George van Roggen: Honourable senators, I did not take the opportunity of speaking on this bill on second reading, but, if you will permit me, I will now take just two or three minutes to express one or two views I have relative to it.

Particularly as someone coming from one of the distant provinces of this country—

Hon. Mr. Flynn: One of the wealthy provinces.

Hon. Mr. van Roggen: —we have to be always a little bit on our guard, I feel. One or two of my friends might say to me, jokingly I know, "Well, George, we would expect you to vote against this bill." However, I will not be voting against the bill, because to do so would be, in a sense, simply to vote against the past. It is my personal view that much of the problem we have in Canada with respect to foreign control—and I use the word "control" as opposed to "ownership," which I will deal with in a moment—is of our own devising. It has resulted in our almost totally branch-plant-manufacturing economy, which is something we have created—nobody has imposed it upon us. I have spoken on that subject before so I will not bore you with further remarks on it now, but the problem has been forthcoming for many years. We have created it, and we should be clear about it, and clear that it is not some nasty foreigners who have imposed it upon us.

We are faced, however, with the situation as it exists today. Unfortunately, we cannot go back into the past and cure the past. The situation today is that foreign investment in Canada is approximately $50 billion, of which I believe United States investment is approximately $35 billion. Those are just approximate figures, incidentally. Now, those are very large figures, and we have heard repeated, particularly by the NDP, *ad nauseam,* that it is "a huge percentage of this industry" and "a huge percentage of that industry," but let us keep in mind that in terms of a mortgage on the family farm, to use the vernacular, it is not that much.

Our gross national product this year will be about $120 billion. In other words, about 40 per cent of it is represented by foreign investment. That is like the situation in which a man with $10,000 income has a mortgage on his home of $4,000—not a very serious state of affairs; not one we need to panic over.

I hope the minister will keep these facts in mind when he starts administering the bill. However, we do have a high level of control in a number of sensitive industries in this country—a control wholly outside of Canada—and as a British Columbian I have in recent years been taken with the sophistication and sensitivity of Japanese investors coming into British Columbia. They are sensitive because at home they do not allow uncontrolled foreign investment to take control of their different industries. They display sensitivity in coming into British Columbia and arriving at partnership arrangements with Canadian investors, where the Japanese will bring in much of the capital, take a small percentage of the equity, possibly set up purchasing arrangements for the products from the plants, and allow for large Canadian equity participation.

One of the reasons I am voting for this bill is that it will give the minister a bargaining tool to enable him to persuade foreign investors to come forward with sophisticated approaches when they wish to come into Canada with foreign investment. These could be sophisticated approaches with regard to establishing proper research and development in Canada, finding Canadian partners and going the extra mile in trying to make arrangements which will see equity in the hands of Canadians in addition to foreign equity.

This has not been the case in the past. In the past, business by its insensitivity has brought upon itself much of the present mood of the country in this respect, and it has nothing but itself to blame.

To provide this bargaining tool to the minister and to the government, I am going to support this legislation. But I do wish to make the point that I fully appreciate the fact that this bill puts entirely in the hands of the government a veto over every substantial foreign investment in Canada in the future, whether for new business or for buying out an existing business, and that is a remarkable power for a government to take unto itself.

I simply wish to make the statement that I, for one, will be watching very carefully to see that this bill is not administered for the sole benefit of Ontario, as has been the case relative to tariffs over the past one hundred years—to the disadvantage of the rest of this country.

FURTHER MOTION IN AMENDMENT NEGATIVED

Hon. Jacques Flynn: Honourable senators, after the two speeches we have just listened to, as well as Senator Manning's speech, I think I should give the Senate the opportunity of making a decision on the question of appeals and on the question of the discretion given to the minister.

As I have indicated, when the committee made its recommendation last July as to the necessity of providing appeals from the rulings of the minister or the recommendations of the minister to the Cabinet to disallow given investment, it stated that there should be an appeal to the Federal Court. We knew then that the Federal Court provided for certain appeals. But obviously we must not have been satisfied with the provisions. Now, just because an official of the department comes and tells us that we should not worry about this or that any more, because in his opinion it is already provided for, we simply abandon the recommendation as though it had lost all relevance and value.

The recommendation we made with regard to appeals was in keeping with the attitude taken by this body in 1961 in the famous "class or kind" bill. In that case we did not budge. The minister at that time, as the minister does today, assured us that he would be very careful. The

minister of that day had a much easier decision to make. He had only to decide whether a certain piece of equipment was or was not of the class or kind manufactured in Canada. That was merely an administrative decision. Yet, the Senate insisted upon providing an appeal from the decision of the minister. It was insistent. It would not budge.

Hon. Mr. Choquette: And it had the effect of killing the bill.

Hon. Mr. Flynn: Yes, the bill was killed.

I suppose we are all in the same mood today, especially the Leader of the Government, who in 1961, as a member of the other place, fought for that amendment to be adopted by the Senate. In fact, I see many senators here who supported that amendment at that time. It will interest me to see how they vote on the amendment I am about to propose. We will see whether there is any consistency in the way they vote or whether their votes are simply mindless partisan acts prompted only by the desire to maintain this weak government in power.

I move, seconded by Senator Choquette:

> That the bill be not now read a third time but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce with specific instructions to amend it to provide for an appeal to the Federal Court, at the instance of any party to the transaction, from any ruling of the Minister and any decision made by the Minister to recommend to the Governor in Council that the investment be disallowed.

This is, in substance, in accordance with the recommendation of the report of the committee. I have omitted the details of the procedure which should be followed, because I know that, if the matter is referred again to committee, Senator Hayden will be able to draft the precise provisions required to make the bill efficient.

I am quite sure I am going to have the support of all those who in 1961 wanted to have an appeal from the decision of the minister in that famous class or kind bill.

● (1550)

The Hon. the Speaker: Honourable senators, with leave of the Senate and notwithstanding rule 45 (1) (b), it is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Bourget, P.C., that this bill be now read a third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Choquette, that this bill be not now read a third time, but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce with specific instructions to amend it to provide for an appeal to the Federal Court, at the instance of any party to the transaction, from any ruling of the minister and any decision made by the minister to recommend to the Governor in Council that the investment be disallowed.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Lionel Choquette: Honourable senators, I would like to say just a few words on that. When I hear "class or kind", I recall that I was the one who introduced that bill a year or two after my appointment to this house. Then, as today, there was just a small group on the Conservative side, but we were in power. Again, we had, on the other side of the house, in opposition then, an impressive array of Liberals such as we have today. However, I would like to recall for your benefit just a few of the expressions that were used then.

The minister in question was the Honourable George Nowlan—a kindly sort of man. I do not think he would have abused his powers.

Hon. Mr. McElman: A good Maritimer.

Hon. Mr. Choquette: Yes, and we referred to him then—and I am sure Senator Hayden will recall this—as "Fidel Castro". We went as far as that. We were giving him the same powers as Fidel Castro possessed. Others made great dissertations and compared him to Louis XIV who said, "L'état, c'est moi." The speeches were most eloquent, and it was suggested that the powers contemplated would constitute an abuse of authority, but it was pointed out that that could not possibly happen in Canada.

I remember one senator who said, "I am leary now. I have to draw up my will, and when I see such powers about to be given to some of our politicians and statesmen, I do not know to what members of my family I will bequeath my estate". I nearly answered, "Why do you not leave it to the one who is the least pompous of your family?" But those were the kinds of speeches that I had to listen to as a new arrival in the Senate.

I have not got the bill before me, with all the debates, but from recollection I am just reminding those honourable senators who were here then of some of the expressions, some of the speeches made, and some of the vehemence used, at that time. I ask you to recall that today, and compare how easy it was for the then minister to say, "This machinery is of the same colour, and the same dimensions. It has a few bolts here, with perhaps a few more on that side than on this side, but that is all we will be called upon to decide, and I will have experts who will advise me." It was said at that time, "Oh, no. You are going to have the same powers as Fidel Castro."

I am just reminding honourable senators of those expressions that were used at that time, and of the attitude that the Liberals took when I introduced the bill on "class or kind".

Hon. H. Carl Goldenberg: Honourable senators, I am one of those who were not here in 1961, and I assume that Senator Flynn will allow me to vote the way I choose to vote that is, according to my conscience.

Hon. Mr. Flynn: Whether I allow you to do so or not, you will do it just the same—and it will always be the same way.

Hon. Mr. Goldenberg: I certainly will, but I just want to remind Senator Flynn of a difference in the situation that existed in 1961, as compared with the situation today.

There was no Federal Court in 1961. There was no special court to which appeals could be made from decisions by administrative boards and other quasi-judicial bodies. There was no such court then, but there is today. As a lawyer, I naturally believe in appeals, and there is a provision in the Federal Court Act, as Senator Hayden

pointed out this afternoon, for appeals from federal administrative bodies.

Now, I do not believe that there should be an appeal from the minister's decision that an investment is not of "significant benefit" to Canada. That is not a matter for a court to decide. However, it is for a court to decide whether the minister is right when he says that under the act a person is eligible or not eligible, or when he says there has been an acquisition or there has not been an acquisition. A court can decide on that. The matter of "significant benefit" is not something that is proper for decision by a court. I therefore feel that under the legislation as proposed the right of appeal is protected in so far as it should exist.

Again I would remind the Senate that while it is easy to talk of 1961—I remember that occasion very well; I was not too young then either—there was then no Federal Court; there was no provision for appeals such as is now available.

Hon. Mr. Flynn: May I ask the honourable senator a question? When the Banking, Trade and Commerce Committee brought down its report in July, and recommended specifically that there should be an appeal, did he protest? Did he bring in his argument that there should not be any appeal? Did he disagree with the committee at that time?

Hon. Mr. Goldenberg: I am not a member of the Banking, Trade and Commerce Committee—

Hon. Mr. Flynn: You do not have to be a member to disagree.

Hon. Mr. Goldenberg: —and I too, like Senator Flynn, sometimes do not attend meetings of committees.

Hon. John M. Godfrey: Honourable senators, in my speech on the bill I dealt with the question of the right of appeal, and I was relying to a great extent upon a brief submitted by the Ontario Section of the Canadian Bar Association, and the report of the Banking, Trade and Commerce Committee of the Senate, in my reference to the fact that there was no such right of appeal.

When we heard from Mr. Gibson, of the Department of Justice, yesterday that, in effect, there was a right of appeal under section 18, by the use of *certiorari* and prohibition, I decided that on this occasion I would not rely on Mr. Gibson but would do a little independent legal research of my own, which I did. As a result, I have come to the conclusion, particularly in view of the opinion given by Mr. Gibson and the statement made by the minister to the committee yesterday, that in fact there is a right of appeal under section 18 on the question of whether or not a person or a company is non-eligible.

There may have been some doubt before, but now, in opposing any motion of *certiorari* or prohibition, I would suggest that no government lawyer could contend that the court did not have jurisdiction, that it could not listen to it, in effect, like an appeal. I say that especially in view of the statement made by Mr. Gibson and by the minister yesterday. So what might have been a doubtful position before I think now is quite clear, and that is that there is, in effect, a right of appeal.

Hon. Charles McElman: Honourable senators, I do not propose to enter this debate between the barristers, but I would like some information. It is my understanding that there is judicial review on all these matters that lie within the decision of the minister, but when it comes to a decision as to "significant benefit" there is no judicial review, and this has to go to the Cabinet, and when a decision is reached there it then becomes a policy decision of the government. Am I correct thus far?

Hon. Mr. Martin: That is right.

Hon. Mr. McElman: Senator Flynn has raised, for purposes of comparison, the 1961 case. I was not here at that time, and I am not familiar with the details, but I do ask: Is there not some difference, in that what we are talking about now—that can be reviewed judicially are administrative decisions up to a point where a recommendation is made for a policy decision? Is it not true that the other matter concerned a ministerial decision made in an administrative capacity? That differs substantially from a policy decision by government.

● (1600)

I disagree with some who have spoken, that there is no necessity for this bill, but I will get into that, perhaps, at another time. There is, in my view, a necessity for such legislation currently. But it seems to me that in matters where the government of the land makes a policy decision, this should not be subjected to the decision of the courts.

I suggest—and if I am wrong I wish someone would explain it to me—that we are dealing with two very different situations in comparing the 1961 situation with the present situation.

Hon. Mr. Flynn: If you take it that the bill gives complete discretionary power to the minister and that the guidelines and the words "significant benefit to Canada" do not mean a thing, or can be interpreted a hundred different ways, you are entirely right. But I will say to you that, unless I am entirely mistaken, when the committee last July recommended an appeal, it was because it considered the situation analogous to that which obtained in 1961.

Hon. Mr. McElman: I have a few further words I should like to say, and I hope that before this debate closes we will hear, as I am sure we shall, from Senator Hayden on this point. Before leaving the subject I should like to say that while I am not a member of the committee I enjoyed the sessions yesterday, and I would not like to see any inference left that Senator Hayden had done something improper, or something untoward in his drafting. I think he did us all a very great service.

Senator Flynn has run for office on occasion, as have others, and I am sure that in such situations some people running for office prepare two speeches in advance of election night.

Hon. Mr. Flynn: Only one—the one in case of defeat. The other is very easy. Don't worry about that.

Hon. Mr. McElman: I think we have an exceedingly good chairman of that committee, and he takes prudent action so that the committee can move rapidly.

The only other comment I should like to make, honourable senators, is that it has been suggested that there might be something amiss because all of the recommendations forwarded in earlier meetings of the Banking, Trade

and Commerce Committee have not thus far been embodied in the bill before us. Well, I think that, in the case of some of those recommendations, not all members of the committee today are convinced that they were right in the recommendations they made at that time. Further discussions have been held, and perhaps some views have changed.

Hon. Mr. Flynn: Not views; only perspectives.

Hon. Mr. McElman: That was indicated, perhaps, in the discussion in the committee yesterday. I gathered the view that perhaps some of these opinions had changed quite substantially.

As to the danger expressed by Senator Everett, I do not think I entirely share his view. It has been proven to us that in order for Canada to continue in the way that most of us want it to continue, we have to learn, as some of our leaders have done in the past and others will do in the future, the honourable art of compromise.

Hon. Mr. Flynn: Will you compromise when this government has been replaced?

Hon. Mr. McElman: I beg your pardon?

Hon. Mr. Flynn: Will you compromise after this government has been replaced?

Hon. Mr. Martin: That would be a compromise in itself.

Hon. Mr. Flynn: It would be a catastrophe for a partisan like you!

Hon. Mr. McElman: According to the latest Gallup poll, if the government were to be changed, that would be a compromise of the wishes of the Canadian people. The figures are 43 per cent for the Liberals, 33 per cent for the Conservatives, and so on.

Hon. Mr. Choquette: Are you talking about the Senate?

An Hon. Senator: I have no faith in polls.

Hon. Mr. McElman: In any event, honourable senators, there is need in this country for compromise, and many of the great problems have been solved by compromise. I ask you: What position would we be in today if we had not proceeded with this new course introduced by the Banking, Trade and Commerce Committee, of examining bills in advance of their coming before us? We would be faced with a situation in which we would be forced into either a great compromise or the destruction of this bill. And, honourable senators, I would not want to see the destruction of this bill because I think there is enough good in it, and it sufficiently promotes the interests of Canada, that we should pass it.

Hon. Mr. Choquette: There is no danger?

Hon. Mr. Flynn: You are not really worried?

Hon. Mr. McElman: The process in use now has gained for the Senate quite an amount of prestige, and has not acted to its detriment.

Hon. Mr. Flynn: That is news to me.

Hon. Mr. McElman: The Senate's input has been accepted, and the bill has been improved.

Hon. Mr. Flynn: Not substantially.

[Hon. Mr. McElman.]

Hon. Mr. McElman: All things have not been accepted, but I think that in compromise the Senate has done good work, and we should be rather happy with it at this point.

The Hon. the Speaker: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(b), it is moved by the Honourable Senator Hayden, seconded by the Honourable Senator Bourget, P.C., that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Flynn, P.C., seconded by the Honourable Senator Choquette, that the bill be not now read a third time but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce with specific instructions to amend it to provide for an appeal to the Federal Court, at the instance of any party to the transaction, from any ruling of the Minister and any decision made by the Minister to recommend to the Governor in Council that the investment be disallowed.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Hon. Mr. Choquette: The "yeas" carry.

The Hon. The Speaker: Will those in favour say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those against say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

• (1610)

Motion in amendment of Senator Flynn negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Beaubien	Fournier (*Madawaska-Restigouche*)
Bélisle	Macdonald
Blois	O'Leary
Choquette	Phillips
Cook	Quart—11.
Flynn	

NAYS

THE HONOURABLE SENATORS

Argue	Denis
Basha	Duggan
Bonnell	Eudes
Boucher	Forsey
Carter	Fournier (*de Lanaudière*)
Connolly (*Ottawa West*)	Fournier (*Restigouche-Gloucester*)
Croll	
Davey	

THE HONOURABLE SENATORS

Giguère	McElman
Godfrey	McIlraith
Goldenberg	McNamara
Hastings	Michaud
Hayden	Molgat
Inman	Neiman
Lafond	Perrault
Laird	Petten
Langlois	Smith
Lapointe	Sparrow
Lefrançois	Stanbury
Martin	van Roggen—38.

The Hon. the Speaker: I declare the motion in amendment lost.

Hon. Mr. Flynn: Another one lost.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Hayden: With leave, now.

Honourable senators, I am now speaking to the motion for third reading. I would like to make one or two comments, particularly in answer to my friend, Senator Flynn.

This report is the report of the Standing Senate Committee on Banking, Trade and Commerce. In its proceedings the first decision made by the committee, on a vote by a show of hands—and the vote was ten to one—was to report the bill without amendment. In those circumstances, I find it difficult to accept Senator Flynn's statement that I influenced the committee.

● (1620)

Hon. Mr. Flynn: I am not being critical, but you always do.

Hon. Mr. Hayden: My friend says I "always do," but he does not get around what he said by offering that kind of explanation, because he used that expression in the context of criticism of the actions of the committee, and suggested that the report came about because the chairman influenced the committee. Those honourable senators who are members of the committee, and who are here today, can speak for themselves. They had the opportunity. There was a free vote, and they voted to report the bill without amendment.

My friend can be as logical or illogical, as rational or irrational, as he likes in relation to any provision in the bill. We are now debating the motion for third reading. If he finds anything in the report which he feels should have been incorporated in the bill, it is perfectly open to him to say so. But if he presumes that the committee proceeded on the basis of accepting undertakings from the minister, and says that I was responsible for that, then I assure him that he is in error, and I hope it was not a well thought out statement on his part.

The illogic of it is that, notwithstanding the fact of the influence which he has attributed to me in committee, he has suggested, in his motions and in speaking in support of them, that the bill go back to committee, and that I be deputed to draft the necessary form of amendments. On the second motion, he suggested that the bill go back to committee. If I behaved in that way, my friend would give his own answer. The answer must be that the report represents the free action of the members of the committee.

Many other honourable senators were there, and they participated in the debate, and expressed their views. Some of their views were incorporated in the report in its final form. Senator Godfrey, who is not a member of the committee, was present. He was very active, and several of his worthwhile suggestions were included in the report.

The chairman tries to expedite the business of the committee—that is a legitimate operation—and tries to simplify and clarify the procedures. I think that is the duty of the chairman.

If honourable senators accept statements that I make, it must be because they think they are reasonable and intelligent, and the assumption must be that all senators are intelligent.

What struck me as important is that the criticism of the conduct of yesterday's meeting came from one who was not there. I do not know in what form the conduct of the meeting was related to him in order that he should make the reference to the chairman that he did. But I am not happy about it. We have been good friends, and we are not going to cease from being good friends. That is why I am speaking frankly to my honourable friend.

Perhaps I am being touchy, and perhaps I have a right to be, because my friend was very vigorous and impassioned in his remarks. He took almost a campaigning attitude—an attitude I would expect on the platform. Of course, if any honourable senator wishes to indulge in that form of speechmaking here, it is perfectly all right. But there should be a stage of personal criticism beyond which we should not go.

I would hate to feel every time a committee presents a report with which Senator Flynn does not agree, that one of the allegations made is that the report is presented in such a form because of the influence of the chairman. I do not influence the committee. I convey all the information that I have. I try to extract from witnesses all the information which I think is pertinent. In addition, members of the committee can ask their own questions.

I turn now to the question of appeals, which seems to have a particular attraction. In my view—I use the word "view" advisedly—many years ago, when I was much younger in the practice of law, I said to an older man, a well known counsel, that I was feeling particularly good that day because the Supreme Court of Canada had said that I was right in a factum I had written, and the appeal was argued on that basis before the court. I shall always remember his reply. He said, "You can never say that you are right in law. All you can say is that the court took your view of the law." When my friend refers to the relationship between the appeals that we provided in the report, and the interpretation of the appeal section in the Federal Court Act, I take it that he is expressing an opinion, that he is not going so far as to say that he is right.

My view of the law is exactly opposite to the one he has stated. Neither of us may turn out to be correct in the final analysis, after a judge has made a decision. But at least, in section 18 of the Federal Court Act the scope for an appeal or judicial review is very broad. The trial judge there has jurisdiction to issue an injunction, a writ of *certiorari*, a writ of prohibition, a writ of *mandamus*, a writ of *quo warranto*, or grant declaratory relief.

Hon. Mr. Flynn: But not against the Crown.

Hon. Mr. Hayden: It is in the clearest language. We provide for an appeal from the ruling of the minister. There is an appeal to the Trial Division of the Federal Court, which is the final and conclusive appeal.

I am not defending which way an appeal should go. I am merely saying that the committee took the view, after hearing all the evidence and the views of the minister—and there are many lawyers on the committee—that the appeal under section 18 is adequate.

I think it was Senator Everett who raised a question about an appropriate amendment. The minister, in reply, said:

> The statements which Mr. Gibson has made in the course of the foregoing discussion—

That was the discussion on the appeal section, section 18.

> —indicate the substance of the advice which I have received in the course of the development of this bill from the Department of Justice. In summary, it is to the effect that appropriate opportunities for judicial review, and thus appropriate judicial safeguards, are implicit in the scheme of the bill.
>
> These questions will, of course, be tested in the early period of administration of the legislation. In the event that experience indicates that the opportunities for judicial review are inadequate or the procedures are overly cumbersome or inappropriate... amendments will be introduced into the legislation.

● (1630)

That is the broadest kind of undertaking by the minister to implement the jurisdiction under section 18 of the Federal Court Act, in the event that some judge at some time takes the view that an applicant was not extended the full benefit of what is intended by this bill. I can only speak for myself, and those members of the committee who voted to support the report, in saying that this must have been an acceptable view.

I close my remarks by saying that this is the report of the committee which the Senate appointed, and to which it referred this bill for consideration and report. We reported on the bill itself, and the bill is different in many respects from the bill which your committee considered in June and July of this year. There were a lot of amendments which came during the course of the study in the other place.

This is the report of your committee. You are not bound by it. On third reading, honourable senators will vote for or against the substance of the bill. In that respect the report may or may not be persuasive, depending on the views of honourable senators.

[Hon. Mr. Hayden.]

Even now as I speak on this bill I am interpreting what I think is the attitude of the committee, and I am expressing my own views. But you do not have to take my position. You do not have to take the interpretation of the committee. You can form your own judgment, as you wish, in voting on third reading.

Hon. Jacques Flynn: Honourable senators, first I should like to apologize to Senator Hayden if I said anything to hurt his feelings. My ability to express myself in English is not as good as it is in French—at least, it has been suggested to me that that is the case. When I said that the report had been influenced by Senator Hayden, I did not mean anything disparaging.

Having sat on that committee for some years, and knowing the work he did on the report produced last July, I know very well the input of Senator Hayden with respect to this report. Since there is some change of view in the report that is now before us over the previous report, it can only be that Senator Hayden has altered his views. There is nothing wrong in altering one's views, or course. All I was trying to express, in making the remarks which I did, was that I am disappointed that Senator Hayden has changed his views.

When I questioned Senator Hayden the other day as to the time the committee would take to deal with this bill, I got the impression from his answer that it would take at least a whole day to hear the witnesses, which would have been yesterday, and that this morning we would study the bill clause by clause, at which time I would have been able to be present. The committee sat from 9.30 yesterday morning until about 12.30—and that is a fact—and then met for less than two hours in the afternoon. I suggest that there must have been some preparation of the report in the meantime in order for the committee to be in a position to adopt it, in general terms, yesterday afternoon.

I do not think Senator Hayden should be offended by my telling him that he has a very important influence upon the committee. He is very influential in both the committee and the Senate itself. Many of the achievements by this body can be attributed to him, and I say that without any reservation. But at the same time, I must express my disappointment. I had hoped to see the Senate stand on its feet with respect to this bill. But, what has happened? Our principal amendments to the bill have been killed; they have vanished. How can I feel anything but sorry? How can I be other than disappointed at the way in which the committee under Senator Hayden's chairmanship has reversed itself completely, has shamefully capitulated?

As far as the question of appeal is concerned, I do not think section 18 of the Federal Court Act applies to the Crown or to a minister of the Crown. It has to be a separate body from the Cabinet or a member of the Cabinet. I may be wrong, as Senator Hayden suggests, but I hasten to remind him that last July he was certainly in agreement with me.

In any event, it is fruitless to continue this discussion since the Senate has already passed its judgment on the amendment which I moved. We will see how it goes.

Again, honourable senators, as far as the committee report is concerned, if my words went further than my

thoughts, I apologize. I hope I have now clarified my position, and I hope my position, as clarified, is acceptable to Senator Hayden and, as he has said, we will remain friends.

Some Hon. Senators: Hear, hear.

Motion agreed to and bill read third time and passed, on division.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Leopold Langlois, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on Legal and Constitutional Affairs have power to sit while the Senate is sitting tomorrow, Thursday, December 13, and that rule 76(4) be suspended in relation thereto.

Motion agreed to.

FAMILY ALLOWANCES ACT, 1973

BILL TO AMEND—MOTION FOR THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-211, to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof.

● (1640)

MOTION IN AMENDMENT NEGATIVED

Hon. Hazen Argue: Honourable senators, at this point I move, in amendment, seconded by the honourable Senator Forsey:

> That the bill be not now read a third time but that it be amended as follows:
>
> Page 19: Immediately after clause 21, add the following as clause 21A:
>
> 21A. The Minister shall each year enter into discussions with the provinces with the objective of assuring that all increases in payments of family allowances result in corresponding increases in payments to those receiving social assistance and to those receiving special allowances, and shall include the results of such discussions in his report on the administration of this Act.

The Hon. the Speaker: Honourable senators, it is moved by Senator Langlois, seconded by Senator Martin, that this bill be now read the third time.

In amendment it is moved by Senator Argue, seconded by Senator Forsey:

> That the bill be not now read a third time but that it be amended as follows:
>
> Page 19: Immediately after clause 21, add the following as clause 21A:
>
> 21A. The Minister shall each year enter into discussions with the provinces with the objective of assuring that all increases in payments of family allowances result in corresponding increases in payments to those receiving social assistance and to those receiving special allowances, and shall include the results of such discussions in his report on the administration of this Act.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Mr. Argue: Honourable senators, I know that the Leader of the Government and other senators are anxious that this bill should be read the third time this afternoon so that it can receive royal assent.

Hon. Mr. Flynn: Today? Is there still a question of today?

Hon. Mr. Langlois: Yes.

Hon. Mr. Argue: The Minister of National Health and Welfare, the Honourable Marc Lalonde, has done great service to Canada in his major achievements in the field of social security up to this point. We all appreciate that as soon as this legislation is passed cheques will be mailed—and, of course, those who may receive such cheques will be happy to receive them as soon as possible.

I am putting forward this amendment, not necessarily because I have decided to call a recorded vote—which I have not called, as yet—but because I am most anxious to get support on the record from a number of senators for this general proposition. For my part, I am also prepared to co-operate to have this bill passed today in the hope that it might receive royal assent, and that these cheques may be placed in the mail as soon as possible.

I put this proposition before the Senate the other day, that there should be something in legislative form to make certain that, when the federal Parliament increases the family allowance or the old age pension those increases will arrive as an additional income in fact, or as an addition to the regular amount, particularly in the case of those Canadians who are on social welfare or who will be receiving special assistance under this legislation. It was objected then that the federal Parliament could not exercise power over the actions of provincial governments.

Therefore, this amendment has been drafted carefully, to avoid any suggestion that the Parliament of Canada is endeavouring to control or force provincial legislatures to act in a certain way. We are merely enunciating the proposition that we feel these additional payments should add, in a comparable amount, to the income of those people whom it is designed to benefit.

We make that proposition by suggesting in a legislative form that the minister should have formal annual consultations with his counterparts in the provinces, putting forth this proposition, and then reporting back as to what has happened in those consultations. I would hope that this will be the practice.

For my own part, I express a sincere hope that the minister and the government will endeavour to exercise their influence, so that these additional payments may be added to the incomes of those in receipt of family allowances or who are on welfare, and will not be used by any provincial government as an excuse to reduce the amount of the contributions—because if they did so, surely that would destroy the very reason for advancing this legislation.

Honourable senators, there is a school of thought that if we increase the benefits to large families and those on social welfare this will add to their income by such an amount as to provide a further discouragement to the head of the family to obtain employment, and, therefore, that these benefits should not be added to that income. I say that is a very negative attitude, and a very defeatist attitude.

If these welfare payments—which are subsistence payments—are being given to the point where they discourage individuals from working, then positive steps should be taken to make certain, by increasing the minimum wage or taking other steps, that those individuals will go out and obtain work so as to have a more adequate income. There should be an incentive to a person on welfare to go out and get work, and that incentive should be to allow that person to keep at least a part of the income he earns by going on the labour market, rather than deducting the whole income from his welfare payment, thereby telling him that as far as the country is concerned if he goes to work he will not improve the economic position of his family.

May I refer to a person, whom I shall not name, but with whom I have had some experience? This gentleman was on welfare. He had a large family, he went into the labour market and took a job. He came to me and said, "Hazen, I don't know whether to continue this job or not. My family is worse off now that I am working. I am earning about the same money as I got on welfare, but I must have a car to go to work now and that is expensive, and I don't know what to do." That gentleman quit working for some time because he was discouraged. However, he was quite skilled and, as luck would have it, some other person recognized his skill and hired him at a higher wage. Now he has a more adequate income. He is off welfare, and he is the happiest man you could meet.

Honourable senators, rather than taking a negative attitude and cutting down the welfare payments because an increase in family allowances might discourage persons from going to work, we should attack this problem from the reverse angle.

I hope that my proposition will receive some general support in the Senate, so that the Minister of National Health and Welfare, and others who read today's Senate *Hansard*, will get the impression that the Senate, whether by formal amendment or merely by statement, does feel that when the federal Parliament increases these allowances, those increases should be added to the income of those for whom they are intended.

Some Hon. Senators: Hear, hear!

Hon. Mr. Langlois: Honourable senators, yesterday afternoon my honourable friend was good enough to give notice to this chamber of his intention to introduce an amendment today on third reading of this bill. I am grateful to him for having informed me today, a few minutes before we came into this chamber at 2 o'clock, of the wording of the amendment he is proposing.

● (1650)

I must say right now that I find a great deal of difference between the amendment he is now proposing and what he said yesterday afternoon. I see my honourable friend nodding his head, and I assume I am fair in my interpretation of the remarks he made yesterday afternoon.

[Hon. Mr. Argue.]

The purpose of this new amendment seems to be to obtain some kind of guarantee that the minister will enter into discussions on a yearly basis with his provincial counterparts with a view to obtaining assurances that all increases in payments of family allowances will result in corresponding increases in payments to those receiving social assistance and those receiving special allowances. The minister would also be requested to "include the results of such discussions in his report on the administration of this Act".

Well, I hardly think we need to clutter our statutes with directives of that kind to ministers of the Crown, who are already responsible to Parliament. Any member of Parliament at any sitting may rise in the House of Commons to ask a particular minister about his discussions with his provincial counterparts. He can also ask the minister to report on the results of such discussions. For that matter, the Standing Senate Committee on Health, Welfare and Science may call upon the minister at any time to answer the same questions. That same committee may do exactly the same kind of prompting which this amendment suggests.

For those reasons, I say we need not clutter our statutes with such directives to ministers of the Crown who, after all, are responsible to, and answerable to, Parliament.

When I introduced this bill on Monday evening, I underlined the fact that the bill is one of the objectives in the Working Paper on Social Security in Canada, which was tabled in April, and that the main objective of that working paper was to obtain a review of social security in Canada in developing a comprehensive social security system. I would add now that this system would be such that one element of it would bear a relationship to every other part.

I feel that the amendment now proposed is contrary to this and, in effect, would attempt to build up one element—that is, those on social assistance or in receipt of family allowances—while ignoring the consequences such a build-up would have on the rest of the system.

I also said on introducing this measure that the government was officially committed to this review of social security in Canada, which it is expected will be completed some time in April, 1975.

I wish to add that I am informed that working parties of federal and provincial officials are actively considering this matter and other important matters in this field. The federal authorities are also attempting to let provinces adjust their systems of social assistance—to which, by the way, the federal government contributes 50 per cent under the Canada Assistance Plan, by which means again we have some control—to reflect the priorities they, the provinces, have identified.

An example of this is to be found in Quebec, where priority is being given to single persons, many of whom are elderly or infirm and for whom the wait until they reach 65 years of age would be very difficult. At present they receive $149. Quebec has now revised its assistance rates to make that $175 as of January 1974, which is only a

few dollars less than what the same person would receive by way of old age security and guaranteed income supplement.

It is also a well-known fact that all the provinces have just recently increased, or are about to increase, their social assistance rates. That is to be encouraged. I feel we should not try to hamstring their efforts at providing a more integrated social security system, which could well be the end result or effect of the proposed amendment.

The matter of considering family allowance benefits, when set by social assistance rates, can hardly be said to be new. It is impossible to believe that provincial officials do not realize that a given family is presently receiving extra benefits in family allowances. Certainly, that is in their minds when they set the social assistance rates for that family.

If we were to demand that the increases in family allowances result in corresponding increases in social assistance rates, as suggested in the amendment of my honourable friend, how could we be sure that the province would not simply neglect to increase those social assistance benefits for, say, a period of two to three years? Every family on social assistance should receive more than it is presently receiving. because of the fact that social assistance benefits are generally being increased by the provincial governments. However, provincial governments may wish to use the increase in family allowances to permit them to increase their social assistance benefits to certain particularly hard-hit categories more than to others.

I think there should be some flexibility left to the provincial governments because, after all, we must agree that social security is primarily the concern of the provincial governments, and, as I said yesterday, the flexibility provided in the present measure has been applauded by all premiers and all welfare ministers across Canada as being a most important step in the right direction.

Let us not now, by interfering with it, see go to waste all the work which was done at the level of all of the welfare ministers of Canada at the conference to which I referred. Rather, let us welcome the new trend toward discussion and consultation which has developed in Canada among the ministers of welfare at various levels, because with it they can work out a scheme of social security in this country which will reflect the various levels of competence of our governments.

I am ready to admit that there might be certain circumstances in which provincial governments would simply absorb any increase in federal benefits, even dollar for dollar, if you wish—and that is deplorable—but I do not know how we can stop it, or what we could do to stop it. Certainly, few people, if any, are well enough off that they do not need at least a portion of these increases. In any event, those instances cannot be completely done away with by legislation, such as the amendment now proposed by my honourable friend, for the reasons that I have previously outlined.

● (1700)

I am sure that my honourable friend will agree with me when I say that social security is quite a problem in Canada, and that we should all welcome the fact that now the ministers of welfare across the country are sitting together and trying to work out a comprehensive system of social security which will take care of those in need among our population. I do not think that we, as legislators, at this stage, should interfere in this exchange of views, or these consultations, which are taking place between the various levels of government.

Honourable senators, I close my remarks by saying that although the honourable senator's intent might be otherwise laudable, I must regretfully oppose his amendment for the reasons I have just enumerated.

Hon. Mr. Phillips: May I make an inquiry of the Honourable Senator Langlois?

During his remarks he emphasized the consultations between the federal minister and his provincial counterparts. Would he please tell us what would happen if this amendment is not accepted, and there is disagreement between the federal government and the provinces? How are they going to straighten that out in the old railway station?

Hon. Mr. Langlois: I do not know what disagreement you are referring to. The conference has taken place, there has been a common accord, there has been consensus among the ministers participating, and now we have this proposed legislation. Some of the provinces—and my province of Quebec is one of them—have already, if I am well informed, enacted new legislation to implement the results of that conference. There is no difference of opinion that I know of.

Perhaps my honourable friend was misled by what I said yesterday when I mentioned that only two provinces, Quebec and Alberta, had agreed to vary the rates payable to the individual child in respect of this provision in the bill, to the extent that the rates should not be lower than $12 for any individual child. But, because only two provinces have agreed to take advantage of this flexibility in the bill, that does not mean there is any disagreement. The other provinces are satisfied with the $20 average, which is the maximum average. So far so good. I do not think we should take objection to this. This is not a manifestation of disagreement as between the various provinces and the federal government.

Hon. Mr. Phillips: Honourable senators, I am not mistaken, nor am I confusing the variance allowed to the provinces under the bill. I mentioned this point in my remarks yesterday, that the bill provides an opportunity for the provinces to take the increased allowance, and then deduct it from the amount the welfare recipient can receive. At that time I said that the bill was deficient. I think this amendment corrects it.

My question, however, is simply this: What happens in all the discussions between the Minister of National Health and Welfare and his provincial counterparts should a disagreement occur? How is it corrected? To me this amendment prevents that situation, and I would like to know how a disagreement on this point could be corrected should it occur. I am not saying it will occur, but how will it be corrected?

Hon. Mr. Langlois: Well, my only answer is that we must assume that the ministers will work out any such difference among themselves. I do not think we can do

that now in the present measure by anticipating possible disagreements.

Hon. Eugene A. Forsey: Honourable senators, I should like just to say something very briefly about this proposed amendment.

We have listened to an extremely forceful and eloquent speech from Senator Langlois in reply to the mover of the amendment. But for the life of me I cannot see what relevance most of what Senator Langlois said had to the amendment. He talked of the amendment hamstringing efforts to provide a more integrated social security system; he talked about preventing the provinces from giving more assistance to some categories of welfare recipients than others; and he talked about—at least, if I understood him correctly—its showing a lack of respect for the various levels of government. For the life of me I could not see how the amendment would do any of these things.

It seems to me that quite clearly it would be fully in line with co-operation between the dominion and the provinces in this matter. It would promote further co-operation. It might help to prevent distortion of the intentions of Parliament.

Either we are trying to give these people more income by this measure, or we are not. I understood from the whole thrust of the original speeches on the subject, and from the assistant leader—or whatever his proper title may be—that we were trying to give them more income. Well, if we are trying to give them more income, then we do not want to see the provinces taking advantage of this to withdraw some of the income that they are already paying to these people, which would frustrate the intention of the measure as I understand it.

However, we are not attempting by this amendment to interfere in any way with the jurisdiction of the provinces, or with their full freedom to do as they see fit within their jurisdiction. All we are saying is that there should be an obligation on the minister to discuss this matter in the light of the intentions of Parliament, and to report on it, so that the thing will be brought out into the open, and so that we shall know exactly what is being done by the provinces.

It is all very well for Senator Langlois to say that any member of the House of Commons can ask questions about this; of course he can. Any member of the Senate can rise and ask questions about it. It is all very well to say that the minister can be asked to report on it by someone here or in the other place. That, however, is not the same thing as making sure, by this amendment, that the minister will in fact emphasize this matter in his discussions with his provincial counterparts, and will report to the two houses on what results he has got, at which point it may be necessary for the two houses to do something further about it. But the main effect will be one of publicity, so that the kind of thing that Senator Argue referred to the other day as having taken place in one province will not take place all across the country, and the country know little or nothing about the situation that exists.

I cannot for the life of me see how this amendment will, in any way, in the slightest degree, interfere with the splendid things which Senator Langlois has been talking about—the admirable spirit of co-operation, the discussions, and all the rest of it. It seems to me that it would merely mean that the minister would have a special obligation to make sure that this matter was considered in his discussions, and properly reported upon in Parliament.

[Hon. Mr. Langlois.]

Hon. Mr. Langlois: I must confess that you have a right to disagree with me, and I accept your position in that respect.

Hon. Charles McElman: Honourable senators, I shall keep you only briefly. Senator Argue has discussed this matter with me, and I know his objectives. I do not think he is under any illusions as to whether he will get his amendment passed or not. But I agree totally with his approach, which is to the effect that this question should be aired here.

I think Senator Langlois should accept that, at this particular point in time, this intervention is timely. In these federal-provincial discussions and negotiations that he speaks of, it might fortify the minister's hand a little, in dealing with the provinces, to have the view expressed in Parliament that it is intended that these additional moneys should reach people, and not governments.

In the other place the government party, which brought this legislation forward, said that it was an excellent thing to get more money into the hands of people who need it. The Official Opposition party, and the NDP, agreed that it was a good thing to do. Their only disagreement was that it was "not enough" to get this much into the hands of the people; they should get more into the hands of the people. But again it was not to get it into the hands of provincial governments.

● (1710)

I was rather shocked to read what Senator Argue had to say yesterday about what has happened in the recent past in the Province of Saskatchewan. There we have a situation where the party in office in Saskatchewan is part of another party which here talks about "rip-offs," and "welfare bums." If what he tells us about the Government of Saskatchewan is accurate, they are conducting the "rip-off" so far as the poor people are concerned, and they are the "welfare bums" in Saskatchewan because they are taking it away from the people who should be getting welfare.

Hon. Mr. Phillips: The NDP can make their own rip-off.

Hon. Mr. McElman: Indeed they can, on occasion. I shall not go further into it, except to say that Senator Argue, although he probably will not get his amendment accepted, has performed a great service in bringing this matter to the attention of the Senate and Parliament and, it is to be hoped, of the Canadian people. It is to be hoped also that he has helped fortify the hand of the Minister of Health at the national level in his dealings with the provinces. If there is any "rip-off" on their part in taking these moneys away from the people who are supposed to get them, and whom Parliament intended to get them, perhaps the minister's hand will be strengthened, and the situation will be improved thereby.

The Hon. the Speaker: It is moved by the Honourable Senator Langlois—

Hon. Mr. Flynn: Isn't Senator Argue going to reply?

Hon. Mr. Argue: I am being pushed to speak by the Leader of the Opposition, but I think that any reply that I might have made to the points raised by Senator Langlois has been much better expressed by Senator Forsey. I certainly agree with everything that he has said, and I agree with Senator McElman. I am also anxious that the payments be made as quickly as possible, so I am now prepared to have the question put.

Hon. Mr. Phillips: Honourable senators, before we vote on this motion, would Senator Martin be kind enough to elaborate and inform us on the instructions he gave to Senator Argue?

Hon. Mr. Langlois: Put the question.

THIRD READING

The Hon. the Speaker: Honourable senators, it is moved by the honourable Senator Langlois, seconded by the Honourable Senator Martin, that this bill be now read the third time.

In amendment, it is moved by the Honourable Senator Argue, seconded by the Honourable Senator Forsey, that this bill be not now read the third time but that it be amended as follows—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: Will those in favour of the amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those contrary, please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it and the motion in amendment is defeated.

It is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Martin, that this bill be now read the third time. Is it your pleasure, honourable senators, to adopt the motion?

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

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that she had received the following communication:

GOVERNMENT HOUSE
OTTAWA

12 December 1973

Madam,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, December 12th at 5.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau
Brigadier General
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

APPROPRIATION BILL No. 5, 1973

SECOND READING—DEBATE ADJOURNED

The Senate resumed from yesterday, the adjourned debate on the motion of Senator Langlois for the second reading of Bill C-239, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1974.

Hon. Orville H. Phillips: Honourable senators, when I was a student writing essays I was always taught to avoid an anti-climax at the end of an essay or story. At this hour, after what we have seen this afternoon, and in the light of a certain event that is coming up, I feel that in speaking at this time I am providing something in the nature of an anti-climax. However, the amount of money involved in this bill deserves a little more consideration than a mere anti-climax.

I realize, honourable senators, that each year the supplementary estimates come in and we study them, more or less, in advance, and then when the supply bill comes we think we have, perhaps, completed our study. I have the greatest respect for the President of the Treasury Board, Mr. Drury. I am always impressed by the way he can answer questions before the Standing Senate Committee on National Finance. But he reached a new zenith before he even appeared before the committee of either the Senate or the other place. The announcement accompanying the supplementary estimates stated that they were anti-inflationary. You know, it takes a real expert to take $1.2 billion and say, "This is an anti-inflationary measure." I say that, because when one is dealing with inflation the normal economic pattern is to restrict the amount of money in circulation. We have now received a new doctrine, and we will call it the Drury Doctrine—I think that is an appropriate name for it—that the expenditure of $1.2 billion is "anti-inflationary." In fact, it is not anti-inflationary; it is the result of inflation.

Therefore I feel that we must take a look at a few of the items in the estimates, and here I shall try to condense my remarks and in consequence I shall be somewhat briefer than I normally am—which, no doubt, will please most of you. Let us take a look at a few of the major items.

● (1720)

One item which is of particular interest, Senator Martin, is $59 million for higher interest on the federal debt. It is

not so long since the budget was presented and, with your accuracy in predicting the taxation revenues for the family allowances bill, you must have realized that interest rates were increasing and you could have estimated for that extra $59 million. I do not think you have reached the end of it, because at the beginning of this week many of the chartered banks announced an increase in their prime lending rate to 9½ per cent and, unfortunately, I am beginning to wonder if the Government of Canada is even considered to be a prime lending rate client any more. Surely when we consider the various bond issues and inducements which are held out, we must ask if the Government of Canada is a prime lending rate client.

I have a note to make reference to youth and family allowances, but during the last couple of days we have fairly well covered that subject, so I will skip it.

Another item is $53 million for milk subsidies. Honourable senators, milk is a normal staple food used by all, particularly the young family group with children. No one really objects to the government subsidizing the cost of milk production. Instead of boasting about it, why cannot the government admit that it has failed to control inflation and must add $53 million to the tax bill to subsidize the price of milk? We have just heard Senator Langlois describe the ease with which the federal government can deal with the provinces, and make arrangements in connection with family allowances. The federal government has not completed agreements with all provinces on the milk subsidies. Why is there not the same ease in that connection as with family allowances?

Every now and then Senator Langlois will look at the clock. The Standing Senate Committee on National Finance spent some time considering the report of the Economic Council of Canada. In your introductory remarks, Senator Langlois, you attempted to find yourself in disagreement with Senator Grosart because he emphasized that the government should begin imposing the 11 per cent limit on increased spending. You know, you can make a pretty good presentation on occasion, but yesterday in replying to Senator Grosart you were horribly weak. You found yourself in disagreement with everyone but Senator Langlois, and perhaps we will let the situation rest there.

I do not intend to discuss the benefit of limiting public spending to a certain figure, but I would like for a moment to refer to your remarks, Senator Langlois, in which you say "at some future time". There is an expression that today is merely the future of yesterday. We are in the future, and it is time that Parliament began giving this problem more serious consideration than it is receiving at the present time.

Later on, you go on to say the idea of a limitation on public spending may be premature, and that it must be tried by the decision-makers. When I look at those words in *Hansard* "by decision-makers," I must ask: Who are the decision-makers? Is it not Parliament, or are you adopting the Liberal philosophy that the decision-makers are the bureaucrats, the deputy ministers, who lay down the policy for the Liberal Government, and then compound that with Mr. Lewis and the deputy ministers? One must ask who are the decision-makers? The decision-makers should be the parliamentarians and I would ask you to underline that, sir, think it over, give it very serious consideration, and try to convince your seat-mate, Senator Martin, to convince his colleagues in the Cabinet to remember that they are the decision-makers responsible to Parliament.

[Hon. Mr. Phillips.]

Hon. Mr. Flynn: That is really wishful thinking.

Hon. Mr. Phillips: Oh, that is wishful thinking, but sometimes I feel that perhaps we do touch a bit of their conscience when we criticize them on this side, Senator Flynn, and I like to do that.

In committee I asked the President of the Treasury Board for the main source of increased taxation which allowed the government to make increased payments to the provinces under the equalization program. I suspect that it was increased income tax, and I asked the minister this point-blank. Naturally he did not have the breakdown as to various sources of revenue, but in his own gentlemanly way he admitted that it was income tax which allowed the federal government to distribute an additional $150 million, approximately, to the provinces. I am sure that every province welcomes this, but is it not time that Parliament—and by Parliament I mean both Houses of Parliament—stopped and considered that the average taxpayer is beginning to find his income tax just a little more than he can bear?

● (1730)

Also, let us observe and check federal government spending a little more carefully than we have done in the past. Let us make sure that the expenditures are made wisely and carefully. I see Senator Langlois looking at his watch, so I shall continue to condense my remarks.

Hon. Mr. Langlois: I am sorry to interrupt my honourable friend. I do not wish to press him, but if he is unlikely to conclude within a few minutes we shall have to adjourn in order to send a messenger to the other place.

Hon. Mr. Phillips: How much time do I have?

Hon. Mr. Langlois: A few minutes, at the most.

Hon. Mr. Phillips: I shall take approximately another five minutes.

Hon. Mr. Choquette: That is too long.

Hon. Mr. Phillips: Then I shall adjourn my remarks until tomorrow.

On motion of Senator Phillips, debate adjourned.

The Senate adjourned during pleasure.

At 5.45 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Com-

mons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Canada Pension Plan (No. 2)

An Act respecting the Electoral Boundaries Readjustment Act

An Act respecting the Electoral Boundaries Readjustment Act

An Act to provide for the payment of family allowances in respect of children to supplement the income of Canadian families and for the payment of special allowances to provide for the care and maintenance of other children, and to amend the Income Tax Act in consequence thereof

An Act to amend the Federal-Provincial Fiscal Arrangements Act, 1972, the Federal-Provincial Fiscal Revision Act, 1964 and the Income Tax Act

An Act to provide for the review and assessment of acquisitions of control of Canadian business enterprises by certain persons and of the establishment of new businesses in Canada by certain persons

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

———

The sitting of the Senate was resumed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 13, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Superintendent of Insurance for Canada on Small Loans Companies and Money-Lenders licensed under the Small Loans Act for the year ended December 31, 1972.

Report of the Superintendent of Insurance for Canada on Trust and Loan Companies for the year ended December 31, 1972, pursuant to section 8 of the Department of Insurance Act, chapter I-17, R.S.C., 1970.

Report of the Department of National Health and Welfare for the fiscal year ended March 31, 1973, pursuant to section 13 of the Department of National Health and Welfare Act, chapter N-9, R.S.C., 1970.

CLERK'S ACCOUNTS

SECOND REPORT OF STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

Hon. Donald Smith: Honourable senators, the Standing Committee on Internal Economy, Budgets and Administration makes its second report as follows:

Your committee to which were referred on 31st May, 1973, the Clerk's Accounts, being a detailed statement of receipts and disbursements for the fiscal year 1972-73, reports as follows:

Your committee has examined the above statement and supporting statements and finds them to be in accordance with the estimates submitted by the Senate and the authority necessary for the purpose. We have received all the information and explanations which we have required. We would state that the sums expended appear to be in keeping with the duties of and the tasks undertaken by the Senate and its committees, standing and special.

Your committee wishes to draw your attention to the fact that the budget for the year 1972-73 amounting to $6,384,001.41, was underspent by $998,708.06.

Your committee also wishes to draw to the Senate's attention that Senate Committees and senators require research assistance from time to time. It is noted that the Committees Branch of the Senate is not fully occupied at all times during the year. It is suggested that steps might be taken to have the staff of the Committees Branch help in this field by undertaking or otherwise assisting in research projects for Senate Committees and particularly individual senators.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration.

Hon. Mr. Smith moved that the report be taken into consideration at the next sitting of the Senate.

Motion agreed to.

INTERNAL ECONOMY

SUPPLEMENTARY BUDGET OF SPECIAL COMMITTEE ON SCIENCE POLICY TABLED

Hon. Donald Smith: Honourable senators, as Chairman of the Standing Senate Committee on Internal Economy, Budgets and Administration, I desire to table the committee's report approving the supplementary budget presented to it by the Chairman of the Special Senate Committee on Science Policy for the proposed additional expenditures of the said Committee on Science Policy respecting the holding of a special meeting to determine the feasibility of establishing a Commission on the Future, as authorized by the Senate on 19th July, 1973.

SUPPLEMENTARY BUDGET OF LEGAL AND CONSTITUTIONAL AFFAIRS COMMITTEE TABLED

Hon. Donald Smith: Honourable senators, as Chairman of the Standing Committee on Internal Economy, Budgets and Administration, I desire to table the committee's report approving the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Legal and Constitutional Affairs for the proposed expenditures of the said Committee on Legal and Constitutional Affairs with respect to its examination of the Parole System in Canada, referred by the Senate to the said Committee on Legal and Constitutional Affairs for examination and report on 5th February, 1973.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—REPORT OF COMMITTEE ADOPTED

Hon. H. Carl Goldenberg, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, reported that the committee had considered Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act, and had directed that the bill be reported with the following amendment:

Page 18: Strike out lines 16 to 44 both inclusive in the English version, and lines 18 to 46 both inclusive in the French version.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Mr. Goldenberg: With leave of the Senate and notwithstanding rule 45(i)(f), now.

Honourable senators, I think I should read to the Senate parts of the clause which has been eliminated as a result of the amendment referred to in my report. The clause is 178.23, and the principal section reads as follows:

> 178.23(1) The Attorney General of the province in which the application was made—

That is the application for authorization to intercept a communication.

> —or the Solicitor General of Canada, as the case may be, shall notify in writing within ninety days next following the period for which the authorization was given the person who was the object of the interception pursuant to the authorization and shall, in a manner prescribed by regulation, certify to the court that issued the authorization that such person has been notified.

The second section allows the judge on application to extend the delay beyond the 90 days. It was the view of your committee that such notification would hamper the administration of justice, inasmuch as it could have the effect of advising criminals of the location and strategy of police operations thereby enabling them to take evasive measures to avoid further detection. This is the sum and substance of the feeling of your committee.

The Hon. the Speaker: It is moved by the Honourable Senator Goldenberg that this report be now adopted. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Hon. Mr. Phillips: Nay.

Report adopted.

THIRD READING

The Hon. the Speaker: When shall this bill be read a third time?

Hon. Mr. Goldenberg: With leave, now. If honourable senators will allow me to explain, the Senate has exercised its responsibility in this connection and in view of the fact that we are told that there may be an adjournment or a prorogation within a very short time, I feel that the other place should be given every opportunity to consider our amendment as soon as possible. I trust that honourable senators will agree with me.

Hon. Mr. Flynn: Honourable senators, I have no objection to Senator Goldenberg's remarks. I just want to point out that today's situation differs from that which confronted us yesterday. It is very easy to propose an amendment which is desired by a minister but it is more courageous to propose an amendment which is opposed by a minister.

Hon. Mr. Goldenberg: If Senator Flynn will allow me. I think Senator Choquette, who is sitting beside him—

Hon. Mr. Flynn: I am in favour of the amendment. I simply say that the circumstances made it very easy for the committee to say yes; that is all.

Hon. Mr. Goldenberg: I want to assure Senator Flynn that the minister did not favour—

Hon. Mr. Flynn: Oh.

Hon. Mr. Goldenberg: —that amendment being made by our committee.

Hon. Mr. Flynn: That is because he was afraid it would not be accepted by the House of Commons. That is the amendment he moved in the other place. Now, do not be ridiculous and do not take us for children.

Hon. Mr. Goldenberg: He said he did not favour taking it back.

Hon. Mr. Argue: I wonder if I might ask the honourable senator a question? I am certainly not an expert with regard to this legislation. With the removal of the 90 days, is there any period within which the person must be informed?

Hon. Mr. Goldenberg: No.

Hon. Mr. Flynn: Not at all.

Hon. Mr. Argue: The judge makes that decision?

Hon. Mr. Flynn: It is never used.

Hon. Mr. Goldenberg: The original authorization to intercept must be granted by a judge, of course.

Hon. Mr. Phillips: May I direct a question to the honourable senator? When we were fortunate enough to have him summoned to this place he, with all due modesty, presented himself as an authority on the Constitution. Is there any conflict between the Constitution and the fact that we are failing to notify an individual that he is under investigation through what I consider to be various dubious means? I am opposing the amendment.

Hon. Mr. Goldenberg: I will just comment on Senator Phillips' first remark. I never introduced myself to the Senate as an authority on the Constitution.

Hon. Mr. Langlois: Very humble.

Hon. Mr. Phillips: Very humble.

Hon. Mr. Goldenberg: Secondly, there is no constitutional conflict between this proposal and the situation the senator has in mind.

Hon. Mr. Flynn: It does not apply to civil rights.

Hon. Mr. Langlois: Honourable senators, further to the question asked by my honourable friend, Senator Argue, would Senator Goldenberg tell us if I am right in assuming that the authorization given by the judge would contain no time limit for which the authorization is given?

Hon. Mr. Goldenberg: There is a time limit.

Hon. Mr. Langlois: No, but if this amendment is adopted there would be no time limit set?

Hon. Mr. Goldenberg: Oh, yes. This has nothing to do with the time limit which the court can set. The court can, of course, renew the time limit on application, there being no limit to the number of renewals.

Hon. Mr. Flynn: But there is no limit in the act. When the authorization is given is it given for a limited time?

Hon. Mr. Langlois: That is what I had in mind.

Hon. Mr. Goldenberg: It is given for 30 days, subject to renewal for further periods of 30 days.

• (1410)

Hon. Mr. Langlois: In other words, the authorization is good for 30 days only.

Hon. Lionel Choquette: Honourable senators, I was pleased to be a member of this committee this morning and to see the work that was accomplished by the committee and its chairman.

I want to tell the house how particularly pleased I was to hear the oration given by Senator Carter on behalf of the Senate, explaining to the committee and to the chiefs of police, many of whom were present, the duties of the Senate and the obligations of senators.

Senator Carter stated that we were not going to be a rubber stamp and that even if the minister told us that the legislation was urgent and that it was late in the session for us to propose an amendment, such an amendment should be made in the interest of the people of Canada and of those who are trying to protect society. I commend the reading of his remarks to this chamber.

Hon. Senators: Hear, hear!

Motion agreed to and bill, as amended, read third time and passed.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday next, December 18, at 8 o'clock in the evening.

Honourable senators, before the question is put I should like to state that the motion is made with the usual reservation regarding a possible recall. Although I am not attempting to prophesy what might take place in the House of Commons, it is possible that that house may sit on Saturday, in which case legislation may come to us over the weekend. In such circumstances it might be necessary to recall the Senate before Tuesday next. It is possible that we would be informed of this too late to give the necessary notice. Is is only a possibility, but I thought I should bring that to your attention.

Hon. Mr. Flynn: I cannot accept that statement without challenging it. It is impossible to imagine a situation where the Senate would be recalled on Monday instead of Tuesday. This warning, which has been repeated time and again by the Leader of the Government, is a downright silly attitude to take.

Hon. Mr. Langlois: It is only a possibility.

Hon. Mr. Flynn: Why tell us that? Why put it on the record?

Hon. Mr. Martin: Senator Langlois was perfectly justified in what he said.

Hon. Mr. Flynn: No.

Hon. Mr. Martin: It is not likely that we shall have to return on Monday. As we all know, there are in the other place two vital matters under consideration, one having to do with the allocation of energy and the other pertaining to an export tax on oil and gas. These are matters which, in the opinion of the government, vitally affect the nation. No one knows what disposition is going to be made today or tomorrow, certainly with regard to one of those measures. Next week could be the last week before adjournment or prorogation. Surely the observations made by Senator Langlois are justified.

[Hon. Mr. Goldenberg.]

Hon. Mr. Flynn: That has added a lot to the debate. It makes very nice reading.

Hon. Mr. Phillips: I should like to direct a question to the Leader of the Government. I noticed that he mentioned adjournment and prorogation. Perhaps I am being too optimistic and too hopeful, but would he also include "dissolution" in that description?

Hon. Mr. Martin: I didn't, did I?

Hon. Mr. Phillips: But would you?

Hon. Mr. Flynn: He did not say anything, so don't worry.

Motion agreed to.

NATIONAL FINANCE

MOTION TO PUBLISH AND DISTRIBUTE REPORT OF COMMITTEE ON INFORMATION CANADA

Hon. Douglas D. Everett, Chairman of the Standing Senate Committee on National Finance, with leave of the Senate and notwithstanding rule 45(1)(i), moved:

> That the Standing Senate Committee on National Finance be authorized to publish and distribute its report on Information Canada as a supplement to its report on the Estimates laid before Parliament for the fiscal year ending 31st March, 1974, adopted by the Senate on 26th June, 1973, as soon as it becomes available, even though the Senate may not be sitting.

Hon. Mr. Flynn: You have to remember we are subject to recall.

Hon. Mr. Everett: Honourable senators, I think an explanation as to the necessity for this motion is in order. The committee's report on Information Canada is presently in the writing stages. However, it is unlikely that it will be finished and ready for publication before the Senate recesses. Unfortunately, we do not know how long we will be in recess, and as it may be a fairly lengthy time it is possible that the report could be ready at some point during the recess, resulting in a fairly lengthy period of time elapsing between its completion and its publication. It is for that reason we are asking leave of the Senate to publish the report as soon as it is ready, even though the Senate may not then be sitting.

In that regard, I make two undertakings: first of all, we would only publish the report while the Senate is in recess; that is, not sitting for more than one week. Secondly, we will not publish the report in the event that the date of publication comes close to the date on which the Senate will be back in session—and by that I mean a matter of two or three days—as we could then just as easily table the report in the Senate. It is not our desire to take this course. I only ask for leave to do so in the event that it does become necessary.

Hon. Mr. Flynn: You will have to consult your leader.

Hon. Mr. Everett: I have consulted my leader.

Hon. Mr. Flynn: But you will have to consult your leader before having it published, because he may have in mind the recalling of the Senate.

Hon. Mr. Everett: In any event, as a matter of courtesy I would consult my leader and very likely, as I have in this case, the Leader of the Opposition.

Hon. Mr. Flynn: You will be safer with me.

Hon. Mr. Connolly (Ottawa West): Has the report of the committee been drafted as yet?

Hon. Mr. Everett: The report has not yet been drafted. We have completed our hearings and are now in the preliminary writing stages of the report.

Hon. Mr. Connolly (Ottawa West): Can the honourable senator tell us when the committee would be approving the report in order to have it published?

Hon. Mr. Everett: When the report is written and, as I said, it is quite possible that the report will be completed during the coming recess.

Hon. Mr. Choquette: Does the committee advocate the abolition of Information Canada?

Hon. Mr. Everett: Well, it is like the last chapter of a mystery story—you will have to read the report.

Hon. Mr. Flynn: Does the committee have leave to sit while the Senate is not sitting? The committee will have to meet in order to approve the report, and it has to have leave to sit while the Senate is not sitting.

● (1420)

Hon. Mr. Everett: I was not aware that we required leave to sit while the Senate is not sitting. I thought that leave was needed only to sit while the Senate is sitting. If we require that power the committee will request it. I was under the impression we could sit right through the recess.

Hon. Mr. Flynn: We had better have another motion.

Hon. Mr. Everett: I thank the senator for his advice and will check. If it is necessary to get that permission, we will ask for it.

Motion agreed to.

APPROPRIATION BILL No. 5, 1973

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Langlois for the second reading of Bill C-239, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1974.

Hon. Orville H. Phillips: Honourable senators, last evening when it was necessary to interrupt my remarks for a certain event, I was attempting to lead up to the point that the committee report indicated that perhaps some of the projects of the Local Initiatives Program should be reviewed.

The supplementary estimates provide approximately $152 million for LIP projects. Approximately $73 million is forecast for the 1973-74 year. It is most interesting to note that approximately $80 million included in that original figure of $152 million is described as a carryover. The carryover results from the decision of the government. I am not so sure where the government made this decision, in front of the television cameras or down at the old railway station, but the government expended $80 million, while Parliament was in session, to carry on with the LIP projects.

This is entirely wrong. If Parliament is to have some control over government expenditures, we must have an introduction of legislation or an estimate earlier than this. At this time of the year there is no use saying we will meet and approve the expenditure of $80 million. I think this was an entirely illegal act—the money has been spent—but they cannot use the excuse used last year, saying that Parliament was not in session and was not available to be recalled. Parliament was in session when someone, I am not quite sure who, made the decision to go ahead and waste, illegally, $80 million of the taxpayers' money.

It is fine to say that various projects, such as the LIP projects, are necessary for employment. Let us look at the final results. We are raising a new breed of Canadian who is dependent entirely on these programs. These people go from LIP projects to the Opportunity for Youth projects and they consider that to be their right, their inheritance from the Canadian taxpayers. In all fairness, the President of the Treasury Board stated before our committee that the government was now beginning a study on the effectiveness of these programs. I support that study. It is long overdue. I hope it does not drag out for months. I have already anticipated the results. I will not give them in this speech, but I do not expect the study to prove these programs have been very effective.

Last evening, when I got home, my good wife pointed out to me that a friend of mine in the other place is leaving because of government expenditures. The Honourable Senator McElman likes to tell me that I enjoy being a majority of one in this chamber. Perhaps my friend in the other place found himself somewhat in the same position, that he was a majority of one. At any rate, I find myself in a great deal of sympathy with his viewpoints.

Hon. Mr. Choquette: Who is he?

Hon. Mr. Phillips: The honourable member for Bruce, Mr. Ross Whicher. I believe he was also at one time a member of the Ontario Legislature.

I should like to leave with the Senate certain remarks of Mr. Whicher, because I believe that anyone who takes a stand such as the stand taken by Mr. Whicher deserves a great deal of respect. I am sure it was not an easy stand for him to take.

The statement I should like to leave with you, honourable senators, and have you consider, is this:

> In the long run, we as citizens should only have what we as taxpayers can afford to pay.

I should like all governments, federal, provincial and municipal, to consider that statement, because I think it deserves special consideration.

Throughout my remarks on the supplementary estimates I have been critical of the amounts included. Now I am going to change and ask why certain items were not included in the supplementary estimates. Earlier today the

Honourable Senator Martin referred to the energy crisis. In a supplementary estimate of $1.2 billion there is not one cent to deal with the energy crisis.

Hon. Mr. Martin: We have to pass the bill first.

Hon. Mr. Phillips: You did not pass a bill on anything else in the supplementary estimates; why do you have to have the energy crisis singled out? It is the most urgent problem facing Canada and you say you have to have a bill on it.

Hon. Mr. Martin: It will be provided for in the bill.

Hon. Mr. Phillips: What are the expenditures provided for in that bill?

Hon. Mr. Martin: Those will be the provisions.

Hon. Mr. Phillips: The provisions for what? The point is that up until these supplementary estimates were introduced, the government did not have plans for any pipelines or nuclear energy plants. There was not any urgent plan to deal with the energy crisis. But you are now hoping that you can get out before Christmas without dealing with that crisis. That is exactly what is happening in the other place.

Hon. Mr. Everett: I am sorry, senator, I did not quite understand that. I thought it was the Conservatives who were talking about slowing down in the other place the legislation on the energy crisis. I was not aware that it was the government.

I had the impression from reading the *Globe and Mail* this morning that the government wanted to proceed with that bill as fast as possible, but that Mr. Baldwin said that they would not be able to proceed with it until, I think, January 22.

Hon. Mr. Phillips: The *Globe and Mail,* my honourable friend, is not necessarily an official government organ—

Hon. Mr. Smith: You can say that again!

Hon. Mr. Phillips: —any more than it is an authority on the Conservative Party. If you can only interpret the actions in the other place by the *Globe and Mail,* then I have sympathy for you.

● (1430)

The estimates include approximately $1 million for constituency offices for members of the other place. I do not object to the fact that a member of the other place should have, or indeed, needs an office in his constituency; however, I am greatly concerned that this money is being voted in the supplementary estimates and given to the members of the other place in a manner whereby they can change the regulations any time they see fit. In committee I recommended that this expenditure be in the form of legislation, in which all rules and regulations should be laid out. I still hope that that will become fact. When we consider the facilities that we in this chamber have, as compared to those in the other place, I do not think we have to apologize for our budget; indeed, we could use some of the facilities here that are provided to the other chamber.

During the winter months, various government departments begin programs under which they will absorb various unemployed individuals, and it was interesting to make a comparison of man-years of employment that have been provided. I would refer you to page 24 in the supplementary estimates. I have selected the Department of Energy, Mines and Resources, not because that department is any more an offender than other departments, but there you will find an administrative support complement of 27 people for a total employed force of 64. At the end of March, 1974, when the grants are exhausted, we still find that there will be 18 people retained on the payroll; but out of the 18, 13 will be administrative support. In other words, they have created so much paper work that it requires the administrative staff to stay on and clear that paper work away.

Honourable senators, I could inflict you with my remarks much longer, but when I look at the Order Paper and see that I am supposed to follow on another subject, I think that even the Senate is entitled to a bit of humane treatment and I will sit down.

Hon. Leopold Langlois: Honourable senators—

The Hon. the Speaker: Honourable senators, I must inform the Senate that if the Honourable Senator Langlois speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Mr. Langlois: Honourable senators, I wish to add a word or two to the remarks made by my honourable friend Senator Phillips. I do so in order to correct an impression which his remarks yesterday might have given to the house when he referred to what I had said on the previous day in connection with a remark of Senator Grosart when Senator Grosart was speaking on the motion to adopt the report of the National Finance Committee. Senator Phillips said yesterday—and as is his habit he was addressing himself to me directly, instead of through the Chair or through the Senate:

> In your introductory remarks, Senator Langlois, you attempted to find yourself in disagreement with Senator Grosart because he emphasized that the government should begin imposing the 11 per cent limit on increased spending.

If the honourable senator refers to my remarks on that occasion, he will see that I prefaced those remarks by saying that I was in no way challenging, or putting in question, anything that Senator Grosart had said, but that I merely wanted to explain why I interjected in the course of his remarks something about the unreliability of the performance indicators suggested by the Economic Council of Canada. In doing so I merely quoted two paragraphs of the Tenth Annual Review of the Economic Council of Canada, which creates some doubt as to the reliability of the indicators suggested. I left my remarks at that. I do not think my honourable friend should quarrel with this, and I merely make this intervention at this stage to destroy the wrong impression that his remarks, unwillingly, I am ready to admit, might have given to the house.

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read a third time?

Hon. Mr. Langlois: With leave, now.

Hon. Mr. Flynn: Well, you do not intend to have royal assent tonight, do you?

Hon. Mr. Langlois: No. Next sitting.

Hon. Mr. Flynn: Next sitting, subject to recall.

Hon. Mr. Langlois: Subject to recall.

Hon. Mr. Martin: We would not want to come back for that.

Hon. Mr. Langlois: Yes. That is another reason.

Hon. Mr. Phillips: I rise on a point of order. Perhaps I misunderstood Senator Langlois. He said that I directed my remarks to him rather than to the Chair.

Hon. Mr. Langlois: Through the chair.

Hon. Mr. Phillips: My interpretation of the rules is perhaps a bit different from his, but I understand that you address the Senate as a whole rather than the Chair. Your set of rules is for the House of Commons. You are in the wrong chamber, sir.

Hon. Mr. Langlois: If my friend would permit me to add this, I said, "Through the Chair," or "through honourable senators."

Hon. Mr. Phillips: I did not hear the words "through honourable senators." I am sorry.

Hon. Mr. Langlois moved, that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

● (1440)

RESIDENTIAL MORTGAGE FINANCING BILL

SECOND READING

The Senate resumed from Tuesday, December 11, the adjourned debate on the motion of Senator Stanbury for second reading of Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

Hon. Orville H. Phillips: Honourable senators, I assure you that regardless of where my remarks are directed or through what channel, this will be my last speech today.

This government has been known for one thing, and that is it is a government that does not understand the problems facing Canada. This bill emphasizes the fact that this government does not understand the housing situation. It seems to be implying that mortgage money is not available. Mortgage money is available. But unfortunately for the average home buyer it is available at 10 per cent or 11 per cent interest. And these high interest rates are a result of government policy, a government policy of neglect.

Recently the President of the Central Mortgage and Housing Corporation stated that residential housing was being well looked after, but there was need for what he termed "Volkswagen housing". I am not so sure what he meant by this term. I would assume that he meant cheaper housing. But, this bill does nothing to provide cheaper housing. Furthermore, it points out that the government does not understand its own legislation. When one reads the committee reports of the other place, it is obvious that the government has not the faintest idea of the manner in which this bill will operate. To begin with, they are providing a staff of 25 people to look after the Mortgage Exchange Corporation established under this bill. Last year approximately 10,000 public servants were added to the payroll, and if 25 out of that 10,000 are going to deal with the Mortgage Exchange Corporation, one can only conclude that the government does not expect it to be taken very seriously.

I very much question the clause dealing with the appointment of directors. This clause does not indicate whether the director will be full-time or part-time. Will he attend a meeting once a year? What is his salary? What, indeed, is expected of him? The minister responsible for housing suggested that the Bank of Canada should be represented on the Board of Directors. Honourable senators, the Bank of Canada is represented on the Industrial Development Bank, and I am not too impressed with its performance, particularly when dealing with the Maritimes or Western Canada. The interesting thing in this respect is that Mr. Basford stated he thought that the rest of the directors would come from banks, trust companies and insurance companies. At the same time, in his vision—this new Star of Bethlehem in the mortgage field—he saw the Mortgage Exchange Corporation dealing only with the banks and the trust companies and hoped that they would open up desks to deal with the general public in this regard.

Senator Croll has drawn our attention on a number of occasions to conflict of interest. Here is the ideal opportunity for a conflict of interest problem. If a bank or a trust company has a mortgage portfolio that it would like to sell, and if a director of that bank or trust company is also a director of the Mortgage Exchange Corporation, naturally he is going to attempt to persuade the mortgage exchange to buy the undesirable portfolio or portfolios that his company would like to unload.

Then we must ask ourselves what type of mortgage is going to be sold. Naturally a bank or a trust company is not going to sell a mortgage with an interest rate of 10 per cent. They know that with a change of government they are never going to get that rate again, so they are going to attempt to sell the long-range mortgages at 6½ per cent or 7 per cent. And this, honourable senators, is not going to make a profit for the shareholders in this corporation that is so vaguely envisioned by this government.

The bill before us gives no direction as to commission, legal fees, et cetera, when a mortgage or mortgage portfolio is bought or sold. There are enough lawyers in this chamber to realize that a mortgage portfolio is not going to be sold until it has been checked out and confirmed by a legal expert of some type, and the minimum fee that such expert will ask for doing this will be 5 per cent. The banks and trust companies all have their own real estate branches. So when you go to sell a mortgage portfolio they too are going to ask for a minimum 5 per cent commission. It is therefore quite obvious that a mortgage portfolio is going to increase by 10 per cent through legal fees and real estate commissions. This again is not going to provide a profit to the poor taxpayer who will buy shares in the type of corporation proposed under this legislation.

● (1450)

The chartered banks, insurance companies and trust companies already provide 80 per cent of the mortgage

money available in Canada. Honourable senators, are we so naïve that we expect one of the major insurance companies or a chartered bank to enter into a partnership with a bureaucracy as proposed for the Federal Mortgage Exchange Corporation? Canada presently has four large real estate investment trusts operating. Three are operated by chartered banks. Can you really see the chartered banks and the trust companies moving into a situation in which they will not have control over their funds? There are many bank directors and directors of trust companies in this chamber. I do not think there is one honourable senator who occupies such a position who would recommend to the bank of which he is a director, or the trust company of which he is a director, that they enter into an agreement with the Mortgage Exchange Corporation.

The bill also provides for the formulation of what are commonly known as MICs. The mortgage investment companies will be subject to the limitations and regulations of the Loan Companies Act. A mortgage loan company under the regulations of the Loan Companies Act requires a paid-up capitalization of $500,000 before making application. It is fine for the minister responsible for housing to say that he can see small towns getting together and forming their own mortgage investment companies. The $500,000 paid-up capitalization is a very serious impediment. In addition, we have all the requirements of the insurance act, with which those in small towns are just not familiar. They are not used to dealing with this type of bureaucracy and will not do it. The Superintendent of Insurance, when he was asked before a committee of the other place if any inquiries had been received, replied that he thought three or four groups were interested. This act was introduced in June, over six months ago, and since that time three groups have shown interest. Three groups cannot, by any stretch of the imagination, be said to reflect enthusiasm. Therefore, this bill is a complete waste of time. It will not do one single, solitary thing to reduce interest rates and it is interest rates that hurt the home buyer today. No one holding a mortgage of 10 per cent or 11 per cent is going to sell his mortgage and in turn buy another at 7 per cent. You do not have to be a genius to figure that one out, Senator Martin. In my opinion it is obvious that this bill will fail and we have had enough of the window dressing it contains. Let us get down to brass tacks in committee and obtain a few more definite answers than the government provided the members of the other place.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Langlois, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

PAROLE ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Goldenberg, seconded by the Honourable Senator Carter, for the second reading of the Bill C-191, intituled: "An Act to amend the Parole Act".—(*Honourable Senator Choquette*).

[Hon. Mr. Phillips.]

Hon. Mr. Choquette: Honourable senators, I would like to stand this item because there are so few senators left in the chamber and I think we should keep some work for Tuesday evening.

Order stands.

SCIENCE POLICY

CONSIDERATION OF VOLUME 3 OF REPORT OF SENATE SPECIAL COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of Volume 3 of the Report of the Special Committee of the Senate on Science Policy, tabled in the Senate on Tuesday, 11th September, 1973—(*Honourable Senator Carter*).

Hon. Mr. Carter: Honourable senators, I should like to yield to Senator Cameron.

The Hon. the Speaker: Has Senator Cameron leave to proceed?

Hon. Senators: Agreed.

Hon. Donald Cameron: Thank you, honourable senators.

In his address to the Senate on November 14, Senator Lamontagne defined the role of an effective central machinery responsible for the formulation and implementation of an overall coherent science policy for Canada. On December 4, Senator Grosart dealt with that part of our report on the interfaces of science policy; that is, federal-provincial relations, international relations and relations between the Canadian Government and Parliament.

It will be my task today to review some of the proposals with respect to the reorganization of government departments and agencies which will be charged with the responsibility for the most effective development of specific and sectoral science policies.

It is not an easy task, first, because it flies in the face of long-established practices in some cases; secondly, because it flies in the face of views and prejudices long held by many people who have held or still hold responsible positions in the scientific community.

● (1500)

An example of the difficulties in flying in the face of long-held beliefs is the controversy over the continuum theory, that there was "an unbroken spectrum from basic research through to innovation." The Association of Consulting Engineers of Canada supported this theory, as did, even more surprisingly, SCITEC in its special two-day meeting in Ottawa in October 1972. Their position paper noted:

> There was a strong agreement that any new institutional structures should be based on a recognition of the continuum which embraces all stages from basic science, through applied science, development and innovation.

The continuum theory has been held by many scientists for a long period of time, but this theory, like many others, must give way to a new assessment based on many in-depth studies of what the realities are between basic science and innovation. I need only mention the work of Stephen Toulmin on "Human Understanding," the "Project Sappho" conducted by the Science Policy Research Unit at the University of Sussex, or the work of Erik Haeffner of the Swedish Innovation Institute in Stockholm, just to mention a few of those who have demonstrated in the real world of applied science and innovation that innovation does not automatically spring from basic research in a continuous chain reaction.

On this continent the work of Myers and Marquis showed that of 567 commercially successful innovations, only 3 per cent could be identified as being initiated in research.

J. Herbert Holoman of the MIT School of Engineering agrees with the view of Derek de Solla Price that technology builds largely on earlier technology. He says:

> The naïve picture of technology as applied science simply will not fit all the facts. Inventions do not hang like fruits on a scientific tree. In those parts of the history of technology where one feels some confidence, it is quite apparent that most technological advances derive immediately from those that precede them.

Holoman, in the same vein, says:

> Scientific discoveries occasionally lead to applications in the form of new technology; this is rare, but the effects may be multiplied indefinitely as technology builds on technology. Science also provides techniques which make it possible or easier to tackle industrial problems successfully. Finally, basic research is an element contributing to the output of highly qualified men and women educated in science and its methods. Of these three factors, the manpower benefit may be the most important when the justification for basic science is considered in the national context, partly because discoveries and techniques cross international boundaries more easily than men.

Dr. Oshima, a member of Japan's advisory committee to the Minister of Trade and Technology, has emphasized that the quality of manpower has been a major factor in Japan's notable success in innovation. He said:

> The percentage of Japanese students of natural science and engineering is low, 20 per cent, much lower than in European countries. The proportion of engineering students among this group is extremely high, more than 70 per cent. This trend indicates that the education policy of the Government is influenced by the demand of industry for high-quality technical manpower.

Many more authorities and practical experiments could be quoted, but enough has been said to indicate that a certain mythology has existed in the scientific community for a long time to the effect: "Science discovers, technology applies and innovation occurs."

However, in rejecting the continuum theory of an unbroken spectrum from basic research through to innovation, the committee most emphatically denies any intention to downgrade the importance of basic research. Our support for this is amply developed in chapter 14 of Volume 2 of our report. The committee believes it is important to understand the specific features and requirements, its purposes and role, if the government is to formulate a coherent science policy and design a proper system of organization for its implementation.

One of the basic recommendations of our report was the need to establish a strong central agency, a Ministry of Science and Technology, which would have the responsibility of co-ordinating the multiplicity of government departments, agencies and organizations involved in Canada's science effort, to have the responsibility of monitoring projects, auditing results and bringing this massive activity, which in 1973 consumed $1.2 billion—more than one-twentieth of our total budget—into a more visible and coherent form. In terms of comparative size, Canada's science budget is approximately on a par with such other basic elements of our economy as food and transportation, which each take up about 20 per cent of the national budget. The latter two phases of our national economy are highly visible, and we think the time has come to make the national science budget, which has always maintained a low profile, more visible to the public who make the expenditures possible.

The proposals which follow are designed for that purpose now that we have a Ministry of State for Science and Technology which, contrary to the terms of reference in setting it up, was to have "an advisory or assistant role to departments and agencies of the government in the formulation and development of advice to the Governor-in-Council; this must be given the authority to review and assess the formulation and development of advice to the Governor-in-Council." I underline the words "review and assess." That is something very different from acting in an advisory or assistant role.

If this change is not made soon, we will have created one more agency in a long chain which is doomed to futility, frustration and ineffectiveness. So in suggesting some principles of a reorganization plan, we start from the basic assumption that the Ministry of State for Science and Technology will have the authority and power to carry it out.

There are some people—critics of our reports—who have said that the committee was out to dismantle the National Research Council, just as these same critics said we were out to denigrade basic research by reducing the percentage of the total budget allocated to it and by "separating" it from applied research. Neither charge is true.

The massive studies of the Senate Science Policy Committee conducted over the four-year period 1969-1973 have indicated, because of the size of our scientific operation, that it might be desirable to restructure some old institutions like the NRC, which have served Canada well in the past, and to re-assign new duties and responsibilities to the universities, mission-oriented departments and private industry. The whole thrust of our technological society has for some years been towards a greater degree of division of labour and greater specialization. So the committee accepts the premise that our proposed reorganization of government departments accepts the three princi-

ples of (a) division of labour, (b) specialization, and (c) integration.

In earlier days and with lower budgets we followed the principle of having multipurpose agencies, and these served their purpose. But as the structures grew bigger and more complex, conflicts of interest developed and incompatibility of overlapping of functions became quite apparent. Very often there was duplication of effort between departments and agencies, and overall a sad lack of communication between agencies.

Donald V. Fowke put the case for coupling specialization with integration rather well when he said:

● (1510)

> Organizations are thought to be either centralized or decentralized. In the face of uncertainty, organizations must be both . . . The concepts of differentiation and integration provide a more precise way of looking at the decentralization-centralization question. According to research work done by Lawrence and Loesch, organizational units should be highly differentiated where there is:
>
> 1. Lack of clarity in the information on which decisions must be made;
>
> 2. Uncertainty regarding cause and effect relationships; and
>
> 3. A long time span in feedback of the results from a decision.
>
> Differentiation implies a specialization of organization units, adaptation of their styles of management to the requirement of their particular environments. For overall adaptability, however, organization units must not only be highly differentiated but they must also be highly integrated.

The above three conditions are to be found in the field of science and technology more than in any other sector of public policy. Most of the recommendations made in Volume 2 provide for highly differentiated organizational units capable of reacting effectively to a specific function or responsibility, but also sufficiently integrated to profit from the advantages offered by centralization.

One of the recommendations of the Senate committee's report that drew some criticism was the proposal to separate the research-granting function from the NRC where it had reposed for a long time. The committee gave very careful consideration to this proposal and reviewed the history with great care. As far back as 1951 the Massey Commission indicated that there was some feeling that the NRC's research function and its granting function were incompatible. Then in 1969 the OECD examiners recommended that the support of basic research in universities and similar institutions should be separated from the council's laboratories and assigned to a special body. In 1969, too, the Macdonald group recommended that:

> The National Research Council be reconstituted so as to have as its sole responsibility the support of scientific and engineering research in universities and related institutions.

And finally Dr. Omond Solandt, in his last annual report as Chairman of the Science Council, concluded as follows:

[Hon. Mr. Cameron.]

> I believe that it is important for the NRC to relinquish its role as a major granting agency for the support of university research.

The committee agreed with these concerns and shared the view of Dr. C. H. Townes, who won the Nobel Prize in physics for his invention of the laser and the maser, when he wrote:

> A government agency is naturally concerned about the fate of one of its own laboratories and may hence be overindulgent. This instinct is particularly hazardous when the same agency, perhaps even the same individual is responsible for initiating or maintaining a laboratory as well as for making decisions on competing bids by other institutions for research support.

And I have seen this happen in universities time and again.

The committee accepted the view that the granting function should be separated from the NRC, and was influenced as well by a statement from one witness, speaking on behalf of the NRC, to the effect that 90 per cent of the council's time was taken up with the allocation of grants.

In devising a new structure the committee kept in mind the three basic principles of division of labour, specialization and integration, and as a consequence recommended:

> 1. That a Canadian Research Board be set up, together with three foundations, to report to the Secretary of State and to be responsible mainly for the development of a capacity for and the support of curiosity-oriented basic research in universities and similar institutions;
>
> 2. That the three foundations cover the physical sciences, the life sciences, and the social sciences and humanities, and bear the full cost, both direct and indirect, of the projects and programs they select to support in this area; and
>
> 3. That the responsibility for preparing university teachers and for supporting their research on the existing stock of knowledge designed to improve their teaching be left to provincial governments and universities within the framework of existing federal-provincial arrangements for the financing of post-secondary education.

Some people misconstrued this recommendation to mean that the foundations would be restricted to the support of basic research only. But the recommendation was not meant to make a separation between basic and applied research. It did specify that the "foundations be responsible mainly for the support of curiosity-oriented basic research." We had said earlier:

> The support of scientific surveys and applied research (conducted in universities and similar institutions) should be assigned mainly to mission-oriented agencies. The assistance provided by the federal foundations . . . would be residual and available only in areas where there were no other specific federal agencies.

Here again we applied the principle of the division of labour. Applied and engineering research, as well as scien-

tific surveys, must correspond to a need or a practical objective.

Mission-oriented departments and agencies are in a much better position to perceive needs and existing problems than the existing councils or the proposed foundations. These applied scientific activities must be demand-pull, but good curiosity-oriented basic research must be supply-pull. In other words, you are only justified in spending money if there is a demand for it in the market place, whereas as far as basic research is concerned you must have a supply of qualified people to do the work. It is not a demand-pull supply issue.

These different requirements could be respected if mission-oriented departments and agencies were mainly responsible for supporting extramural demand-pull research and development through contractual arrangements.

In this context Dr. Solandt said:

> In discussing federal support of research, especially in universities, there is a tendency to think of the granting councils as the sole source of federal funds. It is often overlooked that the mission-oriented departments can, and to a limited extent do, support research outside the government both by grants to universities and by contracts to industry. The Science Council has seen the two sources of funds, the granting councils and the mission-oriented departments, as having complementary, but not competitive, roles in supporting research.

The foregoing division of labour would not guarantee that all undesirable gaps and duplication would be avoided, but if the Ministry of State for Science and Technology were made responsible for reviewing and assessing all government programs designed to support research in universities and similar institutions, it would be in a position to detect imbalances and make proposals to correct them, and ensure that the foundations and the mission-oriented departments play complementary rather than competing roles. Under these proposals the ministry should have enough authority to convince departments and agencies to give more adequate support to applied research and engineering in universities and similar institutions.

It has been observed that the most successful government laboratories and agencies have closely integrated their in-house research efforts with their management and external contracts. The Ministry of State for Science and Technology should induce departments and agencies, in co-operation with the Department of Supply and Services, to develop their balance of expertise.

Dr. Solandt has suggested the reorganization of the granting function "into a single body that would be internally organized into suitable components to cover the entire spectrum of research in the natural, social and life sciences." He said:

> Such a body would take over the university-oriented granting functions of NRC, those relating to basic research from the Medical Research Council and support of research in the social sciences and humanities from the Canada Council.

The OECD examiners proposed a similar arrangement to our committee's proposals for a Canadian Research Board and three foundations, so this proposal has pretty authoritative support. The idea of a number of research councils has many counterparts in Europe. Finland, for example, has six research councils which share an administrative and financial bureau under one umbrella organization, the Central Board of Research Councils. The board is serviced by several planning committees, and this whole complex is called the Academy of Finland and reports to the Science Office of the Ministry of Education.

In Great Britain there are five research councils and Sir Frederick Dainton, speaking of them, said that they would be opposed to the setting up of one monolithic national research council because of the dangers it would entail in making the council too remote from the scientists actually carrying out the work. There would be the added danger of creating a "paralyzing bureaucracy" and the further risk that if the granting agency was monolithic its errors would have monolithic consequences.

● (1520)

The Senate committee's conviction of the need for a Canadian research board was further reinforced by the views of Lord Rothschild, adviser to the United Kingdom Government on Science Policy, and also of the Dainton group which recommended for the United Kingdom:

> —that the activities of the Research Councils should be co-ordinated by a board which would include as full members the scientific heads of the Research Councils—we believe that the board should be associated with the Department of Education and Science.

That is, as far as the United Kingdom is concerned.

Our committee recommendation was that the Canadian research board be constituted with either a full or part-time president, the chairmen of the three foundations, with the provision for additional members and a small secretariat. This board should provide the common administrative services for the foundations, and take steps to ensure that their priorities include support for worthwhile multidiscipline projects. The board could play a useful co-ordinating role without intervening in the foundation's allocation of research funds.

Questions have been raised about the board and the foundations reporting through the Secretary of State rather than through the Ministry of State for Science and Technology. We must emphatically state that if the MOSST is to function effectively as an authority for overall assessment and review, it cannot be put in the position where it would have to defend any particular agency's budget.

In Volume 2, the committee recommended:

> —that in future most basic research activities of the Canadian Government be concentrated in a national research academy, with three institutes for the physical sciences, the life sciences and the humanities, with the purpose of filling gaps in basic research [and] that a substantial portion of the work of the institutes be performed at the request of government agencies and private firms on a fee basis.

As might be expected, these proposals met with a wide range of divergent criticisms. Dr. King of OECD suggested that the NRC laboratories be transferred to the universi-

ties, specifically the two Ottawa universities. SCITEC, at its meeting in 1972 on the national research academy, recommended keeping the status quo.

In summary, three basic criticisms were made against the proposed national research academy. First, the academy would isolate basic research from mission-oriented applied research and development. Secondly, the creation of three institutes would separate and isolate the main areas of scientific disciplines. Thirdly, the responsibilities assigned to the academy would destroy NRC's historical role.

The committee does not accept the suggestion that the role assigned to the proposed academy would unduly isolate basic research from the other phases of its innovation process. The division of labour we have suggested is capable of much more flexibility than it has been given credit for. When we recommended that most basic research activities of the Canadian government be concentrated in a national academy, this did not mean that mission-oriented departments and agencies would be prevented from carrying out any basic research at all. It meant that their role would be residual, thus avoiding a danger indicated by Wineberg when he said:

> It is natural that as a laboratory loses its sense of mission, the management will ensure the survival of the institution by drifting into basic research.

Here we have seen this happen, time and time again, particularly in mission-oriented agencies under the government.

> This drift toward basic research in a mission-oriented laboratory, if allowed to proceed unchecked, could destroy the laboratory's taste and capacity for getting on with practical missions.

The committee does not deny that mission-oriented departments and agencies may have real needs for basic research. We contend, however, that most of these requirements should be met by the academy on a fee basis, thus guaranteeing that only genuine needs would be expressed by the users, and that a substantial portion of the government intramural basic research activities would be directly related to applied research and development. These arrangements would bring basic research closer to the other phases of the innovation process rather than isolate it.

Howard M. Vollmer has drawn important conclusions from the pattern of historic relations between basic science and technology development in technologically advanced countries. He says, in part:

> Although they have some elements in common, basic research and applied research are fundamentally different in their purposes and objectives, in their culture or predominant value patterns, and in the style of management and organization they require. Therefore, there is a need for organizational insulation between basic research and applied research activities.

And this is heresy to some academics, I assure you. Vollmer continues:

> Since they are different but increasingly interdependent activities, there is a need for the development and strengthening of the mechanisms for cross-fertilization between basic and applied research. The success of these mechanisms for cross-fertilization will not only contribute directly to the continued growth of both basic and applied research but also to the growth of technologically-based societies and to the solution of major problems in these societies.

It is the committee's belief that the role we have proposed for the academy, and the mechanisms provided to relate a substantial portion of its activities to mission-oriented departments and agencies, is very much in line with Vollmer's conclusions.

Supporters of the continuum theory often cite the Bell Telephone laboratories in the United States as an example of a high technology company which combines basic and applied research. This is an interesting comparison because the total Bell expenditures on science and research and development in a year are about the same as the total Canadian science budget, $1.2 billion, but examination of the Bell laboratories shows that they have three distinct groups—a basic research group, an applied research group, and a development and design group. The task of central management is to see that the specialized goals of each section are relevant to the overall goals of the integrated system.

J. A. Morton, a vice-president of the Bell Company, points out that there are two types of barriers between groups—space barriers (are the groups in the same building?), and organizational barriers (do the groups report to the same manager?). Morton maintains that the barriers are necessary. He says:

> I can see that if I allow the feedback loop from design manufacture to basic research to get very strong, the feedback will stop the basic research. And it won't be long until I have lost my research and my research people. So we purposely put a barrier between manufacture and basic research, either a space barrier or an organizational barrier—maybe both.

Morton claims that similar barriers are desirable between basic research on the one hand, and applied research and engineering on the other:

> But at the same time, we see that if applied people or engineering people can dictate what the basic research people do, they will kill the long-range basic research. So we need an organizational barrier. One man—Bill Baker—is head of all basic research; other men head up applied research and engineering. Our people are free to sell, to stimulate and motivate all they like. But my engineers and researchers, for example, cannot tell the basic researchers what to do. And conversely, the basic researcher who believes he has made an important discovery, cannot order the applied research or engineering people to pursue it. So this organizational barrier provides freedom for basic research and freedom for what shall be developed.

The obvious conclusion to be derived from examples like the Bell laboratories and similar empirical investigations, and the management practices of large research-intensive firms, is that basic research laboratories should be loosely coupled with organizations doing applied research and development, and that a considerable amount of freedom

should be given to basic science. This conclusion would seem to justify the establishment of a national research academy on the basis we have proposed.

● (1530)

Our committee wants the academy to be loosely connected with the mission-oriented departments and agencies, but we agree with Morton that "if applied people or engineering people can dictate what the basic research people do, they will kill long-range basic research". It should be understood, however, that in taking on contractural work the academy should be free to conduct worthwhile projects on its own.

One of the more obvious lessons from the current scientific scene is that the sciences are becoming more interdependent and that multidiscipline approaches are the only ways to tackle some major problems such as, for an example, pollution of the environment. Solutions to these problems will call for massive inputs from engineers, physicists, chemists, economists and sociologists, to name just a few.

Basic research that allows scientists from many disciplines to interact is not only fruitful but, in the opinion of many, is becoming essential. Gabor Strasser put it very well when he said, "It is necessary to properly orchestrate the many disciplines, and that superposition ... simply does not work." In other words, basic research on complex and socially important situations today requires a multidiscipline approach in a coherent organization.

In the months since Volume 2 came out the charge has been made that the Senate committee was out to destroy the NRC, and we emphasized time and again that, rather than destroy the NRC, our aim was to strengthen it by getting it back to doing the kind of long-range and basic tasks envisaged by its first president, Dr. Tory, in 1932, and re-emphasized again by Dr. Steacie, when he said:

> It is essential, if the organization is to develop any reputation or scientific self-respect, that the ad hoc problems and routine enquiries shall not be allowed to force real research out the door. It is very easy for this to happen and in the case of many laboratories of similar type in other countries, it has happened. In my view, at least as far as NRC is concerned, long-term investigations, fundamental or applied, must constitute the major effort of the laboratories if they are to keep the scientific reputation they have earned.

We say "Amen" to that. And for those who suffered an emotional trauma at the thought of changing the name of the NRC to that of the Canadian Research Academy, we have proposed that the name NRC be retained as the name of the academy.

Naturally, if we transfer the short-term problems that Dr. Steacie described as "ad hoc problems and routine enquiries," there must be some other organization to deal with them, and it was our proposal that this be done by the CILC, the Canadian Industrial Laboratories Corporation. This suggestion was embodied in the following recommendations on page 589 of Volume 2:

> 1. That a detailed and continuing review be undertaken by the Ministry for Science and Technology of current and future industrial R&D programs of government departments and agencies involved with renewable resources and related primary industries such as agriculture and fisheries, and that the objectives of such a review be to make sure that these agencies do not get involved in R&D activities on manufactured goods based on primary products, abandon or reduce certain programs which have a low Canadian priority, and contract out their mission-oriented basic research to universities or to the National Research Academy, and as much as possible of their development work to industry;
>
> 2. That the Ministry for Science and Technology undertake a review, with the same objectives, of industrial R&D programs in laboratories operated by government departments and agencies for secondary and service industries as well as for mining and power utilities;
>
> 3. That on March 31, 1973, these latter government laboratories be brought together in a new Crown company called the Canadian Industrial Laboratories Corporation (CILC) with a strong industrial representation on its board and committees and a growing industrial contribution to its financing and to be responsible to the Department of Industry, Trade and Commerce; and
>
> 4. That pending the results of the proposed detailed review, a financial and manpower limit be imposed on intramural industrially-oriented R&D activities, commencing in fiscal year 1973-74.

Well, obviously we are a year behind schedule already and it may be more yet, but the principle involved is still sound.

Honourable senators, in this speech I have attempted to condense and put in a shorter framework much of the research elaborated in detail in chapter 14 of Volume 2, and a substantial part of chapter 21 of Volume 3. In order to do justice to the very important subject of the reorganization of the government departments and agencies responsible for specific or sectoral science policies, Senator Carter and I have put into practice what I have been preaching, namely, a division of labour. Consequently, he will complete the reorganization picture by dealing with the following topics: (a) a multipurpose grant program for R&D in industry; (b) industrial task forces and the Office of Industrial Reorganization; (c) the Interdepartmental Committee on Innovation; (d) assistance to small inventors; (e) recognition of innovation and invention; and (f) the reorganization of the Department of Industry, Trade and Commerce.

In conclusion, I want to recapitulate and re-emphasize certain points which we believe to be basic to any modern science policy worthy of the name.

First, the Ministry of State for Science and Technology must be given the power to review and assess the formulation and development of science policy rather than to have an advisory and assistant role to the Treasury Board. It must do both. Saying this in no way denigrates the role of the Treasury Board, which must have the final say on the amount of the science budget, but the arrangement does provide that the decisions with respect to science policies and projects will be made by scientists.

Secondly, the proposals will ensure that for the first time the total expenditures by the government on scientific research and R&D will be visible.

Thirdly, the fact that the science budget will be visible and will be brought before the members of Parliament should result in developing more interest, and a better-informed Parliament, as far as science policy is concerned.

Fourthly, the setting up of the Canadian Research Academy or a new National Research Council with three foundations under it will strengthen the NRC rather than weaken it, and enable it to concentrate its efforts, as was originally intended, on long-range basic and applied research.

Fifthly, by separating the granting function from the NRC and placing it with the foundations it will bring to the granting function, particularly in the area of the humanities and social sciences which have been a part of the Canada Council, a quality of expertise which has been lacking under the present system.

Sixthly, the division of labour, while not necessarily taking away the opportunity for mission-oriented departments and agencies to do basic research, will assure a better use of and a better co-ordination of resources. It will put the emphasis on user-demand rather than supply-push.

Seventhly, the proposed Canadian Industrial Laboratories Corporation will be a natural vehicle to take over the work of the NRC laboratories, and to provide a greater opportunity and responsibility for a major input from industry.

Eighthly, in any government reorganization with respect to science policy, the Department of Industry, Trade and Commerce must play a major role, but if it is to do this effectively it must strengthen the technological capability of the department. This is the only way that an effective industrial strategy for the seventies can be implemented at the business level.

Finally—and this is a beseeching plea—please, please give every support and encouragement to making the Social Science Research Council an equal partner in funding and support with the other councils.

Our greatest weakness today lies in the lag between the status of the physical and life sciences and the social sciences, and we have a tremendous job of catching up to do in this field because the major problems of the seventies are in this field.

On motion of Senator Carter, debate adjourned.

● (1540)

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO SIT DURING ADJOURNMENTS OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Sidney L. Buckwold, with leave of the Senate and notwithstanding rule 45(1)(a), moved:

> That the Standing Senate Committee on National Finance have power to sit during adjournments of the Senate.

Motion agreed to.

The Senate adjourned until Tuesday, December 18, at 8 p.m.

THE SENATE

Tuesday, December 18, 1973

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

PRIVATE BILL

NATIONAL DENTAL EXAMINING BOARD OF CANADA— COMMONS AMENDMENTS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-7, respecting the National Dental Examining Board of Canada, and acquainting the Senate that they have passed this bill with the following amendments, to which they desire the concurrence of the Senate:

Page 1: Strike out line 5 of the English text and substitute the following therefor:

"expedient to grant the prayer of the peti-"

Page 2: Strike out lines 6 to 9 and substitute the following therefor:

"for a single national standard certificate of qualification for general practitioner dentists;"

Page 2: Strike out lines 31 to 33 and substitute the following therefor:

"practitioner dentists to ensure that the"

Page 3: Strike out lines 5 to 7 and substitute the following therefor:

"which a general practitioner dentist may obtain and"

Page 3: Strike out lines 23 and 24 and substitute the following therefor:

"dentists;"

Page 3: Strike out lines 33 to 35 and substitute the following therefor:

"to general practitioner dentists and dental specialists in"

Page 3: Strike out lines 39 to 43 and substitute the following therefor:

"general practitioner dentists and dental specialists who have been granted certificates of qualification by the Board;"

Honourable senators, when shall these amendments be taken into consideration?

Hon. Mr. Phillips: Honourable senators, I move, seconded by Senator Smith, that these amendments be taken into consideration at the next sitting.

Motion agreed to.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of Final Report of the Task Force on Organic Mercury in the Environment, together with statement on action taken by the Department of National Health and Welfare on recommendations contained therein.

Report of Statistics Canada for the fiscal year ended March 31, 1972, pursuant to section 4(3) of the Statistics Act chapter 15, Statutes of Canada, 1970-71-72.

Report of operations under the Fisheries Development Act for the fiscal year ended March 31, 1973, pursuant to section 10 of the said act, chapter F-21, R.S.C., 1970.

Copies of final communiqué issued following the Ministerial Session of the North Atlantic Council, held at Brussels, December 10 and 11, 1973.

Report of the Department of External Affairs for the year ended December 31, 1972, pursuant to section 6 of the Department of External Affairs Act, chapter E-20, R.S.C., 1970.

Report on the activities of the Food and Agriculture Organization of the United Nations for the fiscal year 1972-73, pursuant to section 3 of the Food and Agriculture Organization of the United Nations Act, chapter F-26, R.S.C., 1970.

Copies of Final Report of the Commission of Inquiry into the non-medical use of drugs, dated December 14, 1973 (Chairman, Mr. Gerald Le Dain).

Copies of a booklet entitled "Status of Women in Canada—1973", issued by the Minister of Labour.

Copies of an intergovernmental agreement on coordination structure for transportation planning in the Regional Municipality of Ottawa-Carleton, Outaouais Regional Community and the National Capital Region as a whole, together with a press communiqué relating thereto.

BUSINESS OF THE SENATE

On the Question Period:

Hon. Mr. Flynn: Honourable senators, as this is the last full week before Christmas, I wonder if the Leader of the Government is in a position to tell the Senate what lies ahead for us during this week, whether we may expect an adjournment at the end of this week, and, if so, for how long.

Hon. Mr. Martin: Honourable senators, I would prefer to postpone any conjecture until—

Hon. Mr. Flynn: After the New Year.

Hon. Mr. Martin: —later in the week. If my honourable friend can tell me what is going to happen to the two energy bills, I would be in a better position to reply to his question. Perhaps he may be able to give me some good news tomorrow.

Hon. Mr. Flynn: What did you expect when you agreed to present it to Parliament?

Hon. Mr. Martin: I still think, in the spirit of Christmas, Senator Flynn could tell me what they are going to do in the other place.

Hon. Mr. Buckwold: Honourable senators, apropos the question raised by the Leader of the Opposition, I have been in touch with the authorities who arrange transportation. I have been given to understand that a military plane will be available on Saturday morning, leaving the airport at 9 a.m., to transport members travelling west. I am not quite sure about the arrangements for those members who wish to travel east.

Hon. Mr. Martin: And east too.

Hon. Mr. Buckwold: I wanted honourable senators to know that if any changes were required in their transportation arrangements, alternative transportation will be available through the Department of National Defence.

Hon. Mr. Flynn: That would indicate that we shall not be sitting on December 24.

Hon. Mr. Martin: But it does not mean that we would not sit on the 25th!

APPROPRIATION BILL NO. 5, 1973

THIRD READING

Hon. Leopold Langlois moved the third reading of Bill C-239, for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1974.

Hon. Hazen Argue: Honourable senators, before the motion is put, I should like—

Hon. Mr. Flynn: Not before the motion is put; before it is adopted.

Hon. Mr. Argue: Before it is adopted. The Leader of the Opposition keeps us all in line and on the right track. Before the motion is adopted, I should like to take advantage of the fact that this is an omnibus bill. It contains certain items in respect of the Department of Energy, Mines and Resources. I have a few comments to make on the question of whether or not, in Canada at this time, we should adopt daylight saving time. The Minister of Energy for Canada has taken a fence-sitting attitude on this question. He is not convinced that it would necessarily save very much in the way of energy.

Hon. Mr. Flynn: What is unusual about that?

Hon. Mr. Langlois: Would you please repeat the name of the minister to whom you referred?

Hon. Mr. Martin: The Leader of the Opposition.

Hon. Mr. Flynn: No, he said the Minister of Energy for Canada.

Hon. Mr. Argue: The Honourable Donald Macdonald.

Hon. Mr. Langlois: Thank you.

Hon. Mr. Argue: On the other hand, I understand that the Province of Ontario may be looking at the question of daylight saving time for Ontario in a favourable light.

[Hon. Mr. Martin.]

Hon. Mr. Martin: There will be a lot of light if we have it.

Hon. Mr. Argue: I would think it would be to our advantage to go on daylight saving time. My personal view is that it would help conserve energy. The use of daylight saving time during the war years conserved energy, and I think it would do so again. I support daylight saving time not only as a temporary advantage at this time, but also on a year-round basis. I feel that this part of Canada should be on daylight saving time year round.

I welcome this opportunity to express my views on this subject. I have held these views for a long time. I have always felt that Ontario made a mistake in adopting standard time for the winter months. As far as I am concerned, it brings instant winter. I find it most discouraging, when the clocks go back, to find that, in effect, the days are shortened for most people. I think the kind of time that they have in Ontario for the winter months is "igloo" time.

We in Saskatchewan debated this question of daylight saving time over a long period. The situation that prevailed in Saskatchewan for many years was most confusing. A time zone divided our province. Part of the province was on one time, part on another. For the summer months some clocks were advanced, while others were not. The same situation prevailed during the winter months. After a lengthy debate, Saskatchewan adopted daylight saving time year round. I think everyone is happy with it. It has many advantages. The children have another hour of daylight in the afternoon for recreation purposes. They are able to make use of unlighted, open air rinks for an extra hour. That is an advantage. I had a daughter in Ottawa who had a horse. She liked to go riding, but when winter came it brought almost instant darkness after school, and because of this ridiculous time situation she was unable to engage in this sport during December and January.

I hope that Ontario does adopt daylight saving time, and I hope that the federal government gives daylight saving time its support and a boost. I think it is good for Canada as an energy-saving move, and it has many advantages. We would not have to tamper with the clock any longer, and I feel it would have many advantages for the citizens of this and other provinces who would adopt daylight saving time.

● (2010)

Hon. Mr. Langlois: Honourable senators, there is not much I can say on this subject except to note that Senator Argue opened his remarks by saying that this measure would be welcomed in the present situation, when there is a shortage of energy in Canada. However, he concluded by expressing the wish that daylight saving time should be adopted for ever and ever. I have not made the research he seems to have made into the possibility of saving energy by changing now to daylight saving time, but I can see his suggestion has some merit. Unfortunately, I am advised that this is not a matter of federal jurisdiction, and that the provinces should take the initiative. If I recall correctly something I read in the newspapers last week, there was a statement in the other place by someone on the government side to the effect that this move would be welcomed, but that the initiative should come from the provinces.

Hon. Mr. Flynn: I am quite sure that the Leader of the Government would express the opinion that this would be a good move, because he has always been on daylight saving time.

Hon. Mr. Martin: Anything that will add some light to the Leader of the Opposition I will gladly support.

Hon. Mr. Flynn: Whether it is little or nothing.

Hon. Mr. Buckwold: Honourable senators, I wish to endorse the remarks of my colleague from Saskatchewan. We have been on year-round daylight saving time in half of our province for a long while. I have to tell you that it has not been universally accepted. There are some rural areas where one hears complaints that the chickens and cows do not recognize that the time has changed, so it is not quite as widely accepted as my colleague indicated. One of the problems is getting up in the dark, although in Ottawa that should not make much difference, and I do not suppose it would bother people in this city too much.

I would like to pass on a bit of wisdom I once read, when it was reported that daylight saving time started when an old Indian cut off one end of his blanket and sewed it on to the other end in order to make it longer.

Motion agreed to and bill read third time and passed.

PAROLE ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

The Senate resumed from Tuesday, December 11, the adjourned debate on the motion of Senator Goldenberg for the second reading of Bill C-191, to amend the Parole Act.

Hon. Lionel Choquette: Honourable senators, this bill is an *ad hoc* measure by an *ad hoc* administration to appoint ten new *ad hoc* members to the National Parole Board. However, I am not surprised, "ad hocery" is characteristic of this moribund administration. It waits for crises to occur and then reacts to them, and it reacts with unimaginative, ill thought-out half measures, which reveal a complete failure to grasp the problems. There was no good reason for the government to bring in a bill as limited in scope as this one is.

The government has had the Hugessen Report on the release of inmates from Canadian penal institutions for over a year. Much of that report dealt with the parole system, and many of its recommendations made very good sense. Why then has it taken so long to implement any of it? Neither our penal nor our parole system is the envy of the world. Some of those familiar with our institutions and what goes on there would tell you we have a way to go before catching up with the nineteenth century. So why, when a group of experts makes recommendations, does this government take all of one year to make a half-hearted attempt at implementing a single one of those recommendations?

The Hugessen Report set down four main objectives for the reorganization of the parole system, which I enumerate as follows: (1) The decentralization of the board; (2) the integration of the parole system with the criminal justice continuum; (3) an interlinked information system; and (4) due process of law. It also made specific recommendations as to how those objectives might be implemented.

For a whole year the Solicitor General's Department, with all its well paid experts, has pored over the Hugessen Report. They have studied it in depth—or, at least, they have had plenty of time to do so—and this is all they can bring forth. This government has no shame.

Special reports that are commissioned cost a lot of money, and what happens to recommendations contained in those reports? They are not acted upon expeditiously; rather, they are, for the most part, studiously ignored.

This bill goes a small hesitant step in the direction of the first objective, but falls far short of what was actually recommended in the Hugessen Report. That report called for the formation of local parole boards to serve each institution, or group of institutions. Each local board was to have three members—one representing the penal institution, one representing the community, and one representing the parole service.

The report also called for the appointment of five regional boards, each with eight members, including an informed and interested citizen, a judge, a senior police officer, a psychiatrist or psychologist, a criminologist or sociologist, a person responsible for programs in correctional institutions, a person responsible for the supervision of criminal offenders, and a regional chairman.

My good friend, Senator John M. Macdonald, has already expressed his opinion on a few of these suggestions, and I very much agree with his opinion. So why is it that all we have to prove that the Hugessen Report was given even a cursory glance by this government is the weak and very limited piece of patchwork contained in this bill? Why does this bill not set down a comprehensive, imaginative, forward-looking policy on parole? The government has had the time to draw one up, starting from the Hugessen Report, so where is it? Why are we suffered to deal with this piece of midget policy?

We had the right to expect that the government would present us with a complete plan on how it would improve the parole system. And there is more to that task than just providing a few new bodies on the Parole Board.

What about provincial boards; are they to continue or not? What about having a national commission for parole to co-ordinate local and provincial boards? What about a national parole institute, to gather information for the various parole agencies? What about the inefficient duplication of operations of the penitentiary service and the national parole service? What is going to be done to improve the liaison between the Parole Board and the various police forces? We had every reason to expect that this bill would provide a statement of policy covering these matters.

According to the Hugessen Report the prison system fails to provide adequate protection for the public. Nobody wants to see people, who are ready to be successfully re-integrated into the community, languishing in jail. No one wants to see people suffer, but surely we have a right to expect that those persons who represent significant risks to the community will not be released from our penal institutions. It has happened all too often that parolees have committed crimes. I do not need to remind honour-

able senators that some people, who should never have been released in the first place, have killed as many as four children or four young people after they were released.

● (2020)

We want to see a policy aimed at eliminating, to the greatest degree imaginable, the possibility of having society suffer as a result of crimes being committed by people who should have been in institutions at the time. The existing policy has been judged by experts to be deficient. Recommendations have been made to improve the system. Again, I ask, when will the government take action? This bill simply does not qualify as a satisfactory reply to the needs of our community as itemized in the Hugessen Report.

We do not want to see the total number of paroles reduced. If anything, we want it increased. There are too many people in our penal institutions. I am told that, per capita, we incarcerate more people than any other country in the world. That is a statistic we should certainly not be proud of.

We want to see our rehabilitation programs improved, and more of the right people released from prison. We have had enough of seeing the wrong ones released. We want to see the Parole Board provided with the facilities to undertake much more thorough searches of applications for parole. We want mistakes to be avoided as much as is humanly possible.

We want a policy—a clear, comprehensive policy—on parole. We want to see what measures the government plans to use to release those who could again be of value rather than a burden to society.

That is what we should have had in this bill—a clear enunciation of policy; a comprehensive program for the proper administration of parole and temporary releases. But that is not what we have here—not at all. Instead, we have a half measure. The student has turned in his assignment with only the first paragraph of the required essay. We will have to mark him accordingly, and give him an "F".

However, since the measure contained in this bill is undoubtedly necessary, and since this measure would definitely have figured in a comprehensive program, if the government had been responsible enough to provide one, we find we must vote for it. But it will not solve the parole problem. The problems with regard to parole go far beyond our not having the bodies to interview personally applicants for parole. Our problems are more fundamental than that. The Hugessen Report pointed out quite clearly what those problems were, but the government is dragging its feet.

In closing, I would express one hope. I sincerely hope the government is not going to treat the report of the Standing Senate Committee on Legal and Constitutional Affairs on the subject of parole in the way it has treated—or should I say "mistreated"—the Hugessen Report. I am assuming, of course, that Senator Goldenberg's committee is planning some day to submit a report of some sort.

Hon. Mr. Flynn: Somehow!

Hon. Mr. Choquette: I do not have to point out to Senator Goldenberg that his committee was charged with a study of the parole system as far back as October, 1971. I should add that the honourable senator is not wholly to blame, because he was not present at that time and not functioning as the chairman of the committee, but nevertheless that is over two years ago. The committee has, since that time, held 27 public hearings, heard 75 witnesses, and received 116 briefs from interested parties. The expert staff of the committee has logged several thousand miles criss-crossing Canada, interviewing authorities in the fields of criminology and penology.

The whole exercise has cost $150,000 to date, and as yet has borne no fruit. Absolutely nothing has been produced that even vaguely resembles a preliminary report. That is not the way it should be. No committee should be allowed to get away with sitting two years on a problem without giving us some sort of report.

In my more cynical moments I can easily convince myself that this committee's study of parole is being deliberately kept going merely to provide the government with an excuse for its inaction.

Hon. Mr. Goldenberg: I think the honourable senator should withdraw that remark. He knows that it is not true.

Hon. Mr. Choquette: I do not know that it is not true.

Hon. Mr. Goldenberg: If the honourable senator had attended meetings of the committee as much or as often as other members did—and he is a member of that committee—he would know.

Hon. Mr. Choquette: But I have attended many; I have taken an active part in them, and I have made a contribution. I still have to see when we are going to get a final report, and I am asking the question.

As long as the committee keeps up its pretence of work, the government can claim it is waiting for that committee's report before fashioning a new policy. I do not think we should allow the Senate to be used in that way by a morally bankrupt government, totally devoid of anything even vaguely resembling an original and effective idea as to how to improve the parole system.

I will support this bill, but I am not happy with it. It is a stopgap measure by a government that is incapable of providing thorough solutions to our problems.

There is still plenty of work to be done in this area, but I know that this administration does not have the talent to do the required work. So I guess the people of Canada will just have to keep yearning for that glorious day when this government is replaced by one that possesses the vision necessary to solve our problems.

Hon. Mr. Martin: May I ask the senator a question? Since he is a member of the committee, does he not think that he should confirm to the Senate that the committee has been energetically engaged in preparing its report regarding a problem which Senator Choquette himself has said is a vital one? Senator Choquette is a member of that committee—

Hon. Mr. Flynn: How do you know? You stay away.

Hon. Mr. Martin: —and he knows what is going on. Should he not tell the Senate the fact, namely, that this committee is now engaged in the preparation of its report under an able chairman, Senator Goldenberg?

Hon. Mr. Flynn: That is a good speech, but it is not a question.

Hon. Earl A. Hastings: Honourable senators, in speaking to this bill I shall try to reply to Senator Choquette with respect to the criticism he has made against the committee. In doing so I think my first obligation is to pay tribute to the chairman of that committee, under whom many of us have served in this past year, for the work he has done. Senator Goldenberg came to our committee about a year ago. Since then he has given excellent leadership, and I can tell Senator Choquette, as he has not been present, that we are in the final stage of that report and hopefully it will be published in March. Let me also tell him that it was out of respect for the Senate, and the Senate committee and its report, that no further legislation has been introduced. As the minister has said from time to time, this bill was not intended as a complete reform of parole legislation in Canada, but he was awaiting the report of the Senate committee. He was awaiting the report of the Federal-Provincial Conference on Corrections, which has just concluded in Ottawa, and he is also awaiting the report of a committee in the other house, which has toured the institutions of Canada this past year under the honourable member for Kingston and the Islands. It is out of respect for these reports that the minister introduced the present bill which we have under consideration, as a stopgap measure which is urgently needed, and further reforms will await the completion of these other reports.

● (2030)

Judge Hugessen and his committee are not the only "experts" who have been giving consideration to the problem of parole, corrections and custody in Canada. Twenty members of this house have worked in committee, of which Senator Choquette is a member, and they have worked fairly diligently in conducting a thorough study. We wanted to make certain that any recommendations which we make at this time are not going to continue to be *ad hoc*, and we are not going to continue to gather meaningless reports that have been made over the past years when it comes to the treatment of offenders in our institutions and their release back into society.

I have to disagree again with Senator Choquette, and unfortunately I also have to disagree with the distinguished senator from Cape Breton, Senator Macdonald, when he says that no policeman or judge should ever be appointed to a parole board. In my view you cannot preclude any man from sitting on a parole board by virtue of his occupation or training. It seems to me that as we have given consideration to the question of parole, one glaring deficiency that keeps coming forward is the fact that it is something misunderstood by all segments of the criminal justice system from the policeman who arrests the man, gives evidence that leads to his conviction and then disposes of him, the judge who judges and sentences the man and disposes of him, sending him on his way to custody, to the custodial men who take him into custody and hold him for the necessary period of time and then send him off on parole under the care of the Parole Board or some other after-care agency. The greatest problem in corrections today is the fragmentation of effort, and what is needed more than anything else is an understanding by all segments of the criminal justice system of what is involved as the offender is sent on his journey. Furthermore, this should be understood by the offender himself, because one thing we have learned is that the process is misunderstood even by the offender himself. It reminds me of the occasion when I asked a young man if he could define parole for me. His answer was, "It is that thing they are going to use to let me out to see how long it will be before I steal again." One of the things we have to seek is a greater understanding throughout the whole criminal justice system, and a great contribution to that understanding could be made by having a judge or policeman sit on a parole board. I can pay great tribute to Jean-Paul Gilbert, former police chief of Montreal and a present member of the Parole Board. In my own city of Calgary, part of the training of a police officer is to spend two weeks in the parole office. Mr. Gilbert also organized a committee of the Canadian police chiefs and Parole Board so that these two organizations would understand and appreciate each other's objectives. In my view this is the only way we can hope to attain some success, and for that reason I would not preclude a judge or a policeman, or anyone else for that matter, from serving on a parole board. As I have said, what is needed is an appreciation and understanding of the correction procedure.

I have had a great deal of experience with the Parole Board, and I cannot criticize its members. I know it is easy to join the mob and to criticize when there is a failure in parole. When that happens, it seems that everyone screams to get the man back in his cage. But, few people stop to try and understand why this individual acted in this way in these particular circumstances, just as few people try to understand why this man was allowed to go free, or the effort and consideration that goes into the question of putting him back on the street again. It is easy to scream with the mob to get him back in his cage, but it is frequently very hard to work with these men to try to get them back into society even though doing so is our greatest protection.

What are the parolees who are presently in society doing? We hear that they are doing all kinds of dreadful things—stealing, thieving, raping and so forth. I have a survey of the National Parole Service as of June 1973, and it indicates that of the 2003 parolees under the supervision of the National Parole Service, 81 per cent were employed, 15 per cent were unemployed and 4 per cent of the total were engaged in pursuing further education and undergoing various forms of training to improve their occupational skill. Then of the 1,632 who were employed, 77.5 per cent are employed continuously, 11.5 per cent on a seasonal basis and 10.5 per cent on a casual basis.

During the month of June these men earned a total of $905,745, which meant an average per parolee of $545, and they supported 1,805 dependants. So that is what these men are doing on parole under the supervision of the National Parole Service.

Honourable senators, with these observations, I should like to adjourn the debate until the next sitting of the Senate.

On motion of Senator Hastings, debate adjourned.

SCIENCE POLICY

CONSIDERATION OF VOLUME 3 OF REPORT OF SENATE SPECIAL COMMITTEE—DEBATE CONTINUED

The Senate resumed from Thursday, December 13, consideration of Volume 3 of the Report of the Special Committee of the Senate on Science Policy, tabled in the Senate on Tuesday, September 11, 1973.

Hon. Chesley W. Carter: Honourable senators, we are now considering the third and final volume of the Report of the Senate Special Committee on Science Policy. It will be recalled that Volume 1 traced the development of science policy in Canada from the beginning of Confederation to the present time. It also outlined the industrial strategy that developed concurrently along with and from that science policy, because the two are intertwined and in many respects inseparable. In fact, a science policy developed in isolation and without a close relationship to industrial and economic growth has little relevance.

In the early days both science policy and industrial strategy rested on the same foundation which was supported by three pillars: (1) the exploitation of natural resources including energy; (2) the export of raw materials; and (3) the encouragement of small branch plant secondary industries protected by high tariff walls.

This science policy and the industrial strategy that sprang from it served Canada well enough in the days when Canada had a rural economy based on agriculture and other primary industries. At that time most nations of the world were in the same boat, struggling to develop along similar lines. That was 60 or 70 years ago. But two world wars changed all that. World War I not only made Canada a nation, but it also marked the beginning of a change in the basis of Canada's economy from rural and agricultural to urban and industrial.

● (2040)

The second technological revolution, which took place in the United States about this time and which resulted in the mass production of motor cars, electrical appliances, et cetera, gave further impetus to this process because these products required vast quantities of raw materials and cheap hydro power, which were available in Canada in abundance and at less cost than in the United States. Since these resources were under provincial jurisdiction, and each province was vying with the other for secondary industry, there was naturally a rapid expansion of the branch plant economy, not only in manufacturing but in resource industries as well. The result was heavy foreign investment in Canada with concomitant foreign control over Canada's industries and resources.

World War II carried the process even further. During the intervening period, and particularly during the past 25 years, Canada's science policy has been doctored here and there in a futile effort to adjust to events as they occurred in the economic and industrial world, but no transformation has taken place. Basically we are still following the same science policy and the same industrial strategy that was designed 100 years ago for a different age and different conditions. If anything, our science policy has been determined largely by our industrial strategy, whereas actually it should be the other way around.

[Hon. Mr. Hastings.]

Our present *ad hoc*, haphazard, science policy by accident, is totally inadequate and totally unsuited for an industrial country like Canada with an exploding work force, a small domestic market and an economy heavily dependent on exports. Moreover, it is totally unsuited for the kind of world we are living in, a world where Canada has to meet fierce competition from other countries that are advanced industrially and technologically, and which also have the benefit of large domestic markets. On the contrary, it handicaps Canada greatly because it makes no provision for the attainment of long range goals, and it prohibits those quick adjustments that must be made almost overnight in our rapidly changing world.

Let us take a moment to pause and consider exactly where we are with respect to science policy in Canada today. To begin with, we do not have an accurate picture of the overall expenditures on scientific research and development because we have no overall inventory of what R & D programs are being carried out all across Canada. Neither do we have an overall inventory of the R & D programs that are being funded with public money. Such inventories simply do not exist.

We do know, however, that the Government of Canada is spending somewhere around $1.25 billion on research and development. Some of this money is being spent by government departments in their own laboratories, and some in industry and the universities by way of federal grants. But, generally speaking, the universities do not know what industry is doing, and industry does not know what the universities are doing. Neither of them knows what the government laboratories are doing, and the government laboratories do not know what industry and the universities are doing. They represent the three solitudes, each oblivious of the other and each going its own sweet way in splendid isolation.

Consequently we have no way of knowing what overlapping or duplication is taking place with respect to programs at home or abroad, or what programs are being perpetuated unnecessarily. Neither do we have any criteria for determining when a program has outlived its usefulness and should be terminated. This situation must be viewed in the light of the fact that Canada lags far behind other industrial nations in the race for science and technology, particularly in the innovative process—the translation of scientific discoveries into new products or improved versions of existing products.

The committee was told that the National Research Council, which was set up to conduct long-term basic research and to advise government and industry on matters of science and technology, was spending about 90 per cent of its time awarding grants.

On the industrial side, we have a fragmented manufacturing industry geared to our small domestic market, unable, because of problems of scale, to compete with imported products without heavy tariff protection. Also, our secondary industry is mainly dependent on the foreign parent for scientific research and improved technology. With two or three notable exceptions, our secondary industry has no ongoing long-range R & D programs, and what little research is being done depends largely on the yearly balance sheet. If profits are low, they do little or none. If profits are up, they do a little more. No worth-

while industrial research and development program can be developed in this haphazard manner.

On the economic development side, our industries have been encouraged to concentrate in the two central provinces, with the rest of the country constituting a huge periphery of undeveloped regions, the political and economic status of which is little different from that of a colony.

On the social side, we have no worthwhile scientific research whatsoever, although all our most difficult and most pressing problems are social problems, such as pollution and other environmental problems; scarcity of housing and land for housing development; exorbitant increases in land and housing costs; urban transportation problems; and problems of poverty and over-crowding, and crime problems resulting from them.

The Hon. the Speaker: Honourable senators, I am sorry to interrupt Senator Carter's speech, but I hear conversation from both sides of the house, which makes it very difficult to follow what the honourable senator is saying.

Senator Carter has prepared a speech which is well worth while hearing, and I am sure that many honourable senators, like myself, would like to hear it without interruption. I would remind honourable senators of the rule of the Senate regarding conversation when a senator is speaking.

Hon. Mr. Carter: Thank you, Madam Speaker.

Honourable senators, Canadian inventors are discouraged rather than encouraged. There is no source of venture capital or assistance, either public or private, to which they can turn for assistance in building a prototype, and completing the innovative process. The Industrial Development Bank has proved to be practically useless as far as this need is concerned.

The so-called incentive grants are rendered useless by bureaucracy. They are distributed among a number of government departments in different localities, and the applicant is kept running from door to door as each department passes the buck on to the other. If by chance the Canadian inventor should meet the criteria established for any particular form of assistance, he is kept waiting for months, and even years, before the bureaucrats condescend to tell him whether or not he will be assisted. In most cases, when the decision is handed down, it is too late. The applicant has either given up the idea altogether, or financial circumstances have compelled him to stop working on it, or he has been compelled to sell it to some foreign company for a mere fraction of its worth. In this way, because of cumbersome machinery and a slow acting and indifferent bureaucracy, untold millions of dollars' worth of new industry is lost to Canada every year.

● (2050)

That, honourable senators, to use a Newfoundland expression, "is where we are at," at the present time. All this is spelled out in detail in Volume 2 of the committee's report. But Volume 2 goes further than that. The committee felt it was not good enough merely to try to cope with the present situation. That would be like the generals who are always prepared to fight the last war. The committee, therefore, looked a little into the future, and it forecast the kind of world that we now see unfolding before us.

The Committee warned that not only Canada, but the whole industrial world, was using up its resources at an exponential rate. We were doubling our consumption of energy every 15 years, and doubling our consumption of other resources—in longer or shorter periods, but doubling them, nevertheless—at an exponential rate, and that was the road to disaster, because once you have reached the halfway mark it is then too late to take any counter measures that can be effective in diverting disaster.

In short, the committee predicted that not only Canada, but the whole industrial world, was headed into an era of scarcity, and our plans for the future should take that into account. We already have a scarcity of available petroleum. Cheap energy is now a thing of the past. Higher cost energy means higher cost agricultural products, higher food prices and higher priced manufactured products. This is a fact of life. The only hope of offsetting these higher prices is through improved technology and productivity.

Table 17 on page 483, Volume 2, lists a number of strategic minerals and their world rate of depletion. We are already aware of the shortage of available oil. This table, which was compiled in 1969, showed that world resources of petroleum would be exhausted in 31 years if there was no increase in the rate of consumption. But consumption was increasing at the rate of 3.8 per cent per year, and if that rate of increased consumption continued, world petroleum resources would be exhausted in 20 years. That means we have about 15 years' supply left, which is what the experts have been telling us. But the experts are warning us also that before long we will be faced with a similar shortage of copper, zinc, mercury, gold and even water. These resources cannot be replaced overnight. It takes years to find acceptable substitutes, and more years after that to construct the plants to turn out those substitutes.

Then there is the question of investment—the amount, the source and its effect on Canada's dollar. Having a small domestic market and being highly dependent on exports, Canada cannot afford to permit the exchange rate of the Canadian dollar to be pushed to a level that will make our goods uncompetitive on the world market. This, then, is a limiting factor on the amount of foreign capital that Canada's economy can safely absorb. It is, therefore, necessary to plan ahead so that we will be prepared for events as they happen, instead of trying to catch up with them as we have been doing until now.

In line with this thinking, the committee, in Volume 2, set forth a number of recommended targets for the seventies, and the strategies it felt were necessary to achieve them.

In Volume 3 the committee outlined the reorganization and restructuring of government departments and agencies that must be carried out in order to implement those strategies, achieve those goals described in Volume 2, and also to correct the situation I described earlier. In short, Volume 3 deals with the kind of organization at the national level which is required to develop and implement a new industrial strategy—a new national policy that takes into account present day conditions and which, at

the same time, is flexible enough to permit rapid adjustments to changes, either at home or abroad, as they occur.

In his excellent address when opening the debate on November 14 last—Senate *Hansard,* page 1136—Senator Lamontagne pointed out that the plan of reorganization recommended by the committee had three facets—the central machinery, departments and agencies, and the interfaces of science policy, which means relationships between federal agencies and other agencies at the international, provincial and national levels, including Parliament and the scientific and engineering community.

Senator Lamontagne went on to make it quite clear that the committee had recommended a much stronger central organization than the present Ministry of State for Science and Technology. The present ministry can only advise and assist. What the committee recommended was a central authority that could review and assess, because only in this way can we ever have a visible budget and an accurate overview of federal expenditures on scientific research and development. Only in this way can we minimize bureaucracy, eliminate overlapping and duplication of programs, prevent the perpetuation of useless programs, and develop criteria by which programs which have outlived their usefulness can be identified and terminated. In short, it is the only way we can get the best value for our scientific research and development dollar.

Senator Lamontagne devoted practically his whole speech to exposing the organizational weakness of our present Ministry of State for Science and Technology, explaining how the central authority recommended by the committee was intended to function, and also the adverse consequences that can be expected if it is not adopted or if the present organization is continued.

On December 4 last—Senate *Hansard,* page 1235—Senator Grosart, in his usual thorough manner, dealt extensively with the interfaces of science policy, and last Thursday Senator Cameron, in another excellent speech, dealt with the reorganization of government departments and agencies, as recommended by the committee. He emphasized that this reorganization was based on the three principles of (a) division of labour, (b) specialization, and (c) integration.

I referred earlier to the fact that Canada lags far behind other industrial nations in the scientific and technological race, and particularly in the innovative process which translates scientific discoveries into new industries and new commercial products, or improved versions of old products. To correct this situation, and to facilitate the development of a new industrial strategy, the committee believes that the Department of Industry, Trade and Commerce should be charged with the clear responsibility for implementing a realistic technological and industrial strategy, including the encouragement and development of the various stages of the innovative process.

The committee believes that it is important for domestic technological and industrial strategy to be related directly to trade policy and, indeed, to help define it. Evidence before the committee led to the conclusion that since the two departments were combined in 1969, the trade and commerce mission of the department had been emphasized at the expense of the industrial mission. The committee felt that this was a deplorable outcome which ought to be corrected. To that end the committee recommended—and I am quoting from page 723, volume 3, of the report—as follows:

> —that a deputy minister of industry be appointed in the Department of Industry, Trade and Commerce as the senior official responsible for implementing a technological and industrial strategy and for administering its support services, and that a senior assistant deputy minister for technology and innovation be designated as soon as possible to serve eventually under the new deputy minister when appropriate legislation has been approved.

Both senior officials should, of course, have a practical knowledge of Canadian industry and of the requirements for the successful introduction of a new technology and industrial innovation.

● (2100)

The committee also recommended that the specialized tools and agencies required to encourage and assist the innovative process should also be brought under the umbrella of the Department of Industry, Trade and Commerce. I mentioned earlier the discouragement that resulted from the runaround and long delays experienced by individual inventors and innovators, and by innovating enterprises, who applied for various federal grants available for R & D in industry. To overcome this, the committee recommended in Volume 2 that all existing specific grants designed to encourage R & D activities in industry be integrated into one multi-purpose program, and placed under the management of the Department of Industry, Trade and Commerce, and that the department carefully evaluate the program so as to establish the public benefit gained from this expenditure of public funds. On the whole, this recommendation received wide support from the business and scientific community, and, since it can be easily implemented, the government is urged to do so without delay.

The experience of many countries is that industries with limited R & D capacity can and should develop skills to use existing information rather than conduct small, poor quality R & D programs. One of the most valuable services the government can render industry is to help gather and distribute technological information and forecasts. To develop a sound innovative strategy private firms and industries must detect technological trends at home and abroad as early as possible. A good technological monitoring service is therefore of crucial importance for an individual firm or industry. Monitoring on a large scale, and in the most important countries of the world, has contributed largely to Japan's technological success.

It is usually too expensive for smaller firms to develop their own monitoring system, but an efficient and satisfactory system can be worked out on an industry-wide basis by a number of firms willing to work together and pool their resources. Nevertheless, all private systems must be complemented by a public monitoring service with representation abroad.

In this connection, the committee recommended at page 593, Volume 2:

> 1. The Ministry of State for Science and Technology be given responsibility for initiating the creation of

new scientific and technical information and transfer systems and technological forecasting services in co-operation with the proposed National Research Academy and the Department of Industry, Trade and Commerce and in consultation with the communication industry;

2. The main operating responsibility for the collection, storage, and dissemination of scientific and technical documentation should be assigned to the proposed National Research Academy, and the operating responsibility for the collection, storage, and effective transfer of information and technological forecasts concerning the industrial innovative process should be assigned to the Department of Industry, Trade and Commerce, while enabling other government agencies to maintain their own systems according to their specific needs;

3. The Ministry of State for Science and Technology be responsible for the continuing review and evaluation and coordination of the various government agencies' scientific and technical information and technological forecasting activities; and

4. All these activities be arranged so as to encourage the development of a Canadian information and forecasting industry to which the two ministries named above should give high priority.

The committee came to the conclusion that if the secondary manufacturing industry in Canada is to expand, or even to survive, it is absolutely essential that a two-stage strategy be implemented at once.

In the first stage, the Minister of Industry, Trade and Commerce would ask secondary manufacturing industries to organize task forces with appropriate labour representation to consider the problems of scale and specialization, and then prepare a plan to improve the efficiency, the innovative capacity and international competitiveness of individual firms through mergers or otherwise.

In the second stage, the government would set up a Cabinet committee to review these plans suggested by the task force in the light of the requirements of the public interest, particularly economic efficiency, innovative potentiality and international competitiveness.

The Minister of Industry, Trade and Commerce would appoint an impartial chairman and provide a small secretariat for each task force. To accelerate the review process and to advise the Cabinet committee, it was recommended that an office of industrial organization be set up in the Department of Industry, Trade and Commerce, with the chairman and secretariat of the various task forces as its members. This office would have close liaison with the Canadian Development Corporation.

Evidence before the committee indicated that most government policies, while serving their intended purpose, nevertheless produced side effects which were harmful to the industrial innovative process. This comes about when policies are formulated in government departments and agencies that have no science policy advisers to help them consider the impact of their decisions on the economy or on the industrial innovative process. There is, therefore, a need for a central machinery to check a policy's probable effect on innovation, to discuss alternatives, and, in cases of disagreement, to report its findings to the Cabinet committee on science and technology.

The committee found that the existing interdepartmental committee on innovation had not performed this function, and did not appear to be able to do so. Since the committee was convinced that it is imperative for the government to strengthen its positive impact on the industrial innovative process in order for industrial reorganization to succeed, the committee therefore recommended that the scope, composition and authority of the interdepartmental committee on innovation be enlarged so that, working with the departments and agencies concerned, it could appraise the implications of their decisions and policies for the innovative process.

Many briefs commenting on Volume 2 strongly supported this recommendation. They pointed to several government policies that had a negative impact on innovation in the private sector. The Electronic Industries Association of Canada stated that this recommendation was "almost totally supported by the EIAC."

As stated earlier, the committee found that the Industrial Development Bank, though intended to assist new or small companies, was not of any significant use to innovating firms or individual inventors and innovators who needed funds to complete the innovative process.

The committee therefore recommended:

2. That a lending and investing institution called the Canadian Innovation Bank (CIB) be created to support in co-operation with private venture capital companies the activities involved with the launching of technological innovations, especially in new or existing small and medium-sized firms, to provide managerial services to these enterprises and to be responsible to the Department of Industry, Trade and Commerce.

One large high-technology company commented that this was perhaps the best recommendation in the report. The senior vice-president of another large Canadian-owned company declared, "We urge rapid adoption of this recommendation."

Recently, however, the Minister of Industry, Trade and Commerce has announced that the Industrial Development Bank is to be reorganized along lines similar to those in the committee's recommendation, and perhaps we shall have to wait and see to what extent the new Industrial Development Bank can or will meet this need.

● (2110)

The committee was impressed by the assistance which certain countries provide for their small inventors. Sweden has a scheme to assist small inventors which enables them to work full-time for a whole year on an invention. The United States of America is actively seeking means of promoting inventions and of serving its individual inventors more effectively. A National Inventors Council has been set up to advise them, and arrangements have been made whereby federal government laboratories, under certain restrictions, can proof-test inventors' ideas.

The committee felt that Canada should show similar appreciation and therefore recommended:

> That the Department of Industry, Trade and Commerce set up a task force to investigate all factors having an important effect on the individual private inventor in Canada, to consider the kind of public assistance provided by other countries in this area, and the desirability of establishing a Canadian inventors council to assist private inventors and to act as their formal spokesman.

The committee felt that the task force should include successful Canadian inventors and innovators and that SCITEC should be asked to undertake the study.

Since Canada gives a wide range of awards to individuals who distinguish themselves in the arts, letters and sciences as well as in the public service, the committee felt that similar recognition should be given in Canada to groups and individuals who have been successful technological innovators, especially those contributing to substantial exports. Such a system would encourage invention and innovation, show our appreciation of inventors and innovators and might also serve to reduce our export of ideas.

Honourable senators, my purpose tonight has been to deal briefly with those sections of chapter 21, entitled "Reorganization of Departments and Agencies," which Senator Cameron was unable to include in his speech of Thursday, December 13, at page 1366 of Senate *Hansard*, and also to provide a framework and perspective in which the committee's whole report and particularly Volume 3 can be viewed.

A very good commentary was contained in an editorial in the Ottawa *Citizen* dated September 13, 1973. It is headed, "A blueprint for progress" and reads as follows:

> There it all is, after six years' hard labour by Senator Maurice Lamontagne's committee, a coherent blueprint for organizing Canada's science policy and the billion-dollar federal science spending program.
>
> After the several faulty and timid starts of this past decade, a compelling, forward-looking and rational plan it is, one that should set Canada firmly astride the onrushing beast of scientific progress, with as good an overview as could be asked of what lies ahead and on its flanks.
>
> The great fear is that the government will content itself with half-measures when full measures require not so much courage as foresight and leadership.
>
> The goal of the report is to ensure that Canada uses its modest science budget to best advantage—to meet practical social and economic needs, and ensure that industry obtains and retains a strong foothold in the markets of the world.
>
> Part of this, long central to Senator Lamontagne's approach, is the need to feed to the public and up through the political structure a coherent body of information related to the thrust of our scientific effort. Without this there can only be apathy, a lapse of will, and a terrifying stagnation. Much is at stake.

You will see from what I have said that the Special Senate Committee on Science Policy has recommended an extensive restructuring, not only of the Ministry of State for Science and Technology but also of the Department of Industry, Trade and Commerce, as well as the reorganization of a number of existing agencies and the creation of some new ones. Recent events have confirmed the accuracy of the committee's predictions and the soundness of the committee's recommendations. In view of the serious challenges with which we are now faced, time is of the essence and it is to be hoped the Government of Canada will act speedily on the committee's report.

On motion of Senator Buckwold, debate adjourned.

CLERK'S ACCOUNTS

SECOND REPORT OF STANDING COMMITTEE ON INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION ADOPTED

The Senate proceeded to consideration of the Second Report of the Standing Committee on Internal Economy, Budgets and Administration, which was presented on Thursday, December 13.

Hon. Mr. Smith moved the adoption of the report.

Report adopted.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Wednesday, December 19, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

RESIDENTIAL MORTGAGE FINANCING BILL

REPORT OF COMMITTEE

Hon. John J. Connolly, Acting Chairman of the Standing Senate Committee on Banking, Trade and Commerce, reported that the committee had considered Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada, and had directed that the bill be reported without amendment.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Connolly moved that the bill be placed on the Orders of the Day for third reading at the next sitting.

Motion agreed to.

BUSINESS OF THE SENATE

On the Question Period:

Hon. Mr. Flynn: May I ask the Leader of the Government if he knows more today than he did yesterday about the adjournment of the Senate?

Hon. Mr. Martin: It has been suggested that perhaps I should ask the Leader of the Opposition whether he knows more. I will not ask him that question today, but I might tomorrow. I am quite certain that we will have to be here until Friday of this week. I believe it will be proposed in the other place, depending on what progress is made, that that house come back on the night of December 26.

An Hon. Senator: What year?

Hon. Mr. Martin: Don't look at me with pain. That is what will be proposed for the other place. I am only saying what I believe to be the case. Perhaps tomorrow I can be a little more informative.

Hon. Mr. Flynn: Mind you, I would make some suggestions to the Leader of the Government were it not for the fact that every time I do so the result turns out worse than if I had said nothing.

Hon. Mr. Martin: Perhaps you could make your suggestions to me privately. In that way you would not be committed.

Hon. Mr. Flynn: In that case, I might.

Hon. Mr. Langlois: Also to the other place.

Hon. Mr. Martin: Perhaps we could both make representations to the other place.

CIVIL AVIATION

PROTECTION AGAINST HIJACKING AND TERRORISM—QUESTION

[*Translation*]

Hon. Martial Asselin: Honourable senators, I should like to ask a question of the Leader of the Government.

After the horrible tragedy in Rome, where Palestinian commandoes hijacked another airplane and killed about thirty people, does Canada intend recommending, after the next meeting of the International Air Transport Association, more drastic measures to punish the authors of these hijackings to ensure the security of passengers and crew members on these aircraft?

I must add that this tragedy has brought consternation not only to Canada but to the entire world and, in my opinion, Canada should approach the other countries so that these hijackers may be punished.

Has the Cabinet discussed this? Can the leader tell us whether Canada will take such action?

Hon. Mr. Martin: Yes, honourable senators, we have discussed this matter recently and, as you know, Canada had made some proposals about eight months ago. These proposals were not all acceptable, but I am convinced that the situation is serious, as you pointed out.

I could perhaps consider your question as notice and try to give you a more complete answer when I have more details.

Hon. Mr. Langlois: I think that the honourable senator will allow me to add that we should make a distinction.

My honourable friend has referred to an international air control organization, the IATA, I suppose. However, the recent events did not occur in the air but on the ground, and they are therefore a security matter under the jurisdiction of the Italian police. The crime was committed at an airport in Rome, not in an aircraft. I do not believe that Canada can do anything about improving security at the Rome airport.

Hon. Mr. Asselin: Yes, but an aircraft was hijacked at the Rome airport and the passengers were flown to Athens.

Steps taken in the past were not severe enough, to my mind, to prevent such crimes. Naturally, security measures were taken at some airports but obviously they are not sufficient to prevent similar situations.

In the face of world opinion, Canada and the other countries should take special steps to ensure passengers all possible security. Some day the pilots around the world may strike, precisely to attract world attention, because those countries which should take severe measures against hijackings have not done so to date.

Some security measures have been taken, but others have not even been changed; we see what the consequences are.

I do not claim that all security measures were not applied in Rome; that is how Senator Langlois interpreted my question. It deals with the international problem and I would like Canada to intervene.

● (1410)

[*English*]

PAROLE ACT

BILL TO AMEND—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Goldenberg for the second reading of Bill C-191, to amend the Parole Act.

Hon. Earl A. Hastings: Honourable senators, in speaking last night to Bill C-191 I drew the attention of senators to the fragmentation of effort that exists in the criminal justice system between the police, the judicial, custodial, parole and after-care agencies, and the contribution it was making to the failure of the system as it exists. Through this procedure it is the offender who is bounced from one jurisdiction to the other until he is finally taken back into society, and everyone is amazed to find that the whole exercise was to no avail, that whatever else he learned while he went on his journey, he really did not become very rehabilitated.

If you visit our institutions of custody you will probably find the reason why. While he may be committed for a minor offence of breaking or entering, when he is in custody he learns some very worthwhile skills that do not contribute very much to living within the norms of society. He can learn how to blow a safe a little better; he can learn how to make a pass key that will start a Chev or a Ford at any time; or he can learn how to enter a building a little more efficiently. It is because of this fragmentation of effort, one of the causes, that we are failing so miserably in our programs of rehabilitation.

My few remarks today are a plea to all those engaged in the correction process, in the judicial process, for co-operation and understanding that each one is working towards the same objective. If we are to have any success whatever each jurisdiction must have a better knowledge and appreciation of what the other is doing. What is even more important, we must have public participation and support, particularly by the legislature, if we are to instigate meaningful reform in this procedure.

That understanding and appreciation on the part of the public and the legislature can come only through meaningful participation and knowledge of what the game is all about.

I suggest that that participation or insight comes from first-hand knowledge of your subject and not from a cursory reading of the Hugessen Report. That is the precise reason the Canadian Penitentiary Service has encouraged participation of the public in the various programs in the institutions. It is incumbent upon legislators, judges and police to visit these institutions and see what transpires. I rather suspect that when they find out what is going on, there will be a real demand for reform and change.

[Hon. Mr. Asselin.]

Last summer, Mr. Justice Jacques Ducros of the Quebec Superior Court, together with Mr. Justice Kaufman of the Quebec Appeals Court and Mrs. Kaufman, spent a day at the penitentiary at Drumheller with Mrs. Hastings and me. I think Mrs. Hastings and Mrs. Kaufman were the first women ever to enter the cell block and spend an afternoon visiting and talking to the inmates. They were trying to understand the men and convey to them a sense of hope with respect to the problems they had. Those problems were magnified out of all proportion to what you and I would consider a problem, but they were grave problems to those concerned.

We also had a seminar at Drumheller, to which we invited the business community of Calgary. In one particular instance, 67 "blue chip" businessmen came in and spent a Saturday with the Hopewell group. That group is composed of men convicted of capital or non-capital murder. Before the visitors arrived I asked the warden if the men could not be dressed in business suits for the occasion. I did not feel it fair to have them otherwise identified in such a gathering. He agreed.

The first visitor to arrive was a district court judge and I introduced him to the inmates. Shortly after he asked me, "When will the inmates be coming?" and I replied, "They are here." He asked where they were and I said "You have just met them." "You mean," he said, "these are men convicted of murder?" and I said yes. He then inquired where the closest guard was and I said he was about half a mile away at the front gate. He became very perturbed, and asked, "Do you mean to tell me we are going to spend a whole day in this room with these men without any protection?" I said yes, and we did. We spent the whole day there. We had lunch with the men, and we had a worthwhile meeting with them. I believe that the person who benefited most from that day's experience was the judge himself.

Hon. Mr. Flynn: Obviously.

Hon. Mr. Hastings: He realized that we are dealing with human problems in these institutions. It is by visiting these institutions that these judges come to realize the utterly inane sentences they are handing out in the name of justice. I never cease to be amazed when I see such sentences as, "I sentence you to three years in Drumheller Penitentiary, and I recommend that you receive psychiatric treatment."

● (1420)

Little does the judge know that psychiatric treatment at Drumheller Penitentiary consists of a psychiatrist being available two half days a month for 500 men. The only time the man will see a psychiatrist after he arrives at the penitentiary is about two months before he is ready to be released.

But if the judge is involved with these men in some way after sentencing he can gain an insight. It is not just by reading the Hugessen Report that one gains an insight into parolees and inmates. It is when you have to spend a night with a young parolee who has just lost his job, has a pregnant wife, and who is filled with fear, despair and frustration with the future—a very minor problem to you and to me were we in the same circumstances, but to him his whole life—it is when you spend such a night counselling him and getting him through the night that you gain

that insight as to what it is all about. Or you gain that insight after you have spent an afternoon with a parolee coming off a heroin trip and advise him on the best procedure to follow to get to a hospital—advice he will not accept because he sees in going to the hospital the end of his parole. You explain to him that, "We are not playing with the parole but we are playing with your life," and you explain that, if he gets into a hospital and gets himself cleaned up, there is no assurance that his parole will be cancelled. It is when you see that procedure accepted and see the man following that advice and, a year later, having abandoned drugs and succeeded in the game of life, that you are able to gain that insight.

It is by involving ourselves with these men that we become aware of that very difficult, complex problem of human behaviour and corrections. It is complex and difficult to the extent that there are no "experts" when it comes to dealing with people. There is no real knowledge on which to base a decision as to future behaviour. You can do the very best you can from the psychiatrist to the correction officer, but there is no guarantee how a particular individual will react any more than I can give any assurance how I will react under a certain set of circumstances.

But by visiting these institutions—and I have visited most of them in Canada—and by working with parolees, I have come to accept a responsibility for what we do to most of the men we send to these institutions and what we do to the men we hire in our name to keep them there. I have reached the conclusion that I have no more right or authority to ostracize them, banish them, stigmatize them, than I have to offer similar treatment to one of my own family who may be impaired or otherwise handicapped in the game of life.

It is understanding of parole and corrections by the public and by the legislators that is needed today. In saying that, I should like to pay tribute to the Parole Board and to the members of the parole service and to the members of the Canadian Penitentiary Service. I sometimes wish that all those who are so quick to run to the airwaves and to the newspapers to give voice to criticism when there is an unfortunate incident could have the opportunity to spend 24 hours on the firing line with these men as they try to put lives back together and get men back into society. It is so easy to criticize the failures—I do not like calling them "failures"—and create prejudice against these few unfortunate circumstances which are glaring failures. Nothing is ever said of the many successful stories that are the result of parole and temporary absence from the Canadian Penitentiary Service. It is simply a case that most people just do not understand parole. They do not understand that it is a given procedure, utilized at a given time in a man's custodial career, when it is decided by a group of people, working on the best knowledge available to them, that this is the most opportune time to release a man into society and to operate and function therein under supervision. Of course, there is no guarantee that it will work; there is no guarantee that he is going to put on a white shirt, blue tie and blue suit and start going to church; there is no guarantee that he will not get into trouble again. But to the best of the knowledge available to these men whom we have entrusted with the job of making the decision, this is the right time to put him back into society and not leave him in the custodial environment having regard to the debilitating effect that this would have on him.

Sometimes it does not work, and then, of course, all hell breaks loose and the Parole Board is criticized. I simply cannot understand why. They have done their best to get this man back into society and to function within the norms of that society. When you have a cold and you take an aspirin and it doesn't work, you don't damn the medical profession. When you have surgery which does not cure your illness, you don't damn the medical profession. You say they did their best under very difficult circumstances. The same applies to the parole procedure. The charge that these men are released into society, men who are known to be dangerous and who are likely to create havoc in society, is just unfounded. Granted, there are examples of such cases, but to say that those who make the decision on parole do so without consideration for public safety is just not true.

It seems to me that whenever there is a discussion on the question of parole, such as we had last night, one always hears of the Dion case in Quebec, but we never hear of the many successful cases. When the question of temporary absence is being discussed, we always hear how it went wrong in the case of Yves Geoffroy two years ago at Christmastime but nobody talks about last Christmas when 1,445 were released on temporary absence and only two got into trouble, minor trouble at that.

There are too many people who do not understand the purpose of parole. In this connection I should like to place on record the story of a parolee. He was a young man who came from a broken home and who spent one year in reformatory at the age of 17. He served another year at the age of 21 for car theft, and then at the age of 28 in the commission of armed robbery he shot a storekeeper and marked him for life. In sentencing this man the judge said, "I am sentencing you to 12 years, and I am recommending that you never be considered for parole, because, in my opinion, you are unfit to be in society." Here is the story of this man as taken from the final report of a parole officer.

● (1430)

> John was released on parole November 8, 1965, under the supervision of the writer when employed as a probation officer. He was very nervous, confused and disoriented after serving six years in jail for armed robbery for which he was sentenced to 12 years. The writer remembers vividly taking him out by car to his first job as a welder... He wore a long heavy overcoat practically to his ankles and a huge prison fedora which covered his head nearly to his nose. Seven years, two months later, his parole finally expired on January 4, 1972.
>
> ... He is also one of the finest human beings in terms of personal decency and high moral standards known to the writer. John is a most sincere friend who would never let anyone down and go more than the second mile for the countless people he has helped and worked for in the past years... He is an intensely spiritual man who follows to the very letter the moral precepts of his creed. In other words, throughout the

years since his release, there has been a total transformation or conversion of personality.

On many occasions, John has personally assisted quite a number of different parole and probation officers in working with other offenders. Christmas eve 1970, he visited one of my parolees who was going through an alcoholic binge... there hasn't been anyone in this field, I am sure, who has personally inconvenienced himself and dedicated himself more to the service of his fellow man than John. Recently, he spent every evening, and a weekend, at his home with another of my older parolees with a drinking problem...

With respect to his occupational achievements, these have been considerable. In July 1966 to about July 1970, John, together with a partner... a very astute and aggressive businessman developed a service business from nothing to one of the top three in this city...

He now has six children, two of whom arrived since his being on parole. So far as we know, he has been an excellent provider for his family, and a good family man with his children. He has also been involved in coaching kids hockey teams.

In the writer's opinion, John symbolizes the very best example of what parole can be. He has already pioneered in the volunteer service area of our related fields which has recently been coming into such prominence. His contributions surely should be recognized and acknowledged perhaps by way of a special letter of commendation from our parole service headquarters. This man indeed should not be forgotten. He will continue to serve his fellow man.

That is what parole can do and that is what parole does for the majority of cases, but still the Parole Board is vilified and criticized for the few failures, and nothing is said of the three out of four who succeed in finding their way quietly and successfully through life.

I was happy to hear Senator Choquette say that he was in favour of more parole. He used the first person plural in saying "we". I hope he was speaking for the Conservative Party. Having said that, I hope that he is willing to accept the risk that goes with additional parole, because, as I have said, with every man who comes out, whether it is on completion of sentence, temporary absence, or parole, there will be risks involved. However, I, as a member of society, with others, will be prepared to accept those risks for the good that can be done. We shall need continued public support as we proceed to community corrections and parole, in order that they can be the foundation of our future corrective policies and procedures.

Honourable senators, I happily support the bill, inadequate though it may be for the time being, in the full knowledge that it is another short step forward in corrections reform, and in the knowledge that a corrections charter is in the offing in the near future.

Hon. H. Carl Goldenberg: Honourable senators—

The Hon. the Speaker: I must inform honourable senators that if Senator Goldenberg speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

[Hon. Mr. Hastings.]

Hon. Mr. Goldenberg: Honourable senators, since all who have spoken on this measure have expressed their support for it, I do not need to say much more than has already been said. However, I find, as Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, that I owe it to the committee to say a few things in reply to what Senator Choquette, a member of the committee, said last night.

Senator Choquette opened his remarks by criticizing the bill because it does not involve complete reform of the parole system. He is correct. The bill does not purport to do that. The Solicitor General, in introducing the bill in the House, made it very clear that:

> The report of the task force on the releases of inmates, under the chairmanship of Mr. Justice Hugessen of Montreal, which I made public a few months ago, is receiving detailed consideration.

Senator Choquette properly referred to that report. The minister went on to say:

> Also for the long term, we will have to consider the report of the Senate Committee on Parole and Temporary Absence which should be ready soon. It is also my hope that the report of the Justice and Legal Affairs Committee of this House, which is carrying out an enquiry into our penitentiary system including parole and temporary absence, will be of assistance to us in our search for improvements in the corrections field in the longer run.

More recently—as a matter of fact, last week—there was held a Federal-Provincial Conference on Corrections, presided over by the Solicitor General and attended by the attorneys general of the provinces, to consider not only parole but the whole system of corrections. So that this bill is not intended, as I have said, to be a reform of parole, but merely to facilitate the work of the National Parole Board, which has increased greatly in the past year.

Having spoken about the bill, Senator Choquette saw fit to criticize and to cast reflections on the committee over which I have the honour to preside. He said:

> In my more cynical moments I can easily convince myself that this committee's study of parole is being deliberately kept going merely to provide the government with an excuse for its inaction.

That statement is beneath contempt, and I shall not comment on it. Senator Choquette went on to say:

> As long as the committee keeps up its pretence of work, the government can claim it is waiting for that committee's report before fashioning a new policy.

"Pretence of work". Honourable senators, I will leave it to you to judge the qualifications of Senator Choquette to comment on the works of the committee. I became chairman of the committee early this year. The committee held public hearings on 10 days: March 6, 7, 8, 13, 15; April 10 and 11; May 29 and 30 and, finally, on June 14. Those were 10 days of hearings, including days on which the committee sat both morning and afternoon. Senator Choquette attended on four of those days, and he rarely stayed through a full meeting.

● (1440)

At the last public meeting, which was held on June 14 last, I was authorized by the committee to appoint a subcommittee to assist in drafting our report. Senator Choquette did not attend that meeting. That subcommittee met informally with me in my office on several occasions during the summer. It then met *in camera* on November 13, morning and afternoon; November 14; December 4, morning and afternoon; December 6; December 7; and December 18, yesterday, again morning and afternoon.

Our report, we expect, will contain 11 chapters. We completed our review of the draft of the ninth chapter yesterday. As I said, I leave it to the Senate to decide whether we are pretending to be working.

Senator Choquette said the committee held 27 public hearings, heard 75 witnesses and received 116 briefs from interested parties. We held our last hearing on June 14, six months ago. Considering the volume of work with which we were faced, I think it very unfair to suggest that we are just pretending, and I rise to the defence of the drafting subcommittee which I named and which has worked with me very loyally. The other members of that subcommittee are Senator Lapointe, Senator Quart, Senator Neiman, Senator McIlraith, Senator Buckwold, Senator Hastings and Senator Laird.

That is all I want to say. I did not want to go into these details but I did so because I owed it to a number of very hard-working senators who deserve more recognition than was given to them last night.

I shall say nothing further with respect to the bill. The bill itself is simple. It merely provides for the appointment of 10 additional members to the National Parole Board. In due course—after these reports have been studied, we are told—the government expects to draft a more thorough reform of parole. I assure honourable senators that this is not an easy task.

Motion agreed to and bill read a second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

On motion of Hon. Mr. Goldenberg, bill placed on the Orders of the Day for third reading at the next sitting.

PRIVATE BILL

NATIONAL DENTAL EXAMINING BOARD OF CANADA—COMMONS AMENDMENTS CONCURRED IN

The Senate proceeded to consideration of the amendments made by the House of Commons to Bill S-7, respecting the National Dental Examining Board of Canada, which were presented yesterday.

Hon. Orville H. Phillips moved that the amendments be concurred in.

He said: Honourable senators, before the summer recess I introduced and explained Bill S-7. I am sure all honourable senators remember the explanation made at that time, so I need not repeat it.

The principle used in drafting Bill S-7 was the Wells Report, which was a study commissioned by the federal government and concurred in by the provinces dealing with the use and privileges of dental auxiliaries. During the Senate committee meeting on Bill S-7, the question of provincial jurisdiction was raised. Following that meeting the National Dental Examining Board approached the provinces and on that occasion received a reaction from some of the provinces that they felt the bill, based on the Wells Report, was somewhat premature. As a result, the National Dental Examining Board requested that any reference to "dental auxiliaries" in the bill be deleted.

I should point out that it was the National Dental Examining Board which initiated this request. That is evident from reading the report of the Committee on Miscellaneous Private Bills and Standing Orders of the other place. The attorney representing the National Dental Examining Board made that very clear. I should also point out that I, as the sponsor of the bill, was also consulted before the amendments were proposed. Since the organization requesting the bill had no objections to these amendments, I have no objections. I do not think we need be concerned with the fact that this bill has come back to us with a long list of amendments. Most of them are simply to remove the words "dental auxiliaries" from the bill.

The other principles of the bill are not affected in any way by the amendments. I repeat, the amendments were made at the request of the organization which asked me to sponsor this bill in the first place. Therefore, I urge you to concur in the amendments.

Amendments concurred in.

● (1450)

TRANSPORTATION

NORTH SYDNEY-PORT AUX BASQUES FREIGHT AND PASSENGER SERVICE: PRINCE EDWARD ISLAND-MAINLAND FERRY SERVICE—DEBATE CONTINUED

The Senate resumed from Thursday, November 22, the adjourned debate on the motion of Senator Rowe that in the opinion of the Senate, the Government of Canada should, in future, guarantee and ensure the continuous maintenance, at all times and in all contingencies, of a freight and passenger service between North Sydney and Port aux Basques, and an efficient ferry service between Prince Edward Island and the mainland of Canada, in accordance with the Terms of Union of Newfoundland with Canada and the Order of Her Majesty in Council admitting Prince Edward Island into the Union.

Hon. M. Lorne Bonnell: Honourable senators, you will note that as I sat in my seat today I had on my head the hat of the Fathers of Confederation of Prince Edward Island, representing the centennial. It is one hundred years this year since we joined with Canada, or Canada joined with us. It also represents two hundred years of responsible government on this continent. It is too bad that at this same time, when we are all rejoicing in our joining the rest of Canada, I should have to stand in my place in the Upper House of the Parliament of Canada to discuss some of the terms of that union which, in my opinion, have not been upheld to the fullest letter of the law. Today, therefore, I would like to support the motion that my colleague, the Honourable Senator Rowe, has presented.

Honourable senators, this motion is very apropos in the year 1973, because it was in the year 1873, on the 26th day of June, at the Court at Windsor, that the Order of Her Majesty in Council admitting Prince Edward Island into the Union was signed. Present at that signing were the Queen's Most Excellent Majesty, the Lord President, Earl Granville, the Earl of Kimberley, the Lord Chamberlain, and Mr. Gladstone. One of the terms of that Order in Council is:

> That the Dominion Government shall assume and defray all the charges for the following services, viz.:—
>
> The salary of the Lieutenant-Governor;
>
> The salaries of the Judges of the Superior Court and of the District or County Courts when established;
>
> The charges in respect of the Department of Customs;
>
> The Postal Department;
>
> The protection of the Fisheries;
>
> The provision for the Militia;
>
> The Lighthouses, Shipwrecked Crews, Quarantine and Marine Hospitals;
>
> The Geological Survey;
>
> The Penitentiary—

Probably one of the main reasons Prince Edward Island joined Confederation was because the Dominion Government was to assume and defray all the charges for:

> Efficient Steam Service for the conveyance of mails and passengers, to be established and maintained between the Island and the mainland of the Dominion, Winter and Summer, thus placing the Island in continuous communication with the Intercolonial Railway and the railway system of the Dominion.

These are just some of the undertakings by the Dominion of Canada before the Legislative Council of Prince Edward Island in Parliament assembled, and the House of Assembly of the Province of Prince Edward Island in Parliament assembled agreed to this Union.

Furthermore, section 92 of the British North America Act begins:

> In each Province the Legislature may exclusively make Laws in relation to Matters coming within the Classes of Subject next hereinafter enumerated; that is to say—

It goes on to list nine subjects, including direct taxation and the borrowing of money, and the tenth subject is:

> Local Works and Undertakings other than . . .
>
> (a) Lines of Steam or other Ships, Railways, Canals, Telegraphs, and other Works and Undertakings connecting the Province with any other or others of the Provinces, or extending beyond the Limits of the Province.

In other words, the provinces have had taken from them the jurisdiction over ferries connecting one province with another. Head 10 of section 92 of the British North America Act takes away from the provinces, in respect of local works and undertakings, anything pertaining to lines of steam and other ships connecting one province with another, thereby making it a federal responsibility.

[Hon. Mr. Bonnell.]

Section 91 of the British North America Act provides:

> It shall be lawful for the Queen, by and with the Advice and Consent of the Senate and House of Commons, to make Laws for the Peace, Order, and good Government of Canada, in relation to all Matters not coming within the Classes of Subjects by this Act assigned exclusively to the Legislatures of the Provinces, and for greater Certainty, but not so as to restrict the Generality of the foregoing Terms in this Section, it is hereby declared that (notwithstanding anything in this Act) the exclusive Legislative Authority of the Parliament of Canada extends to all Matters coming within the Classes of Subjects next hereinafter enumerated.

It then lists certain matters such as the amendment from time to time of the Constitution, the regulation of trade and commerce, et cetera, and then Head 13 is:

> Ferries between a Province and any British or Foreign Country or between Two Provinces.

In other words, by section 91 ferries become a matter of federal jurisdiction, and by section 92 a province is denied jurisdiction over the ferries between two provinces.

Honourable senators, I contend that section 91 definitely lays the responsibility for the maintenance of ferry services between two provinces on the federal government, and head 10 of section 92, takes this responsibility away from the provinces and the legislatures of the provinces, consequently making it a federal responsibility.

I agree with Senator Rowe when he said that the discontinuance of the ferry service between Newfoundland and the rest of Canada, and between Prince Edward Island and the rest of Canada, would be like closing all the roads and all the streams, and blocking off all the paths through the woods and fields, so that the people of Ontario, or the people of any other province of Canada, could not get beyond its borders. I wonder how long the good people of Ontario, the good people of Quebec, or the good people of any of the Western provinces, would stand for a wall or barrier being put around them and isolating them from the rest of the world even for 24 hours, let alone two weeks.

● (1500)

Honourable senators, if this were the first time this had happened to the Province of Prince Edward Island, or if it could be guaranteed that it would be the last time, then we as Islanders would accept all the damage that has been done to us in the past. We will go forward with a permanent assurance for the future, if we can persuade the federal government to accept this motion, and to guarantee this service to the island provinces at all times and in all contingencies.

Prince Edward Island is probably one of the few provinces of Canada that depends on agriculture for its greatest source of income, followed closely by the tourist industry. Both of these industries are growing by leaps and bounds, and as a result Prince Edward Island is getting closer to the day when it will not be a "have-not" province any more.

With the signing of the development plan in Prince Edward Island, and the sharing by the federal government with the province in the development of the agricultural, fisheries and tourist industries for the promotion of our

social and economic development, Prince Edward Island is gradually producing the greatest growth in its gross provincial product in its history. The provincial treasurer was able to balance the budget in the last two years, and he is predicting a balanced budget for next year.

At the same time the government has been able to reduce taxation and do away with gift taxes, succession duties, and estate taxes. We have been able to reduce the education tax, because of this growth we have seen in the last four years, and because of the help of the federal government and the development plan.

On the other hand, we meet obstacles that slow our growth, destroy our economy, hurt our future development, almost wipe out the tourist industry, and cause us to lose the better markets for our agricultural products, in the tie-up of our ferry communications with mainland Canada. So, while the federal government was helping us on the one hand, it was allowing the Canadian National Railway to cease operations, to curtail or discontinue a ferry service connecting us with mainland Canada.

Honourable senators, in the year 1966 the tourist season was the most successful in our Island history. However, this trend was suddenly stalled in mid-August of 1966 by the threatened tying up, which subsequently occurred, of the Borden-Tormentine ferries because of a national strike. From August 26, 1966 to September 3, 1966, Prince Edward Island was isolated from the mainland. Even the threat of a strike was enough to have most of our visitors leave the province early, and cause many who anticipated a visit to refrain from doing so in case they became isolated in our province. Consequently there were only 6,000 visitors to our province during the months of August and September in 1966. In 1967, when there was no strike, there was a 64 per cent increase in the tourist trade for the month of August, and a 115 per cent increase for the month of September, compared to the previous year.

Furthermore, in 1965 there were 117 conventions, but in 1966, because of the strike, we had only 10 conventions in the whole province. The total vehicular traffic increase for the year 1965 was 15.7 per cent over 1964. The total increase for the whole year 1966, because of the strike in August and September, was only 1.2 per cent. This meant a great loss of forecasted revenue for the province in that year.

Honourable senators, in the year 1973 we were again isolated by another national strike, causing a complete tie-up of the rail services for 10 days in August. In the month of July there was a 2.9 per cent decrease in the number of travellers coming to Prince Edward Island because of the threatened rail strike. In August the traffic losses plunged 22.2 per cent compared with the same month last year. This means 10,669 fewer visitors in July and 71,568 fewer visitors in August, compared to last year.

In the Province of Newfoundland the traffic losses plunged 25.2 per cent. The CNR vessels to Newfoundland carried 84,746 passengers in the month of July. This number was cut to 55,488 passengers in the month of August.

For the month of August in the Prince Edward Island services there was a decrease of 21.9 per cent in the number of trailers and campers, 31.7 per cent fewer trucks, 31.5 per cent fewer tractor-trailers, and 38.8 per cent fewer bus tours, meaning an overall decrease in vehicles of 21.3 per cent compared with the same month in the previous year.

In July there was a decrease of 3.9 per cent in trailers and campers, with an overall decrease of 2.7 per cent in vehicles. This was in anticipation of a threatened strike. When you estimate that the tourist spends approximately $40 per day in Prince Edward Island and stays an average of 3.5 days, and then you multiply this by the 82,000 fewer visitors in July and August of this year, you can well see that this loss to the tourist industry was well over $1 million—and that does not take into account the fringe benefits that flow to other types of industry from this $1 million in tourist revenue.

Also, because of this 10-day strike, there has been a threat to the way of life of Islanders, who have been emphasizing our quality of life, and trying to preserve our environment, our rolling rural countryside, our beauty and cleanliness, and our easy and free way of life.

We now find that strong support for the construction of a causeway between New Brunswick and Prince Edward Island has been shown by such groups as the Prince Edward Island Tourist Association, the Chamber of Commerce of Summerside, and others. Other groups, like the Brothers and Sisters of Cornelius Howatt, in fear of a causeway, are hauling wheelbarrow-loads of clay from Borden to Charlottetown drawing attention to their disapproval.

● (1510)

The agricultural industry of the Island has been seriously affected also by the rail strike. On August 29, 1973, I received a letter from Mr. Wallace Wood, President of the Prince Edward Island Federation of Agriculture, advising that they expect some action to guarantee continuous communication with the mainland. I should like to quote from Mr. Wood's letter the following paragraph:

> The strike of the railway non-operating Unions which has lasted on a selective basis for four weeks and culminated in a national strike last week, cannot be condoned. Some other means of arbitration must be found so that an already harangued economy will not be further weakened.
>
> Public services, particularly those involving transportation cannot afford the crippling effect that this strike has caused our national economy. It tends to increase the hardships now endured by those least able to improve their position, and we can only condemn such procedures as being contemptuous, irrational and ridiculous in the highest degree.
>
> The Prince Edward Island Federation of Agriculture at this time calls upon all politicians of whatever persuasion to—not only enact legislation that will send the employees back to work—but go one step further to see that it does not happen again.

You can see from that, honourable senators, the feeling of the Prince Edward Island Federation of Agriculture about this lack of communication with the rest of Canada.

I would further like to state that, at the time of the rail strike, Prince Edward Island's main agricultural products,

namely, potatoes, were selling at a premium of approximately $6 per bag. Because potato growers in other parts of Canada were digging their new potatoes at that time, and new potatoes were coming on the market fast and furious, by the time the rail strike was over Prince Edward Island farmers were able to get approximately $2 per bag for the same product. Consequently, they lost many thousands of dollars owing to the absence of transportation during this critical time in the agricultural industry of the province.

The industrial sector of the province was badly hampered because of the strike. They were unable to get cement, lumber, steel, asphalt, and building materials into the province, and home construction, capital construction, road paving, et cetera, came almost to a complete halt in the province of Prince Edward Island. Even to this day we are still lagging behind, and we have not caught up on many of these essential items needed for the growth and development of our province. We are still short of cement, gyprock, insulating material, steel, and so on. This has slowed down the growth of the economy and the development of Prince Edward Island during the summer and late fall. Because of the severity of our winters, construction is difficult until spring and, consequently, most of the good weather has been lost to many of our industries.

There has been a reorganization of the federal ferry and coastal services in the Atlantic Provinces. The Minister of Transport, the Honourable Jean Marchand, and the Minister of Regional Economic Expansion, the Honourable Donald Jamieson, have been working for this reorganization, to improve the ferry services in the Atlantic area. A new East Coast Marine and Ferry Operating Administration will be responsible for all ferries and coastal services, but it will continue to be managed by the Canadian National Railways for the Ministry of Transport. I believe the main objectives of the new administration will be the co-ordination, operation, improvement and expansion of the present ferry and coastal services to meet the expected increased traffic demands in the years ahead, as well as the immediate unprecedented influx of traffic which the present system is attempting to handle.

I am not one hundred per cent convinced that the creation of the new marine and ferry administration is sufficient to guarantee continuous communications with the mainland, especially when it is being administered by the Canadian National Railways. Each time the railway workers in other parts of Canada decide to strike, the ferry workers in Prince Edward Island feel obliged to strike with them. I do not know the total answer to the problem. There have been many suggestions, one of which is the creation of a separate entity for ferry services, to report to the Canadian National's vice-president for the Atlantic region; a second is the creation of a separate Canadian National subsidiary with its own board of directors; a third is the creation of a federal crown corporation; a fourth is the creation of a provincial crown corporation; a fifth is the creation of a combined provincial and federal crown corporation; and a sixth is to bring the ferry services into the public service under the Ministry of Transport.

I noticed in the public press of Prince Edward Island, in the *Journal-Pioneer* of October 2, 1973, a news item to the effect that Premier Alexander B. Campbell favours a Prince Edward Island crown corporation to operate the ferries:

> The premier said he preferred a provincial crown corporation to a separate federal crown corporation because the province can move faster in the event of an emergency and it would have the full backing of the people to take any action necessary to keep the ferries in operation in the event of an illegal walkout.

I also noted a letter in the Public Forum of the Charlottetown *Guardian* of November 19, 1973, from our colleague, the Honourable Senator T. J. Kickham, who writes as follows:

> There is however one positive course in solving the problem, and that course is for the Government of Canada, to amend the Act of Incorporation which grants to the C.N.R. the operation of railway services in Canada. The amendment would prohibit the labour union, representing the C.B.R.T.G.W. from discontinuing Canadian National ferry services between the two Island provinces of Canada and the mainland, those two ferry service operations would be placed in a priority category of essential ferry services.
>
> There would be no interruption of the pay schedules affecting the C.N.R. personnel operating the ferries, and they would receive any increased pay schedules negotiated by their union, with management.
>
> The Federal Government has the direct responsibility and obligation to those two integral provinces of Canada, to insure that no person or group of persons, possess the authority and power in Canada, to incapacitate or erode the economic standards and fundamental rights and freedoms of those two integral provinces.

● (1520)

As you can see, honourable senators, the answer to the problem is not easy. It is not simple. Not only must we preserve the rights of Prince Edward Island and its people, but we must also try to preserve the rights of the working man who is seeking fair wages for a fair day's work. We must try to preserve the rights of collective bargaining, but at the same time we must not isolate the whole province from the rest of the world, not even for one day, especially when that right to be connected by ferry is written so plainly in the British North America Act.

Personally, I tend to favour a Prince Edward Island crown corporation, and if that should not be acceptable to the Government of Canada, then I would favour a joint corporation served by directors from the Government of Prince Edward Island and the Government of Canada. I further maintain that the federal government must be financially responsible for all costs of the operation of a ferry, regardless of whether it is operated by a Prince Edward Island crown corporation instead of the Canadian National Railways, or a joint crown corporation. In any event, it is my feeling that if a Prince Edward Island crown corporation moved quickly to maintain the service when there is a threat of a strike, it would have the unanimous support of the people of Prince Edward Island. The strength and popular appeal of its action would be shown. It is not my intention to deny the ferry workers

the right to strike, or to belong to a national trade union, but I believe that in such an emergency they should be denied the right to cease work but be guaranteed all the benefits provided for in any national settlement.

If a Prince Edward Island crown corporation is not acceptable to the Government of Canada, then I believe the next most workable solution would be a joint corporation of the two governments. I realize that there is no easy solution to the problem, and for that reason I believe that the Government of Canada and the Ministry of Transport would appreciate the comments of many honourable senators on this motion, to give them some idea of what the feeling of Canadians is with regard to the isolation of one province because of failure to operate the ferry services as pledged by the British North America Act.

While I am supporting this motion, honourable senators, there are a few other items which I should like to mention, which are very important to the question of transportation and the growth of transportation in the Province of Prince Edward Island. At the present time there are four vessels operating between Borden and Cape Tormentine, namely, the *Abegweit, Holiday Island, Vacationland* and *Confederation*. During the winter months the *Lucy Maud Montgomery* is taken off the North Sydney-Port aux Basques run and brought back to Prince Edward Island, which it was originally constructed to serve. The *Holiday Island, Vacationland* and *Confederation* are not ice-breaking ferries, and can operate only in the summer months, so we are left with the *Abegweit* and the part-time service of the *Lucy Maud Montgomery* to carry the traffic between Prince Edward Island and the mainland of Canada during the fall and winter months. This has been fine in the past, as long as we have had no breakdown in the *Abegweit,* the only railcar-carrying ferry we have. Although the Canadian National Railways has pretty well curtailed its passenger service in Prince Edward Island, there are still large quantities of freight that come in by rail, and large quantities of produce that are shipped by rail from Prince Edward Island.

I believe that the time has come for the Government of Canada to commence the construction of a new ferry with railcar-carrying capacity to operate during the winter months between Borden, Prince Edward Island, and Cape Tormentine, New Brunswick, to assist the *Abegweit* and perhaps to replace it, because it is now 25 years old and cannot be guaranteed to operate satisfactorily for much longer.

The Hon. the Speaker: I am sorry to interrupt the honourable senator, but I should like to draw his attention to the fact that according to *Beauchesne* it has been sanctioned by usage in both England and Canada that a member or a senator while addressing the house must not speak of any matter on which a judicial decision is pending. It is also mentioned in *May*, 18th edition.

I would also draw to the attention of the honourable senator that there is pending in the Federal Court of Canada a suit between Her Majesty the Queen in the right of the Province of Prince Edward Island and Her Majesty the Queen in the right of Canada, for damages claimed as a result of the stoppage of the ferry service between Prince Edward Island and the mainland. It would appear to me that in the honourable senator's references to ferry services and other matters he is touching on questions very close to this matter which is now *sub judice*, and to which we, under our rules, should not be making reference in this house.

Hon. Mr. Bonnell: Thank you, Madam Speaker, for advising me that I am getting in close. I shall try to stay a little further away. You know, there is an old saying in Prince Edward Island that "close" only counts with horseshoes, and since I have only been close, I have not touched directly on this matter.

I repeat, honourable senators, that there is a need for a new ferry service to the eastern part of Prince Edward Island. The two vessels which operate between Wood Islands, Prince Edward Island and Caribou, Nova Scotia, should be encouraged to operate between Georgetown, Prince Edward Island and Port Hood, Nova Scotia, during the winter months, and an icebreaking service should be added at the eastern end of Prince Edward Island because of the increase and growth in agriculture and tourism, the result of assistance from the federal government under its development plan.

I also believe that because of the development of the western part of Prince Edward Island there is a need for a hovercraft service between Miminegash, Prince Edward Island, and some appropriate point in New Brunswick. This would reduce the journey by five road-hours for the trucks and tourist traffic coming from Quebec and Ontario, and would consequently expand that western part of our province which has been growing, particularly since the development of the Lady Slipper Drive and the Mill River Golf Course and tourist complex.

• (1530)

Miminegash has been suggested as the Island terminal, as it is equidistant from Tignish, Alberton and O'Leary, three of the major centres in western Prince County. It is approximately 12 miles from each centre. The port of Miminegash has ideal beach facilities, and road conditions are good for reaching the three centres. Pointe Sapin, New Brunswick could be the mainland terminal for it is only 30 minutes from Newcastle and Chatham. This type of service now operates between Ramsgate, England and Calais, France. This would bring the Quebec and Ontario markets five road-hours nearer to Prince Edward Island suppliers, as well as putting western Prince Edward Island in much closer contact with visitors from Quebec and Ontario, who are gradually finding Prince Edward Island to be Canada's holiday island.

Honourable senators, transportation is the lifeline of Prince Edward Island and when the transportation system fails, either by strike or negligence, or by lack of growth to meet increased demand, the whole economy of our province is destroyed. It is for that reason that I ask all honourable senators to support the motion—to give unanimous and strong support to the motion—to show the island provinces that the Parliament of Canada understands their problems and cares for their predicament.

When an island province has all means of transportation removed, so that its imports and exports and its food supplies are stopped, it feels very much like an unborn baby strangled by its umbilical cord and thus deprived of the opportunity to grow and develop like its fellow men.

Hon. William J. Petten: Honourable senators, I would like to congratulate the mover of the motion, Senator Rowe, for raising this most important subject which is so vital to my province of Newfoundland, and the province of Prince Edward Island. I would like also to congratulate Senator Carter on his important contribution to this debate, and Senator Bonnell who spoke so ably for his province of Prince Edward Island.

The Government of Canada has in the main provided, and is continuing to provide through its agent the Canadian National Railways, a substantial ferry service to Newfoundland and Prince Edward Island. This service is often referred to as an extension of the Trans-Canada Highway from the Canadian mainland. As previous speakers have pointed out, the closing-down of the ferry service is the equivalent of closing all road and rail connections here in Ontario with Quebec, Manitoba and the United States border.

The Prince Edward Island service has been adequately dealt with by our colleague, Senator Bonnell, so I shall confine my remarks to the Newfoundland service, and more specifically to the Gulf service between North Sydney, Nova Scotia and Port aux Basques, Newfoundland.

The Canadian National Railways operates the following ships on this service: the *William Carson, Lief Eriksson, Frederick Carter*, and *Lucy Maud Montgomery*, plus five chartered CN-crewed vessels which are the *Princess of Tasmania, Seatrader, Stena Carrier, Stena Trailer* (since mid-July, 1973) and *Jarl Transporter* (since November, 1973).

Contractual negotiations for a new railcar carrier are about to be concluded between the Department of Supply and Services and a shipbuilding company in Eastern Canada. A ten-year program to cost approximately $250 million, for the construction in Canada of other new ships to replace or supplement those now in service, has been prepared by the marine branch of the Ministry of Transport for consideration by the transportation council and the Cabinet. I should explain that the figure of $250 million covers both the Newfoundland and Prince Edward Island services.

In the fall of 1972 a team of CN and Ministry of Transport officials began examining the original structure of the East coast ferry service to Newfoundland and Prince Edward Island. They also considered ways and means of improving the East Coast ferry service by creating a separate entity for the ferry service that would report to the CN vice-president responsible for the Atlantic region; creating a separate CN subsidiary with its own board of directors; creating a crown corporation; or putting the ferry service into the Public Service.

In October 1973, the Newfoundland minister, the Honourable Don Jamieson, the Honourable Jean Marchand and Mr. McMillan of the CN agreed upon a new East Coast ferry operation to be based at Moncton, New Brunswick, with operating units in Newfoundland, Nova Scotia and Prince Edward Island, responsible for all ferry and coastal services operated by the CNR for the Ministry of Transport.

A feature of the reorganization was the creation of a directing committee for the new administration composed of senior Ministry of Transport officials and CN officials. Major objectives for the new administration are the coordination, improvement, and expansion of the present ferry and coastal services to meet expected increased traffic demands. So we can see that the Canadian government, through its agent, the Canadian National Railways, has been actively engaged in maintaining and improving the service.

It should be noted in regard to all of the alternatives, that the employees would either have, by law, the right to strike or be able to choose the right to strike as a means of settling a dispute. This is the crux of the whole matter. We can never be sure, in the event of a rail strike, that the service will not be curtailed or stopped completely, with all the hardship this would entail.

The suggestion that I should like to put forward—and in this I have the agreement of the mover and seconder, Senator Rowe and Senator Carter—is that this subject be studied by the Standing Senate Committee on Transport and Communications, or a special committee. Either committee would be acceptable.

I know that in this chamber we have the expertise and time to deal fully with this matter, and I feel that this would put us well on the road to finding a solution to something that so vitally affects my province of Newfoundland, and the province of Prince Edward Island.

I ask all senators, on both sides of this chamber, for their support in finding a solution to this problem.

On motion of Senator Duggan, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, December 20, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Report of the Auditor General to the House of Commons for the fiscal year ended March 31, 1973, pursuant to section 61(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970.

Copies of Order in Council P.C. 1973-4065, dated December 18, 1973, approving guidelines to be observed by public servants concerning conflict of interest situations.

[*Translation*]

THE SENATE

SENATOR RENAUDE LAPOINTE—GUEST ON TELEVISION PROGRAM "APPELEZ-MOI LISE"—QUESTION

Hon. Martial Asselin: Honourable senators, I should like to put a question to the Deputy Leader of the Government.

Last night, our colleague, Senator Lapointe, gave an interview on the program "Appelez-moi Lise". Among other remarks, she said a third of the senators were active workers, another third, moderate workers, and finally, the last third was made up of senators who slept or were sleepy.

I must say that the last part of her remarks are not such as to enhance the prestige of the Senate with the people. Could the Deputy Leader of the Senate comment on those remarks?

Hon. Mr. Langlois: Honourable senators, it is quite impossible for me to make the comments expected of me. I listened to part of, but not all, the interview given last night by Senator Lapointe. I gathered that she included herself, at least by inference, in the third group of senators inclined to fall asleep at times, but I do not believe, if I understood her well, that this group includes one third of the Senate. It is possible that someone in this third group would fall asleep. Moreover, I think that she said: I happen myself to feel sleepy at times.

Anyhow, I believe that Senator Lapointe is in a better position than I am to comment on the remarks made just now by my honourable friend.

Hon. Miss Lapointe: Honourable senators, my excellent colleague, Senator Asselin, did not quite understand what I said.

I said that one third of the senators were very active. I added that another third were moderately active, underlining "moderately". I also said that another third were either ill, absent or indifferent. Then, when I was asked to say frankly if some fell asleep, I answered yes. It is then that I also included myself among those who felt sleepy at times. However, I think that in all circumstances, frankness is the best weapon to have the laugh on one's side, because this was a humorous program. Moreover, I feel that on the whole, I gave a very sympathetic and favourable picture of the Senate and all this was said in a humorous vein, mind you.

Hon. Mr. Langlois: I would not wish to attribute intentions which he does not have to my friend Senator Asselin, but I think that he would be glad to learn from you, Senator Lapointe, in which category you would place him.

Hon. Mr. Asselin: I would like her to answer.

Hon. Miss Lapointe: I would place him among the moderately active, I think.

Hon. Mr. Asselin: I rise on a question of privilege.

Hon. Mr. Côté: She is very generous.

Hon. Mr. Asselin: Of course, I would not wish to include Senator Langlois in the third category, but sometimes he does not, like some others, sleep but nod his head.

However, I should like to take up this statement because Senator Lapointe must know that in the year since I have been appointed to the Senate, I have twice had health problems. If I have been moderately active, I can promise her, as a member of the Opposition, that when my health improves, I shall be very active in order to control what the government party does in the Senate. I make you that promise, Senator Lapointe.

Hon. Mr. Flynn: I would like to add just one comment. If Senator Lapointe had had the opportunity, like myself and several other colleagues, to sit in the other place, she could have said that some people also drop off to sleep over there.

Hon. Mr. Langlois: That is true.

• (1410)

[*English*]

Hon. Mr. Buckwold: Especially a Conservative.

RESIDENTIAL MORTGAGE FINANCING BILL

THIRD READING

Hon. Leopold Langlois moved third reading of Bill C-135, to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

Motion agreed to and bill read third time and passed.

PAROLE ACT

BILL TO AMEND—THIRD READING

Hon. H. Carl Goldenberg moved third reading of Bill C-191, to amend the Parole Act.

Motion agreed to and bill read third time and passed.

TRANSPORTATION

NORTH SYDNEY-PORT AUX BASQUES FREIGHT AND PASSENGER SERVICE: PRINCE EDWARD ISLAND-MAINLAND FERRY SERVICE—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator Rowe that, in the opinion of the Senate, the Government of Canada should, in future, guarantee and ensure the continuous maintenance, at all times and in all contingencies, of a freight and passenger service between North Sydney and Port aux Basques, and an efficient ferry service between Prince Edward Island and the mainland of Canada, in accordance with the Terms of Union of Newfoundland with Canada and the Order of Her Majesty in Council admitting Prince Edward Island into the Union.

Hon. James Duggan: Honourable senators, I wish to associate myself with some of the comments and explanations of my colleague, Senator Rowe, in introducing the motion presently under debate in this chamber, and, whether wittingly or unwittingly, in endeavouring to take the Government of Canada to task for failure to ensure the continuous maintenance at all times and in all contingencies of a freight and passenger service between Port aux Basques and North Sydney, and an efficient ferry service between Prince Edward Island and the mainland of Canada, in accordance with the terms of Union of Newfoundland with Canada and the Order of Her Majesty in Council admitting Prince Edward Island into the Union.

Term 32, paragraph (1), provides that Canada will maintain in accordance with the traffic a freight and passenger steamship service between North Sydney and Port aux Basques which will include suitable provision for the carriage of motor vehicles.

The Terms of Union became effective on April 1, 1949, 24 years ago, and this service has been maintained continuously since then with the exception of two interruptions caused by labour problems when free men in a free country exercised their right to withdraw their services from coast to coast.

The management of Canadian National Railways, which was entrusted with the operation of the so-called "Newfoundland Services" as acting agents of the Government of Canada—and I use the word "acting" advisedly—sought and received assurances from the non-operating railway unions negotiating committee that services on the Cabot Strait, that stretch of water between Port aux Basques and North Sydney, would be maintained. It was not long, however, until provocation by local railway officials—in instituting further lay-offs and continuing to serve further lay-off notices, which influenced many of the employees at Port aux Basques and North Sydney and on the Cabot Strait service—resulted in the tie-up of the vital link between Newfoundland and the continent.

[Hon. Mr. Langlois.]

Political mileage then became the order of the day. Politicians clamoured for the government to take immediate action to restore the service, and would-be newspaper editors, not in the least conservative in the use of their ink, were most liberal in their condemnation of the government's lack of action. However, none of these people suggested any of the ways and means to solve the problem.

It may be said at this point that both local railway officials and local union men were at this point stewing in the same unfavourable container; that is to say, on both sides it was a case of the "tail wagging the dog".

During the past few years much time and space have been devoted to the subject of industrial strife caused by organized labour. Until all Canadians recognize that a strike is fundamentally a confrontation of forces on an economic level and is a manifestation of conflicts and a means of regulating these conflicts can there be some semblance of trust and respect to foster meaningful negotiations.

In our Canadian industrial society, different viewpoints cannot be avoided. Therefore, they must be accepted and dealt with in a meaningful manner. At this point and speaking as a retired railway union officer, I submit that to restore meaningful negotiations to the railway management-railway unions bargaining table, railwaymen versed in railroad language should be brought back to the operation and administration of our railways and let the campus experts seek some other type of employment.

The motion under debate calls on the Government of Canada, in future, to guarantee and ensure the continuous maintenance at all times, et cetera, et cetera. I cannot allow myself to entertain the thought that either the mover or the seconder of this motion is suggesting that the employees in that part of the services be stripped of union representation and denied the right to strike. This desire, an ancient one which needs no assistance to gather momentum, was animated by the unfortunate incidents of provocation on the part of local management resulting in local union officers and their members discarding directives from the non-operating railway union employees negotiating committee, an agreement or understanding by which it was promised to maintain Cabot Strait services between Port aux Basques and North Sydney. It was both regrettable and unfortunate that such an agreement was not honoured.

● (1420)

I submit that when one ship's crew or even ten ships' crews can place the health and welfare of a province—an island province—in a state of peril, it is time that a study of the problem and its ramifications be made by a qualified and independent commission. To this end, I recommend that this motion be referred to our Senate Committee on Transport and Communications or to a special committee from this chamber.

At this point I wish to sound a word of caution to anyone who may be entertaining the thought of banning the right to strike by the employees on the Cabot Strait services, by suggesting that they first concentrate their efforts on devising a formula which will protect the rights of those employees insofar as future improved wages and working conditions are concerned in the event that the right to strike is curtailed.

I offer for the consideration of the committee that the employees concerned be left under the jurisdiction of their present union, and that if their right to strike is curtailed they shall be given a guarantee to ensure their protection in receiving the benefits of the same wage settlement, improved working conditions, et cetera, as other employees in their bargaining unit, and with full protection under the grievance and seniority clauses.

I offer just one more suggestion, which may be helpful in arriving at a settlement acceptable to the Newfoundland people and to the Cabot Strait services employees. That is, that the stretch of water extending from North Sydney to Port aux Basques and known as Cabot Strait be designated as the "Trans-Canada Seaway" and form part of Trans-Canada Highway, and that tractor trailers be carried over this route at all times thereby giving to the people of Newfoundland the same benefits enjoyed by people in the other provinces during a national railway tie-up.

Senator Carter, in seconding this motion, dealt in part with passenger travel difficulties over the bus routes in Newfoundland, and it would be more amusing than annoying if it were a description of passenger travel in South Africa or South America rather than here in Canada in this age.

As pointed out so ably by the mover and seconder of the motion, the Canadian National Railways were entrusted with the operation of the Newfoundland services, and I am of the considered opinion that such acceptance was undertaken with some degree of reluctance on the part of Canadian National Railways. Therefore little, if anything, was done to win the trust and confidence of the Newfoundland people and the Newfoundland railway employees.

For two to three years, the people were denied the benefits of the Maritime Freight Rates Act and were overcharged on freight rates to the tune of some 3 million dollars, together with a freight and passenger train service which left much to be desired.

As general chairman of the Order of Railroad Telegraphers—now the Transportation-Communication Employees Union—a division of the Brotherhood of Railway and Airline Clerks, I had the honour to head our committee representing train dispatchers, railroad station agents, telegraph operators and station assistants in the transportation field, and plant inspectors, linemen, cable splicers, climbers and groundmen in the communications field during the years subsequent to Union.

Our committee negotiated a wage and working agreement covering the above-mentioned classifications and we were at the time pleased with our accomplishments, but as time went on and some research was done it was discovered that our members' salaries in station service fell far short of those paid to employees in comparable positions on the continent.

Therefore, we set out to reach parity, or as reasonably close as possible, with those positions, but not until some ten or twelve trips to Montreal and Moncton had been made, and some six years later, did the employees represented by the Order of Railroad Telegraphers receive near parity in wages with their mainland counterparts.

With respect to pension benefits under the Canadian National Railways plan, we—and by "we", I mean all Newfoundland railway employees—were denied any credit, regarding pension benefits, for our service with the Newfoundland railway. It was not until the provincial government gave our pension committee, representing all unions on the property, legal assistance in the person of Mr. Eric Cook, Q.C., now Senator Cook, who gave us valuable guidance and assistance in dealing with the dispute, that an acceptable arrangement was decided upon between the railway and the Government of Canada. The aftermath, of course, was that a large number of employees were in arrears, plus interest, to the tune of a couple of thousand dollars.

I have not intended, nor do I wish, to deal with any grievances of a personal nature, but will content myself by recording some of the grievances of a general nature, in the hope that honourable senators may be able to grasp the point of the failure of our government appointed custodians to win friends and influence people associated with railway affairs in Newfoundland.

There is just one more item, again of general interest to the station service employees. At the date of Union, our railway express business was handled on a commission basis, just as it was all over North America. The railway station agent received 5 per cent on forwarded express business in Newfoundland only, but on all other railways in North America it applied to received traffic as well as to forwarded traffic, on a 10 per cent basis.

Immediately following the effective date of Union, our station agents were granted a 9 per cent allowance, but again applicable only to forwarded business. But, at the same time, our counterparts were being allowed 10 per cent on all business forwarded and received traffic.

It was not until three or four years had passed that our negotiating committee was successful in prodding Canadian National Railways into a settlement and winning an amount of over $40,000 for distribution to the employees associated with this part of the business, this amount having been withheld from them over the years.

In conclusion, I recommend that our government give consideration to replacing the present custodians with a commission comprised of Newfoundland businessmen and railwaymen, to carry on the efficient operation and administration of what is now referred to as "The Newfoundland Services."

I thank you, honourable senators, for your attention.

Hon. Eugene A. Forsey: Honourable senators, as another of the new Canadians from Newfoundland—and, I might add, like Senator Duggan, a former union official—I should like briefly to support the motion which Senator Rowe has presented, and to support also the suggestion that the whole question might well be referred to either the Standing Senate Committee on Transport and Communications or to a special committee of this house.

I have no hesitation in supporting that suggestion because the terms of the motion do not in the slightest degree involve any encroachment on the question which is now before the courts. The motion specifically states that it is desirable that the government should "in future" guarantee the continuous and efficient service between

the two island provinces and the mainland of this dominion.

I simply wish to draw attention, in passing, to the fact that some very pernickety lawyer might say that the case of the two provinces is not precisely the same. I do not think it is of great importance myself, because while the Terms of Union of Prince Edward Island speak of "an efficient steam service for the conveyance of mails and passengers to be established and maintained between the Island and the mainland of the Dominion, winter and summer, thus placing the Island in continuous communication with the Intercolonial Railway and the railway system of the Dominion," the Terms of Union of Newfoundland, as has already been placed on the record by Senator Duggan and others, provide simply that Canada "will maintain, in accordance with the traffic offering, a freight and passenger steamship service between North Sydney and Port aux Basques," and so forth. Well, it is true that in the case of Newfoundland there is not the explicit reference to "continuous and efficient service," but I think that with the amount of traffic which offers between the Island and Newfoundland and the rest of the country, it is safe to assume that this amounts in practice, or should amount in practice, to the same kind of guarantee which is more explicitly given to the Province of Prince Edward Island by the Terms of Union of 1873.

● (1430)

The question of maintaining this service in the fashion required by the Terms of Union in both cases is one that, as honourable senators who have already spoken in this debate have indicated, is not free from difficulty. There are a number of proposals which have been made.

I should not venture to offer an opinion on which of them is the most desirable or, indeed, whether any of them would be satisfactory. It is precisely for that reason that I very much hope that this subject will be referred to some committee of this house for proper consideration and report.

Hon. Orville H. Phillips: Honourable senators, when Senator Bonnell began his remarks on this subject yesterday he produced a high paper hat, which was used as a symbol throughout the centennial celebrations in Prince Edward Island. I am not going to wear that hat. I am going to attempt to keep my thinking cap on. I wish that Senator Bonnell had kept his thinking cap on.

Throughout this debate there has been an inference—not explicit, but an inference—that all of the difficulties with respect to the CNR ferry service were the result of the employees going out on strike. That, I cannot buy; that, I cannot accept. In no way can I minimize the effect of the employees of both the New Brunswick and Prince Edward Island CNR ferries, as well as those operating between Cape Breton Island and Newfoundland, going out on strike. Without a doubt there was a certain economic effect on those provinces as a result of that action of the employees. In the case of my province this matter is *sub judice*, or before the courts, so I do not think it is proper to go into it. Indeed, were I to attempt to argue the economic effects, Her Honour would inform me that I was out of order and, indeed, I would be out of order. However, let me emphasize that all of the difficulties did not result from the fact that a limited number of employees—that is, those employed by CNR ferries—went out on strike.

Yesterday the Honourable Senator Bonnell quoted certain statistics, statistics intended to prove that Senator Bonnell and some of his select political cohorts were right. Those statistics were used inaccurately. Honourable senators are familiar with the expression, "Statistics—damn lies," and so forth, as the quotation goes. I do not intend to go into that, except to say that I wish Senator Bonnell had written his own speech and had kept his own thinking cap on. Had that been the case, he might have had a different viewpoint with respect to the strike.

In discussing this subject, honourable senators, we must remember that the strike by these employees was a legal one. No one has ever denied that. In fact, the Cabinet of the present government, if you can call it a government, repeatedly emphasized that the strike was legal.

● (1440)

I very much appreciate Senator Carter's attention. I am not attempting to pick an argument with him, but I would point out to him that both the car ferry strikes, the strikes on the car ferries to Prince Edward Island and to Newfoundland, were legal. The federal government, through the Department of Labour, recognized that and refused to intervene in the strike. Therefore, we must accept the fact that the strike was legal; it was authorized and recognized by the Department of Labour.

I am not going to single out certain honourable senators who have taken part in the debate, that would be most unfair, but the inference has been left that the employees were looking for some special benefit. I cannot accept that inference. When an employee begins work for the CNR ferry service—and here I limit myself to the Prince Edward Island-New Brunswick ferry service—he must start as a deckhand or a waiter, and he is employed only during the busy season. It takes a new employee at least five years to achieve seniority within the union to which he must belong, and Parliament has made it mandatory for the employee to belong to that union. I therefore find it very difficult to imagine a citizen of either Newfoundland, Prince Edward Island, New Brunswick or Nova Scotia saying it is the fault of the union. Parliament has made it mandatory for employees on the car ferries to join the union. If there is to be any criticism on that account, it must be directed to Parliament, not to the unions. If the law is wrong, then Parliament must correct it; we must not leave this authority in the hands of the unions.

Let us for a moment consider the terms and conditions of employment of employees of the car ferry services mentioned in the motion. Earlier I referred to the fact that an employee must begin as a deckhand parking automobiles in certain spaces, or, if he is lucky, he can become a waiter and hope to obtain a few tips from the tourists. However, this employment lasts for about two-and-a-half months in the year; then the tourist traffic, to both Prince Edward Island and Newfoundland, declines and the employee is laid off. This, I think, is a very important point to consider, because no one has recognized or admitted that we, as a Parliament, are forcing the employee into a situation whereby he has two-and-a-half months in which to earn a full year's living. Admittedly, it can be said that he can go on unemployment insurance. However,

many of the people are not employed long enough to earn extended benefit under the Unemployment Insurance Act.

I emphasize these things because I feel strongly that we are here considering a group of employees serving the public who are really suffering because of the fact that the public can say, "You must operate at a certain time. You must have a car ferry running at a certain time. When we don't need that car ferry running in the middle of October, we are sorry, but we don't need you, old boy. You are out on your own. Come back next June!" Is that fair to these employees? I do not think it is.

After an employee has had five to ten years of this employment, in and out, he can, through seniority, obtain full time employment. Full time employment is no bed of roses.

Let us consider for a moment the CNR ferry crossing between Borden and Cape Tormentine in heavy, icy winter conditions. Honourable senators, I may not be as explicit as I should be, because I am speaking without a verbatim text and I will make mistakes and forget certain things.

● (1450)

One of the first problems facing an employee is the fact that he is unsure of the time at which he will report for employment. He may report at 3 o'clock in the afternoon and be told to go back home and await the arrival of the next car ferry. Due to ice conditions, that car ferry may be four or five hours late. Yet he is expected to go back home and await its arrival and, through some mystic communication system, know exactly when it is to arrive.

Once having gone on board that car ferry, he is expected to complete the journey to Cape Tormentine and back. That can take anywhere from eight to 20 hours. Because the ship left with a specific crew that crew must complete the journey to Cape Tormentine and back—in other words, the return trip. No means has been devised whereby a transfer is possible in midstream, in heavy ice. Therefore, their membership in the Canadian Brotherhood of Railway, Transport and General Workers is most important.

Honourable senators, on one occasion I flew from Ottawa to Moncton, intending to fly on to Summerside. The flight from Moncton to Summerside was cancelled, but I was offered a taxi to pick up the CNR car ferry at Cape Tormentine. We drove there in miserable weather, very similar to that we are experiencing today. The car ferry was a mile and a half from Cape Tormentine. I phoned the CNR captain in charge and asked him when he expected the ferry to be in. He said, "We are a mile and a half offshore. The ice conditions are such that it could take us anywhere from five to eight hours to arrive at the dock."

Honourable senators, in August it is fine to forget these conditions, but I am sure the members of that union do not forget those conditions.

Yesterday, the honourable Senator Bonnell, in speaking with his high hat and without his thinking cap, suggested various solutions. I will not go into all of them, as I find, in watching the clock, that I have already transgressed in what I consider a brief speech. Forgive me on this point, because I feel so strongly on it.

I realize that Senator Bonnell may be much more popular in Prince Edward Island than I will be there—because he criticized the ferry employees; I am defending them. Consequently, I am bringing myself into what I know to be a most unpopular situation in the Island.

Honourable senators, what will we accomplish by a crown corporation, whether it is a joint federal-provincial crown corporation or a provincial crown corporation? It is fine for someone to urge all politicians to join in the support of this proposal. That is a useless suggestion to politicians, to "join in support" of something. If we all agreed, if we all followed that pattern, we would have no Parliament because we would be in agreement and there would be no need for discussion.

Senator Bonnell suggested that Prince Edward Island operate the ferry system under a crown corporation. Let us look at that suggestion. First, it would not change the right to strike. The public servants of the Island have the right to strike and I assume the same right would be given to servants of a crown corporation.

Secondly—and let us consider this in the light of today's cost of living—the Prince Edward Island public servants receive approximately one-third less in salary than the federal public servants. Are we going to turn to the CNR ferry employees and say, "because you went on strike you are now going to have one-third less pay"?

● (1500)

I cannot see Senator Bonnell's idea receiving the concurrence and support of this Senate.

I should point out that we have also had threats within the public service of Prince Edward Island. They would like to go on strike. Let us not assume for a moment that all is happiness and light in the public service of either Newfoundland or Prince Edward Island.

It has been proposed on numerous occasions, as it was yesterday by Senator Bonnell, that we can solve this problem by taking the responsibility for the car ferries away from the CNR and giving it to the Ministry of Transport. Honourable senators will recall that a few years ago, and it is really not that many years ago, the Seaway Authority had a strike. The then Prime Minister, the late Right Honourable Lester B. Pearson, appointed Norman MacKenzie, a former member of this chamber, to find a solution to that problem. We all know of the recommendation for an increase of 33⅓ per cent. In fact, there are many people today who still feel that that 33⅓ per cent increase was the beginning of all our difficulties. For that reason I have grave reservations concerning the propriety of transferring to the Ministry of Transport the operations of the CNR car ferries.

Honourable Senator Bonnell later on in his remarks seemed to me very much like a penitent reciting the Prayer of Penitence. The prayer we used in the service went something like this:

> We have done those things that we ought not to have done, and we have left undone those things which we ought to have done.

In his remarks Senator Bonnell seemed to come back to the theory, or idea, that he had left undone many things that he should have done.

Honourable senators might not be aware that Senator Bonnell's uncle is the Reverend Dr. Bonnell, one of the outstanding Protestant theologians in North America. I am sure the Reverend Dr. Bonnell would be most surprised to find Senator Bonnell using a Prayer of Penitence here. I suppose, in all fairness, since I am also very well acquainted with him, I should say that Reverend Dr. Bonnell would be just as surprised to find either of us joining him in the Prayer of Penitence.

Be that as it may, I want again to emphasize that the strike was legal; the union employees on the car ferries and on the docks at Cape Breton and in Newfoundland did nothing illegal. The government recognized the strike. Indeed, the government took far too long to correct the situation. The employees on strike did not go out for the sheer joy of making the situation awkward for anybody else. The employees needed the money just as much as anyone else.

At any rate, after his Prayer of Penitence yesterday, Senator Bonnell said it was not an easy solution. Well, honourable senators, at six o'clock in the morning, dealing with strike legislation, I made a recommendation to the effect that the ferry service should become an auxiliary of the main union. Since that time I have discussed the matter with my secretary, a former personnel officer, who pointed out to me that every department in the federal public service has what are called "designated employees." A designated employee, very briefly, honourable senators, comes under the terms of negotiations between his union and the Treasury Board with respect to the terms and conditions of employment. Designated employees do not have the right to go on strike, but they do have the right to belong to a union, and that is what I had in mind at six o'clock in the morning.

● (1510)

In dealing with this matter, I am referring not only to the federal government, but I am also keeping in mind the fact that the governments of Prince Edward Island and Newfoundland have both intervened in a field in which, I think, they have no right to intervene. Nobody can criticize me on the basis of being partisan in making this statement, because one is a Conservative government and one is a Liberal; in fact, when I come to think of it, the Government of my own province is nothing. But I need not go into that at the moment. The fact remains that neither government has any business intervening in this field whatsoever. This is a federal responsibility and the federal government can find a solution to the problem through the means of "designated employees." Let there be no mistake about it, there is a ready solution to the problem.

Again, honourable senators, I want to emphasize that all the difficulties facing Prince Edward Island last year were not due to the fact that the CNR ferries went on strike. Anyone who would present an argument that we are short of cement for foundations or that we are short of asbestos shingles for our roofs only because of the strike would be making a statement that is absurd. I say this, honourable senators, because those products are manufactured in other parts of Canada. When an individual in Prince Edward Island builds a home he brings in a furnace manufactured in some other province, and he brings in insulation manufactured in some other province. Even the roof is manufactured in another province. Has anyone stopped for a moment to consider that when there is a rail strike these products are not going to move from a Johns-Manville manufacturing plant in Quebec? They are certainly not going to move to Cape Tormentine or to Sydney, Nova Scotia, when there is no rail transportation. It is all very well to say that we could move them by truck, but in this connection we must keep in mind the fact that the second car-ferry service, privately operated, between Prince Edward Island and New Brunswick retains so many spaces for the transportation of trucks. This is quite right and proper, and no one can argue with that. But, during the strike at least half of that retained truck space was given away because the trucks failed to show up. We do not have the trucking facilities to compete with the CNR, and naturally no one is going to institute a trucking service to compete in a ten-day or two-week strike period.

I appreciate the situation in which the farmers and fishermen of Prince Edward Island found themselves during the strike, but I would just ask them, as I am asking you, what the situation would have been even if they had succeeded in moving their produce across the strait by the car-ferry service? Where were they going to send it from there? How were they going to send it?

The tourist industry on Prince Edward Island was certainly affected, and since this matter is now *sub judice* I am not going to put Her Honour, Madam Speaker, in an awkward situation by imposing on her the duty of informing me that I am out of order by discussing it further. But I should point out the fact that Prince Edward Island did not achieve this anticipated tourist influx last year was not solely due to the rail strike. There was another factor involved, and that was the over-advertising by the provincial government. Every little village on Prince Edward Island had a homecoming day which meant a great deal to Islanders, but it meant absolutely nothing to people in Fairbanks, Alaska, San Francisco or Morocco. They looked at the timetable and decided it was just too busy for them to visit Prince Edward Island.

Honourable senators, throughout my remarks I have endeavoured to be fair to the residents of Prince Edward Island, and in particular to a group that I think have been kicked in the shins. Here I am referring to the employees of Canadian National Railways car-ferry service. I hope that as a result of what I have said, the residents of Prince Edward Island will have an understanding of the problems facing those employees.

On motion of Senator Buckwold, debate adjourned.

● (1520)

PUBLIC BILLS

SUSPENSION OF RULES 44, 45 AND 78

Hon. Leopold Langlois moved pursuant to notice:

That for the balance of the session, rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Honourable senators, I think that a word of explanation is in order.

Hon. Mr. Flynn: Is necessary.

Hon. Mr. Langlois: When I gave notice of this motion some two weeks ago I discussed the matter with the Leader of the Opposition and told him that it was not my intention to put this motion unless it were necessary. I was of that mind until yesterday afternoon, when I was informed that notice had been given in the other place providing for an adjournment of the House of Commons, when it adjourns this week, until the evening of December 26. This implied that the house would be considering legislation during the Christmas holidays, and implied also the possibility that if honourable senators were away at the time legislation was passed by the other house, they might have to be recalled.

I do not want to anticipate a decision which will be taken by this chamber tomorrow when the motion for adjournment is put.

In these circumstances, it means only one thing, that if important legislation is passed, and if the House of Commons decides to sit during the holidays, it will be because that chamber is of the opinion that the legislation is sufficiently important. I would not like to see the quality of the Senate's work in some way affected by reason of the fact that it might be squeezed, so to speak, between Christmas and the New Year.

It might become necessary to sit on a non-sitting day, on a day not provided for as a sitting day in our rules. That is the main purpose of this motion. There is no intention whatsoever to use it to curtail debate; debate will be allowed to take place as usual; but we want to be in a position to deal with legislation without, so to speak, railroading it through the Senate.

When I discussed this matter with the Leader of the Opposition some two weeks ago, he asked me whether the motion would be limited to government sponsored public bills.

I then considered the possibility of so wording my motion as to limit its effect to government sponsored public bills, but was informed that I could not do so, since our rules do not make a distinction between government sponsored and privately sponsored public bills.

I therefore agreed at that time to give an undertaking to the house. That undertaking I now give, that this motion will not be used for privately sponsored public bills, but that its use will be limited to government sponsored bills exclusively.

Hon. Mr. Flynn: Honourable senators, I am very sorry that Senator Langlois has decided to move this motion. I do not think it is justified under any of the circumstances with which we have been faced in recent weeks.

Before I deal with the substance of the motion, I wish to point out to Senator Langlois that his undertaking that the motion will apply only to government legislation and not to public bills sponsored by private members is not worth anything legally, because, if we pass this motion, any honourable senator may move the adoption of a bill and can use this motion to force the adoption of a public bill without observing the delays provided for under our rules.

In any event, this is not a big thing. I merely wish to point out to Senator Langlois that his undertaking is not binding on the members of the Senate.

Hon. Mr. Langlois: It is binding on the majority of the Senate.

Hon. Mr. Flynn: Once this motion is passed, a senator who introduces a privately sponsored public bill could not be prevented from invoking the fact that the rules have been suspended. It applies to him as well as to anyone else. This could be prevented only if the Acting Leader of the Government had amended his motion to say government sponsored legislation.

Hon. Mr. Langlois: I was told I could not do that.

Hon. Mr. Flynn: It could have been done. However, that is not the main point. I do not expect that anyone will sponsor a public bill at this stage of the session. It has, however, occurred in previous sessions, though not very often.

Although the Acting Leader of the Government has given us an undertaking that he would not push the Senate around, this motion gives him the right to do precisely that. His will be the final judgment. He alone will decide whether there is some abuse on this side of the house or on the part of anyone else in the Senate in delaying passage of any legislation.

There is no justification for all this. On many occasions we have returned after a recess to deal with bills that had been passed by the other place, and we have always agreed to let the sponsor of the bill speak right away. On occasion we have continued the debate and been very co-operative.

I can see no justification either for waiving the rules and for placing the government in the position of being able to tell the Senate, "You are going to pass the bill today. Though you may wish to adjourn, you may not do so. If you do not have sufficient speakers to continue the debate, then the question will be put right away."

We know how the government leader handles his followers. When instructions are sent out that no one speak, no one speaks. Therefore, I foresee that it would become the responsibility of the small group on this side to try to ensure a real debate. If the Acting Leader of the Government does not want to have any debate, if he wants the Senate to be no more than a spineless rubber stamp, then, I must say, he is going about it in the right way.

I object to this manhandling of the Senate, and I would ask honourable senators on the other side of the house to realize that the Acting Leader of the Government is doing something that is totally unjustified and which may lead to abuse.

We on this side of the house gave an undertaking that we would co-operate, that we would be reasonable. We have always been so. I would ask honourable senators to join me in protesting this motion and in voting it down.

Hon. Mr. Phillips: Honourable senators, with reference to Senator Flynn's remarks, I can only say that I have been worried and concerned by the fact that I could see the energy bill being directed towards us at the last moment, at a moment when it was hoped that those honourable senators from both east and west who were most concerned with this matter would have left.

I had made up my mind, prior to the introduction of this motion, that if Mr. Lewis instructs the government and

Leader of the Senate to bring in legislation and to pass it by a certain time, he would not succeed.

• (1530)

Hon. Mr. Perrault: Oh, here!

Hon. Mr. Phillips: What do you mean, "Oh, here!" That practice has been going on for some time. By the time you can wipe your ears around here, you will realize that.

Hon. Mr. Perrault: Keep your comments to yourself.

Hon. Mr. Phillips: That has been going on for too long. It will not happen with the energy bill, because it is too vital to the Atlantic provinces. I intend to make sure that every rule and regulation of this place is employed to make sure that that bill is studied in every aspect, particularly as it relates to the Atlantic provinces. So don't attempt to bring in "Christmas closure," or any other form of closure, because it is not going to be accepted.

Some Hon. Senators: Hear, hear!

Hon. Mr. Langlois: I thank my honourable friend, Senator Phillips, for having given me an additional argument. He has just said he was going to stand in the way of any government legislation. That is what we do not want to happen. We do not want legislation to be blocked here when we have such a short time in which to deal with it. That is the only reason behind this motion.

Hon. Mr. Phillips: You sound like David Lewis.

Hon. Mr. Langlois: I do not quarrel with the limitations which the Leader of the Opposition has placed on the validity of my undertaking. The same limitations apply to the undertaking that he said he was ready to give. We have accepted such undertakings on many occasions.

I do not think anyone should be scandalized by the moving of such a motion at this stage of the session. It has been done many, many times in the past, regardless of the colour of the party sitting on this side of the house. It is an accepted practice of this house, towards the end of any session, to have such a motion moved by the government side, which is responsible for the passage of legislation in this house. I repeat, it is not our wish to curtail, in any way, shape or form, the debates of this chamber on any piece of legislation. We will use this motion sparingly.

Hon. Mr. Phillips: May I direct a question to the Honourable Senator Langlois? How many hours of debate and committee study is planned for the energy bill?

Hon. Mr. Langlois: All the time needed to give it full consideration.

Some Hon. Senators: Hear, hear.

Hon. Mr. Phillips: I thank you for that, and I will hold you to it.

Hon. Mr. Flynn: You will have a lot of support.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Langlois, seconded by the Honourable Senator Martin, that for the balance of the session, rules 44, 45 and 78 be suspended insofar as they relate to public bills.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

[Hon. Mr. Phillips.]

The Hon. the Speaker: All those in favour please say "yea."

Some Hon. Senators: Yea.

Hon. Mr. Choquette: Louder, louder.

The Hon. the Speaker: All those against the motion, please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it. I declare the motion carried.

Hon. Mr. Asselin: On division.

Motion agreed to, on division.

BUSINESS OF THE SENATE

Hon. Mr. Buckwold: Honourable senators, before we adjourn I wish to advise honourable senators again of the transportation which will be available for those who may require it. There is a Ministry of Transport airplane going east on Saturday morning, and honourable senators interested in that flight can get in touch with Mrs. Taylor by calling local 5-3009. The Department of National Defence has arranged a flight to Winnipeg, Regina, Edmonton and Vancouver on Saturday, and honourable senators who are interested in that flight can get in touch with Mr. Neron, local 2-3131.

It is possible that we may be recalled sometime in late December, and with that in mind we will try to have transportation available for honourable senators who may be required back here. Those arrangements have not been finalized as yet.

Hon. Mr. Rowe: I take it those telephone numbers would be useable during business hours only.

Hon. Mr. Buckwold: Yes.

Hon. Mr. Rowe: Is there any emergency number which we could call to get information after business hours?

Hon. Mr. Martin: In that event you can call Senator Phillips.

Hon. Mr. Phillips: What the honourable Senator Rowe wants to know, really, is whether they will follow the usual Liberal technique and take the telephone off the hook so that they do not have to answer the phone.

Hon. Mr. Buckwold: I would suggest that you call Senator Asselin, who advised the Senate earlier that he never sleeps.

Hon. Mr. Rowe: I should like to pursue this further, because it is more serious than some senators are inclined to regard it. Suppose, for example, at 8 o'clock or 10 o'clock or 12 o'clock Saturday morning we want flight information. Where can we call? I have had this experience before right here in Ottawa. Where do we go for that information? What do we do about it?

Hon. Mr. Buckwold: I should think you could call the Ministry of Transport. I presume there will be somebody there. I gather that the Ministry of Transport plane is to leave at 9 o'clock, or thereabouts, on Saturday morning, so if you call at 12 o'clock it will be a "Merry Christmas" call.

Hon. Mr. Flynn: I would suggest to the assistant Whip that he might inquire as to the telephone numbers, including any emergency numbers, and then send a note containing that information to all senators.

Hon. Mr. Phillips: Might I inquire of Senator Buckwold as to his authority for presenting us with this information? Usually it is someone in authority or someone who has some specific duty, such as a chairman. May I ask Senator Buckwold in what function he is presenting this information? Much as I appreciate it, I am curious as to the source which grants him the authority to give us this information.

Hon. Mr. Martin: Senator Flynn has made the suggestion—and I think it is a good one—that a memo be sent to all honourable senators. That is the general practice. I think we all appreciate the effort Senator Buckwold has put into this matter.

Some Hon. Senators: Hear, hear.

Hon. Mr. Phillips: As he is speaking on your behalf, I accept that.

Hon. Mr. Buckwold: I would advise the honourable senator that I am merely doing this in my capacity as acting Whip on this side. It is being done in the interest of our friends, and in the spirit of the yuletide season—benevolence and brotherly love.

Before I sit down, may I take this opportunity to wish all honourable senators a very happy Christmas and a good New Year.

ADJOURNMENT

Hon. Mr. Martin: I move that the Senate do now adjourn.

Hon. Mr. Flynn: May I suggest that we adjourn until 11 o'clock tomorrow morning, since the House of Commons meets at 11 o'clock.

Hon. Mr. Langlois: I meant to speak to that previously. It slipped my mind. It is proposed that we adjourn until 2 o'clock tomorrow afternoon. I do not want to anticipate the letter which we are likely to receive tomorrow from Rideau Hall, but it is expected that we will have royal assent at 4.45 p.m., since the other place adjourns at 5 o'clock tomorrow.

● (1540)

Hon. Mr. Flynn: Since we are going to adjourn during pleasure in any event to await the arrival of the deputy of His Excellency the Governor General, if we met at 11 o'clock some of us could assess the situation and make plans accordingly. We gain absolutely nothing by meeting at 2 o'clock.

Hon. Mr. Martin: I appreciate the point Senator Flynn has made. Perhaps I might add that the House of Commons sits tomorrow at 11 o'clock. The motion in the name of the Minister of Transport, for the Leader of the House, will be put under their rules and orders shortly after 11 o'clock. It may be that when we assemble at 2 o'clock we will have a better appreciation of the situation. I hope this is a wise arrangement.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Friday, December 21, 1973

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that she had received the following communication:

GOVERNMENT HOUSE
OTTAWA

21 December 1973.

Madam,

I have the honour to inform you that the Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, December 21st at 4.45 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau,
Brigadier General
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of operations under the Fisheries Improvement Loans Act for the fiscal year ended March 31, 1973, pursuant to section 12(2) of the said act, chapter F-22, R.S.C., 1970.

Copies of Third Report of the Federal-Provincial Committee on Atlantic Region Transportation, dated October 30, 1973.

Copies of Preliminary Guidelines respecting Related Business in connection with the Foreign Investment Review Act, together with a statement thereon by the Minister of Industry, Trade and Commerce dated December 20, 1973.

Report of the Director of Investigation and Research, Combines Investigation Act, for the fiscal year ended March 31, 1973, pursuant to section 49 of the said act, chapter C-23, R.S.C., 1970.

Report on the 1973-74 Canadian fertilizer situation issued by the Minister of Agriculture.

Copies of a background document respecting the footwear and tanning industries sector strategy, issued by the Minister of Industry, Trade and Commerce.

AGRICULTURE

INTERIM REPORT OF COMMITTEE PRESENTED

Hon. Hazen Argue, Chairman of the Standing Senate Committee on Agriculture, which was empowered by the Senate on February 22, 1973, without special reference by the Senate, to examine, from time to time, any aspect of the agricultural industry in Canada, presented the committee's interim report.

He said: Honourable senators, I would ask that this interim report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*, and form part of the permanent record of this house.

The Hon. the Speaker: Honourable senators, is it agreed that the interim report be printed as an appendix to the *Debates of the Senate* and to the *Minutes of the Proceedings of the Senate*?

Hon. Senators: Agreed.

(*For text of interim report, see appendix, pp.1407-1411.*)

Hon. Mr. Argue: Honourable senators, with leave of the Senate, I would like to read a short summary of the report for the information of honourable senators.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

Hon. Mr. Argue: The Standing Senate Committee on Agriculture is studying the matter of marginal, submarginal and abandoned farmlands in Eastern Canada, noting in particular the situation in Kent County, New Brunswick. The purpose of the report is to review the progress of the committee and to make recommendations on two aspects of the problem.

To date, the committee has held sessions in Ottawa and in Moncton, hearing briefs from federal and provincial departments of agriculture, government agencies, research and educational institutions, community and producer groups, and individuals. The committee has toured parts of New Brunswick discussing the farmers' problems with them.

The committee is continuing its work. It plans further hearings in the new year on a number of specific aspects.

The committee will, after the conclusion of the hearings, submit its report.

At this time the committee wishes to bring to the attention of the Senate two areas of concern: (1) the problem of entry into agriculture as a vocation; and (2) some apparent deficiencies in the Small Farms Development Program.

As individuals and as members of the Standing Senate Committee on Agriculture we have observed that young people from both urban and rural areas are developing an interest in farming as a vocation, and in the rural life as a very desirable alternative to that in the cities and suburbs. The committee welcomes this, and wishes to see as much encouragement as possible given to these people. We have also observed that this interest is being frustrated by the institutions of our society. The schools are urban-oriented, factory-oriented and office-oriented. The media, the educators and even the parents take a negative attitude to farming as a career. The young person who emerges from this with a positive attitude is further frustrated by the excessively high demands of the government credit agencies for equity capital. As a committee we are looking further into this problem, but we consider it to be a national problem and one deserving to be a national problem and one deserving attention.

To encourage a national discussion we are making certain recommendations:

Recommendation I:

That the federal and provincial governments give serious consideration to the revision of their policies, particularly to drastically reducing for the prospective farmer the initial cash payment or other security required.

The second important area of concern that we should like to bring to your attention is the ineffectiveness of the Small Farms Development Program in achieving its goal of aiding the operators of small uneconomic farms to create, through land consolidation, economic family farms.

● (1410)

Evidence supplied to the committee shows that from April to December of this year the Small Farms Development Program land transfer program has moved five times as many farmers off the land as it has aided in expansion. Only one out of every five or six sales is to an eligible purchaser, the rest are to already established operators. This evidence also shows that the program has had almost no impact on marginal areas where very few transactions have taken place at all.

The committee has concluded that the roots of these problems are: (a) the criteria of eligibility for purchasers and vendors; and (b) the unequal access of purchasers and vendors to the land market.

The major criterion for buyers and sellers is that they be principally occupied in farming. In marginal areas farm income is insufficient for family needs and off-farm work is a necessity, thus few farmers can qualify. A second important criterion is that only land in production at the time of application can qualify. Marginal areas have a high rate of land abandonment, and much of this land is still reclaimable. It does not qualify.

Another deficiency in the program is that there is unequal access to the land market for buyers and sellers. The eligible vendor may sell to the operator of any economic unit and receive his grant. The eligible purchaser must buy from an eligible vendor. He is thus restricted, in general, to a very small market and possibly to a nonexistent one in marginal areas.

The committee considers that the primary objective of the program is to create small economic family farms, and that the program must be improved until it can effectively achieve that goal. To overcome the obstacles that the committee has found within the program it recommends:

Recommendation II:

That the eligibility criteria—

Hon. Mr. Choquette: That should be criterion. "Criteria" is the plural.

Hon. Mr. Argue: I believe you are right. We have had so many people on the editing of this that I would have hoped that it would be correct by now—at least as far as English is concerned, anyway.

To repeat, honourable senators, Recommendation II is:

That the eligibility criterion for purchasers under the Small Farms Development Program be widened to include operators not principally occupied in farming at the time of application, if the Farm Credit Corporation at the time of approval considers that the loan will materially assist the applicant to become principally occupied in farming.

Recommendation III:

That the special credit conditions provided for under the Small Farms Development Program be available to eligible purchasers for land transactions with any vendor and for the purchase of any suitable agricultural land.

Honourable senators, it has been a pleasure to act as chairman of the Standing Senate Committee on Agriculture. Our committee is fortunate to have a dedicated, energetic and capable deputy chairman in the person of Senator Hervé Michaud. Interest by members of our committee has been high and attendance of senators has been excellent.

I am confident that your committee will be able to bring in a useful final report in the new year.

BUSINESS OF THE SENATE

Hon. Mr. Langlois: Honourable senators, in moving the adjournment of the Senate during pleasure until the call of the bell, to await the arrival of the Deputy of His Excellency the Governor General, I wish to inform the house that information has been received to the effect that the election expenses bill might come to us this afternoon.

Although this measure is not of great concern to this house, we shall have to deal with it. It is possible that the sitting will be resumed to deal with this measure before the arrival of the Deputy of His Excellency the Governor General. I felt that I should so inform the house before we adjourn.

Hon. Mr. Phillips: Honourable senators, Senator Langlois mentioned that we might be dealing with this bill

this afternoon. I trust that he did not imply that we would be expected to pass it this afternoon.

Some Hon. Senators: Why not?

Hon. Mr. Langlois: That is up to the Senate, not to me.

The Hon. the Speaker: Honourable senators, is it your wish that the Senate do now adjourn during pleasure until the call of the bell, to await the arrival of the Deputy of His Excellency the Governor General at approximately 4.40 o'clock this afternoon?

Hon. Senators: Agreed.

The Senate adjourned during pleasure.

At 5.05 p.m. the sitting was resumed.

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable Roland A. Ritchie, Puisne Judge of the Supreme Court of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act respecting The National Dental Examining Board of Canada.

An Act to amend the Parole Act.

An Act to provide additional financing mechanisms and institutions for the residential mortgage market in Canada.

The Honourable Lucien Lamoureux, Speaker of the House of Commons, then addressed the Honourable the Deputy of His Excellency the Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Governor to defray the expenses of the public service.

In the name of the Commons, I present to Your Honour the following bill:

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1974.

To which bill I humbly request Your Honour's assent.

The Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the said bill.

The House of Commons withdrew.

The Honourable the Deputy of His Excellency the Governor General was pleased to retire.

[Hon. Mr. Phillips.]

The sitting of the Senate was resumed.

● (1710)

CIVIL AVIATION

PROTECTION AGAINST HIJACKING AND TERRORISM—QUESTION ANSWERED

Leave having been given to revert to the Question Period:

[*Translation*]

Hon. Leopold Langlois: Honourable senators, I am happy to reply on behalf of the Leader of the Government to a question asked in this chamber on Wednesday, December 19, by Senator Asselin about the horrible crime committed by hijackers at the Fiumicino airport in Rome last Monday.

As honourable senators know, Canada has been grappling on all fronts with the problem of illegal acts against the safety of civil aviation. The most effective way of preventing such acts is obviously to improve national and international security measures. The government has taken a number of concrete steps in this field with a view to creating at the international level a climate that will make potential criminals and terrorists realize that they can do themselves harm by resorting to the hijacking and sabotage of aircraft to obtain money or to promote their political objectives.

The Canadian Air Transportation Administration of the Transport Department has developed a security program for the protection of civil aviation in Canada. This program, which is implemented in co-operation with regular air carrier, includes the screening of passengers prior to embarking, the reinforcment of police surveillance in major Canadian airports, the fencing in of air terminals, identification procedures, the detection of weapons and explosives as well as a certain number of research and development projects.

Throughout the world, no country has accomplished as much as Canada in seeking answers to the elusive problem of hijacking and sabotage of aircraft. Canada has ratified three major international conventions which deal specifically with this problem, and Canadian officials have actively participated in the negotiations and drafting of these international legal instruments.

Under the 1963 Tokyo Convention, it is incumbent upon the participating countries to facilitate the return of the hijacked aircraft along with the crew members and passengers. Under The Hague Convention of 1970, it is incumbent upon the participating states either to extradite the hijackers to the prosecuting country or to prosecute themselves those criminals. The 1971 Montreal Convention provides for the same obligation in connection with the sabotage of civil aircraft. The Government of Canada strongly urged all countries to adhere to those important agreements to eliminate entirely the possibility for terrorists and criminals having committed so despicable an act to find "safe refuge".

Since the Government of Cuba was unwilling to adhere to multilateral agreements in that respect the Government of Canada passed a bilateral treaty with the government last February providing that air pirates hijacking Canadi-

an aircraft could not find refuge in that country. This year, Cuba also passed similar bilateral agreements with the United States and Mexico, agreements that seem to have had a major preventive effect with respect to aircraft hijacking in North America.

In order to guarantee that all states would fulfill their obligations contracted under the three multilateral agreements Canada, in co-operation with the United States, worked out a draft agreement setting up mechanisms allowing for "joint action" to be taken such as the suspension of air service to all countries not complying with the obligations set out in the Tokyo, The Hague and Montreal agreements. Unfortunately, many states were not prepared to consider taking sanctions against countries which had not adhered to existing agreements. It is in part for that reason that at the 1973 Diplomatic Conference and the extraordinary meeting of the International Civil Aviation Organization held at the same time in Rome in the month of September of this year agreement could not be reached on adopting stricter international measures aimed at checking air pirates and saboteurs.

However, through sustained efforts by Canada and members of the international community working in that same direction a very large number of states have already ratified existing conventions to the extent that a number of nations where air pirates can take refuge in all quietude has been substantially reduced. The facts that characterized the last tragic attempt of this kind which started in Rome last Monday prove it.

[*English*]

BUSINESS OF THE SENATE

Hon. Mr. Langlois: Honourable senators, I should like to pass on some information that has come to us only recently. Negotiations are still being carried on in the other place among the various political parties about what is in store for that house next week and the week after. It is expected that a final decision will be reached between now and 6 o'clock this evening. That is why I now propose that the Senate adjourn during pleasure to reassemble at approximately 6 o'clock in order to move the adjournment of this house, having in mind all the information that is needed to take such a decision.

Hon. Mr. Phillips: Honourable senators, does this mean that the government is capitulating entirely and taking directions from David Lewis? I have been suggesting for the last several months that that is what has been happening. This merely confirms that the government leader is unwilling and, unfortunately, unable to make a decision until he gets his directive from David Lewis.

Hon. Mr. Argue: The newspapers say that Woolliams is in control now.

The Hon. the Speaker: Honourable senators, before we adjourn I should like to ask you to join me in the Speaker's Chambers where we may, in the interim before we return, exchange season's greetings with each other and with His Honour, the Deputy of His Excellency the Governor General.

The Senate adjourned during pleasure.

At 7 p.m. the sitting was resumed.

ADJOURNMENT

Hon. Paul Martin: Honourable senators, first of all let me say that I would be happier if the Acting Leader of the Opposition would sit where he is entitled to sit, so that I could say to him, on behalf of all of us, that we are glad to see that his health is so good that he can discharge his very heavy obligations.

The next thing I would like to do, honourable senators, is simply to wish you all a very merry Christmas—and I sincerely hope that I shall have a happy Christmas too.

I now move, seconded by Senator Langlois, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Monday, January 14, 1974, at 8 o'clock in the evening.

I should like to explain, in the first place, that they have agreed in the House of Commons to reconvene on January 3. They have further agreed on an allocation of time on the energy bill and the bill respecting an export tax on oil and gas, which are related to what the government believes is an anticipated emergency. It is sincerely believed it will be no more than that. Her Honour the Speaker, of course, has authority to recall the Senate if an emergency should arise before January 3.

It is my hope that we in the Senate shall not have to be recalled before January 14. I do not anticipate that we shall, in view of the agreement and the allocation of time in the other place for consideration of and debate on the two energy bills.

Honourable senators, that is the situation, and I hope that this motion will be carried.

Hon. Mr. O'Leary: Honourable senators, I should like to ask the honourable Leader of the Government a question. Can he tell us what has happened to the clause the Senate deleted from the wiretapping bill?

Hon. Mr. Martin: There is no decision on that matter yet, but I suspect that when we come back we will have a better idea of what disposition the other place will make regarding the amendment made by the Senate.

Hon. Mr. Langlois: They are still reflecting on it.

[*Translation*]

Hon. Jean-Pierre Côté: Honourable senators, I would simply like to add a word to what the leader of our party has just said. I wish you a Merry Christmas, Madam Speaker, as well as to all senior officials of this house, to the translators, to the staff working with us, to the page boys and girls and to all those who, directly or indirectly, assist us in carrying out this most important job of ours.

[*English*]

Hon. Mr. Martin: Honourable senators, before we adjourn, I should like to extend to Madam Speaker, on behalf of all of us, our warmest greetings for Christmas and the New Year. I should like also to thank the officers of the house for their assistance in our deliberations. In that message of appreciation I include the young ladies and the young men who serve as pages, all ranks of the

Senate staff, the charwomen, the Senate committees, the officials, and the *Hansard* personnel. I should like to extend special greetings to the Leader of the Opposition who has had to leave the chamber on public business, to the members of his party, and to all honourable senators.

[*Translation*]

Merry Christmas and Happy New Year to you all!

[*English*]

Hon. Mr. Phillips: Honourable senators, I think that most honourable senators would find it odd if I agreed with Senator Martin on any point. But on this occasion I am sure that all Opposition members—although I have no authority to speak for the Opposition party—would like me to wish all honourable senators and members of the staff the very best over the holiday period.

I would like at this time to wish you all a Merry Christmas. I would express it in Welsh, except that honourable senators might not understand me, and I am not sure that I would understand it myself.

I extend best wishes to all honourable senators and to the staff. Joyeux Noël.

The Senate adjourned until Monday, January 14, 1974, at 8 o'clock in the evening.

APPENDIX

(*See p. 1402*)

AGRICULTURE

INTERIM REPORT OF COMMITTEE

FRIDAY, December 21, 1973

The Standing Senate Committee on Agriculture, which was empowered by the Senate on 22nd February, 1973, without special reference by the Senate, to examine, from time to time, any aspect of the agricultural industry in Canada, now makes an Interim Report, as follows:

SUMMARY

The Senate Agricultural Committee is studying the matter of marginal, submarginal, and abandoned farmlands in Eastern Canada, noting in particular the situation in Kent County, New Brunswick. The purpose of this report is to review the progress of the Committee and to make recommendations on two aspects of the problem.

To date the Committee has held sessions in Ottawa and in Moncton, hearing briefs from federal and provincial departments of agriculture, government agencies, research and educational institutions, community and producer groups and individuals. The Committee has toured parts of New Brunswick discussing the farmers' problems with them.

The Committee is continuing its work. It plans further hearings in the New Year on a number of specific aspects, after which the Committee will submit its report.

At this time the Committee wishes to bring to the attention of the Senate two areas of concern: (1) the problem of entry into agriculture as a vocation, and (2) some apparent deficiencies in the Small Farms Development Program.

The Committee in its sessions has observed an increased interest on the part of young people in agriculture as a vocation and in the rural life. This interest is frustrated by many things. Along with other obstacles the entry of young people into agriculture is often made impossible by the large amount of capital required. Parallel to this new interest in agriculture is the rapid depopulation of rural areas. The Committee believes it is desirable that larger numbers of young people enter agriculture. The Committee is pursuing this problem, but it is a national problem which merits the concern of the people and governments. In order to encourage discussion of these problems the Committee recommends:

Recommendation I

That the federal and provincial governments give serious consideration to the revision of their policies, particularly to drastically reducing for the prospective farmer the initial cash payment or other security presently required.

The Small Farms Development Program is considered by the Committee to be the most important policy instrument now in place for aiding the economic development of marginal farming areas. However, evidence presented to the Committee suggests that the program is achieving its goal of easing the exit of farmers from uneconomic farms much more effectively than it is achieving its goal of creating small economic family farms.

The evidence further suggests that the program's impact in marginal areas is less than was expected.

The Committee has concluded that the roots of these problems are: (a) the criteria of eligibility for purchasers and vendors, and (b) the unequal access of purchasers and vendors to the land market.

The major criterion for buyers and sellers is that they be principally occupied in farming. In marginal areas farm income is insufficient for family needs and off-farm work is a necessity, thus few farmers qualify. A second important criterion is that only land in production at the time of the federal-provincial agreement and at the time of application can qualify. Marginal areas have a high rate of land abandonment. Much of this land is reclaimable for agricultural use, but it does not qualify.

Under the program there is unequal access to the land market for buyers and sellers. The eligible vendor may sell to the operator of any economic farm unit and receive his grant. The eligible purchaser must buy from an eligible vendor. He is thus restricted, in general, to a very small market and possibly to a nonexistent market in marginal areas.

To overcome these obstacles and to increase the effectiveness of the Small Farms Development Program the Committee recommends the following changes:

Recommendation II

That the eligibility criteria for purchasers under SFDP be widened to include operators not principally occupied in farming at the time of application, if the Farm Credit Corporation at the time of approval considers that the loan will materially assist the applicant to become principally occupied in farming.

Recommendation III

That the special credit conditions provided for under the SFDP be available to eligible purchasers for land transactions with any vendor and for the purchase of any suitable agricultural land.

REPORT

Introduction

At the suggestion of the Honourable Senator Hervé Michaud, the Agriculture Committee, with approval of the Senate, undertook as its first major inquiry

> "the matter of marginal, submarginal, and abandoned farm lands in Eastern Canada, noting in particular the situation in Kent County, N.B., and the consideration of such recommendations as might be useful in the interests of securing and maintaining:
>
> 1) Viable rural communities;
> 2) A prosperous agricultural population;
> 3) A progressive and expanding industry;
> 4) Such supplies of agricultural products as will contribute to reasonable and stable prices—an advantage to both producers and consumers;
> 5) Farm units of a kind and site, consistent with the above objectives, so as to maintain a large rural population."

Proceedings of the Inquiry

The Committee has held and continues to hold hearings on this question, and at this time seeks to inform the Senate of its progress and to make recommendations concerning two aspects of the matter.

The Committee sought as its first witness the Honourable Eugene Whelan, Minister of Agriculture, who appeared on May 22nd, with his Deputy Minister, Mr. S. B. Williams, and other officials of his Department. This meeting served to allow the federal government to discuss its policies concerning the small and marginal farm sector. This meeting was productive and encouraging.

The Committee then undertook to examine the agricultural problems of Kent County. To acquaint the Committee with local conditions, with the attitudes of rural residents and farmers, and with the attitudes, goals, and programs of the provincial government and other agencies and institutions, two days of hearings were held in Moncton, on June 13 and 14, 1973. On the preceding day, June 12th, the Committee toured parts of Kent and Westmorland Counties, visiting with farmers, at local communities, and at the headquarters of New Brunswick New Start Inc. On June 15th, the Committee travelled to the Agriculture Canada Research Station at Fredericton, where it toured the station and had discussions with the director and his staff.

While in Moncton the Committee held six meetings in the morning, afternoon and evening of June 13th and 14th. The Committee heard from witnesses representing the provincial and federal governments, educational and research institutions, local groups and also from individuals. The following appeared:

—on behalf of Agriculture Canada, Mr. G. M. Weaver, Director, Research Station, Fredericton; supporting witnesses from the various research divisions; and Mr. Frank Calder, Acting Superintendent, Experimental Farm, Nappan, N.S.

—on behalf of New Brunswick Department of Agricultural and Rural Development, Mr. R. Gilbert, Deputy Minister; Mr. P. Schousboe, Director of Extension; and Mr. V. Bastin, Secretary, New Brunswick Forest Products Commission.

—Mr. L.-Ph. Albert and Mr. E. Keizer, presenting the conclusions of the Report on Agricultural Manpower Training Needs, 1971, in New Brunswick.

—Mr. C. Gallagher (MLA, Carleton) and Mr. A. Graham (MLA, Kent) presenting the conclusions of the report of the New Brunswick Select Committee on Agriculture and Rural Life.

—on behalf of La Fédération des Agriculteurs Francophones de l'Archidiocèse de Moncton, Mr. Joel Arsenault, Secretary.

—on behalf of the Woodlot Association, Mr. Jean Finnigan, President.

—Mr. Philippe Bourgeois, agronome.

—on behalf of the Rexton sub-federation of Agriculture, Mrs. Flora Sullivan, Secretary.

—on behalf of the Association of Producers of Christmas trees for Kent County North, Mr. Yvon Babineau, President.

—on behalf of the Memramcook Institute, Mr. E. A. Arsenault, Director, and Mr. R. Robichaud, Co-ordinator, Auxiliary Services.

—on behalf of the Farm Credit Corporation, Mr. W. West, Director; and Mr. E. Bourgeois, Supervisor of Small Farms Development Program.

—on behalf of New Brunswick New Start, Inc., Mr. H. Shorten, Director.

—on behalf of the Students' Council, Clement Cormier High School, Buctouche, Ms. Adrienne Léger, Mr. André Leger, and a delegation of students.

—on behalf of Maritimes Cooperative Services, Ltd., Mr. W. D. Dernier, General Manager, members of the staff, and members of the Board of Directors.

—on behalf of New Food Products Co. Ltd., Mr. J. P. Leblanc, General Manager, who also read the brief of Rabbit Ranchers Enterprises (Rexton, N.B.)

—on behalf of J. D. Irving Ltd., Mr. D. Oxley, Woodland Director.

—on behalf of Fédération des Caisses Populaires Acadiennes, Mr. M. Légère, Director.

The exchanges, both formal and informal, with the witnesses, were stimulating. The representatives from the provincial and federal governments, and the research institutions, produced information that was optimistic, though cautiously so, concerning the prospects of increased agricultural employment and production in Kent County. The local people expressed hope, though it was mixed with bitterness towards and alienation from the policies and services of the departments of agriculture and development of the two senior levels of government.

The Committee would like to make especial note of a surprising and an encouraging centre of hope for the possibilities of a re-invigorated rural life, the delegation of students from Clement Cormier High School in Buctouche. These students expressed the frustrations of their generation with the all too traditional migration from the rural to the urban setting, and their hope that the rural alternative would become a viable alternative, possibly for themselves.

The sessions in Moncton, the briefs presented and discussions that took place, have served to bring the conditions of Kent County, and similar areas, into a clearer perspective, and to focus the attention of the Committee with greater precision. A number of specific areas of investigation have been decided on by the Committee, the problems of production and marketing, of capital and credit, of agricultural education and extension services (with special attention to the language problem), and of land abandonment and use, etc., and these are being pursued.

Two weeks ago the Committee continued its study with two meetings on specific aspects. On December 4th the problems of agricultural education were discussed with Mr. Victorin Lavoie, Dean and Mr. Yves Chartier, Secretary, Faculty of Agricultural Science and Nutrition, University of Laval, Dr. H. F. MacRae, Principal, Mr. J. E. Shuh, Vice-Principal, and Mr. P. Y. Hamilton, Registrar, Nova Scotia Agricultural College, Mr. Roland Cloutier, Dean, Faculty of Science, Moncton University, and Mr. L.-Ph. Albert, Cabinet Secretariat of the Office of the Premier of New Brunswick.

This discussion covered two interrelated areas, professional training for agrologists or agronomes and continuing education for practising farmers. The Committee found the interchange of ideas between participants in the less formal atmosphere of discussion to be most productive both in generating ideas and exploring problems.

On December 6th, the Committee invited Dr. G. M. MacEachern, President, Agricultural Economics Research Council of Canada, to appear. The discussions centered on the interventions of government in the agricultural sector, and specifically with those policies directed at small farms and marginal areas.

The hearings held to date, the witnesses who have appeared, and the discussions that ensued, are considered by the Committee to have been a good beginning on both the general and the specific problem under consideration. In the New Year the Committee plans further hearings on a number of important aspects.

Discussion of certain aspects and Recommendations

The Committee wishes at this time to bring to the attention of the Senate two areas of concern: (*a*) the problem of entry into agriculture, and (*b*) some apparent deficiencies of the Small Farms Development Program.

It appears to the Committee that there may be a developing interest in farming as a vocation and this should be encouraged by governments. This interest has taken many forms, including the "back to the land" movement, increased enrollment in agriculture colleges, and increased interest in the secondary schools. This interest is being frustrated by many things. The education system is completely urban oriented. The Committee has found that only a few secondary students have the option of an agriculture course available to them. The schools prepare students for and they offer them the choice of only the offices and the factories, not the fields, the forests or the sea. The policies of the federal and provincial governments also serve as a disincentive. They seem to be oriented towards the creation of an elite, based on large, capital intensive farms. The credit policies especially presuppose that significant amounts of capital are available to the entrant into agriculture.

The Committee has observed the depopulation of rural Canada, the gradually advancing average age of farmers, with dismay. It has a responsibility to seek solutions to this problem for marginal areas, but the problem is a national one, as relevant in the Regina Central Plains of Saskatchewan as in Kent County, New Brunswick. The Committee, therefore, wishes to see a national discussion of this problem and so it recommends:

Recommendation I

That the federal and provincial governments give serious consideration to the revision of their policies, particularly to drastically reducing for the prospective farmer the initial cash payment or other security presently required.

The Small Farms Development Program, from its announcement in December 1971 to the recent past, raised the expectations of all persons concerned with the problems of small and marginal farms in Canada. The Honourable H. A. Olson, Minister of Agriculture on December 6, 1971, stated:

> "Unless we develop new and workable programs, there are many farmers in Canada and, indeed, entire rural communities, that will be threatened..."
>
> "Economic studies and practical experience suggest that the family farm is the best type of farm, and it is in this context that we have developed a comprehensive program to help the small farmers of Canada to develop profitable family farms."

The Prime Minister, the Right Honourable Pierre Elliott Trudeau, emphasized the importance that the federal government placed on this initiative in a speech to La Coopérative Fédérée de Québec, on February 2, 1972:

> "I will say that the program (SFDP) we are presently discussing is our last straw. We either have to make it work or the whole thing (rural society) will collapse. Our entire hopes are centered and focused on this program and we will never give it too much importance."

The Honourable Eugene Whelan, when he appeared before the Committee, echoed these statements:

"I still think that the Small Farms Development Program has quite a lot to offer, particularly in areas such as Kent County, and other similar areas in Canada."

The Committee at the beginning of its inquiry also had much hope for the program. Senator Michaud at the hearings in Moncton spoke for many of the members present when he said:

"With regard to the small farms program, I think perhaps as far as we are concerned in Kent County at the present time, it is the most vital piece of legislation coming before us."

We did not see the program as a magic wand that the federal and provincial governments could wave to produce prosperity, but rather as a program with a specific role to play. The Committee has come to the conclusion that the program is unable to fulfill that role in areas like Kent County.

Perhaps it would be useful to outline the program before discussing the deficiencies that the Committee has found.

The major thrust of the Small Farms Development Program is the transformation of small, economically marginal family farms into economically viable family farms. It concentrates its efforts on making small farms larger, but not in making large farms. It has a second objective, "to assist owner-operators of small farms to realize on their equity in their farm holdings," or to allow those who wish to depart from a subsistence agricultural life to a better non-farm life, to do so.

To achieve these two goals the program provides an information service and a land transfer program. In New Brunswick the province administers the former and the Farm Credit Corporation administers the latter. The information service consists of (*a*) a rural development service to help the farmer and his family get the information required to make the basic decision to develop within agriculture or to take advantage of other opportunities, (*b*) a farm management service to help the individual farmer develop a commercially viable farm business and (*c*) an information system to back up these two services. The land transfer program consists of (*a*) the provision of special credit for prospective purchasers, (*b*) the provision of assistance grants for prospective vendors, (*c*) a listing service to bring buyers and sellers together, and (*d*) the option for the outright purchase and resale of farm property.

Under the special credit provisions the purchaser will be able to make a low down payment ($200.00 on a $20,000.00 loan), will have up to 26 years to repay at the standard Farm Credit Corporation mortgage rate, and will not be required to mortgage other property as security. The purchaser is put in a low risk position, he does not endanger his present holdings and he retains his capital as operating capital. The vendor receives a special assistance grant of a basic $1,500 plus 10% of the sale price of the farm to a maximum combined total of $3,500.00. The vendor also has the option of retaining the farm home and property for residential use.

How is the small farms program working? Preliminary data has been made available by the Farm Credit Corporation and is set out in the attached Tables I and II. The range of "ideal transactions" (eligible vendors selling to eligible purchasers) varies considerably; for the period April 1 to November 30, 1973, the national ratio is 18.5%, the New Brunswick ratio is 14.3%. From this we can conclude that the program is more effective in achieving its second objective, the assisting of "owner-operators of small farms to realize on their equity," than in achieving its first objective, the creation of small economic family farms through consolidation. The average value of the transactions, both sales and purchases, are well within the maximum established for each province. It appears that there is sufficient credit available to eligible purchasers to compete for the size of farms being offered by eligible vendors. We must conclude that there are other reasons for the low level of "ideal transactions."

The Committee's attention was directed to the eligibility criteria by a number of witnesses and it has concluded that the limitations imposed by these criteria are at the root of the problems of purchasers.

A purchase under the land transfer program, an "ideal transaction," is possible only if both the buyer and the seller are eligible. The principal condition of eligibility and the most limiting one in the Committee's opinion is that the purchaser must be "principally occupied in the operation of a farm" and that a vendor must be "principally occupied in the operation of that farm at the date of commencement of the program and at the time of application."

This dual eligibility does not apply to sales under the program, thus the number of sales is more than five times the number of purchases. The vendor has an unlimited range of persons to whom he can sell. The purchaser has a severely limited range of persons from whom he can buy and still qualify for the special credit arrangements.

This problem, which is nationwide, is further accentuated in marginal areas, where few farmers are principally employed in farming. The revenue generated by most of these farms is not sufficient for the operators needs and off-farm work must be taken to supplement the farm income. This is illustrated by Kent County, where in 1971, 66.6% of farms had gross sales of less than $2,500 and 81.8% had sales of less than $5,000. The farmers in Kent County who reported off-farm work for 1970 averaged 143 days in the under $2,500 class, 151 days in the $2,500-$4,999 class and 107 days in the $10,000 and over class. Clearly most of the farmers in Kent County would not qualify as being principally employed in farming.

The criteria limit the options of the eligible purchaser in another way; the potential acreage available for purchase is that which was in production when the federal-provincial agreement was signed and that has remained in production to the time of application. Many acres have gone out of production in marginal areas in the last two decades and much of this land can still be retrieved

for agricultural use. In Kent County in the period 1966-71, 18,092 acres of improved land alone were removed from agriculture, a decline of 35.7%. If the same absolute decline in acres continues, another 18,000 acres could be removed from production within the period of the New Brunswick Small Farms Development Program Agreement (till 1977). The land taken out of production one year becomes ineligible for purchase the next year.

The quality of this abandoned land is, in general, equivalent to those acres presently available. It is dispersed throughout the farming area, not concentrated on the fringes or in certain areas, thus its suitability for use in consolidation may be more satisfactory than acreage from some eligible farm.

The Committee finds the pattern of the movement of land within the land transfer program to be most discouraging. Farmers are being moved off the land at a much faster rate than small farms are being expanded. The expectations of the rural population in marginal areas are not being satisfied within the scope of the program. The Committee has concluded that the most important obstacles to the success of the program are the criteria that require applicants to be principally occupied in farming and that limits the access of eligible purchasers to transactions with eligible vendors.

To overcome these obstacles and to increase the effectiveness of the Small Farms Development Program the Committee recommends the following changes:

Recommendation II

That the eligibility criteria for purchasers under the Small Farms Development Program be widened to include operators not principally occupied in farming at the time of application, if the Farm Credit Corporation at the time of approval considers that the loan will materially assist the applicant to become principally occupied in farming.

Recommendation III

That the special credit conditions provided for under the Small Farms Development Program be available to eligible purchasers for land transactions with any vendor and for the purchase of any suitable agricultural land.

Respectfully submitted.

HAZEN ARGUE
Chairman

SMALL FARMS DEVELOPMENT PROGRAM

TABLE I

LAND TRANSFER PROGRAM
April 1—November 30, 1973

	Number of Vendor Offers	Number of Purchase Offers	Purchase Offers / Vendor Grants	Average Sale Price	Average Purchase Price
			%	$	$
British Columbia	5	3	60.0	19,800	18,363
Alberta	771	120	15.6	15,580	17,003
Saskatchewan	128	49	38.3	16,580	18,618
Manitoba	151	30	19.9	16,430	18,947
Ontario	91	10	10.9	14,080	16,700
Quebec	8	1	12.5	12,750	16,300
New Brunswick	35	5	14.3	13,600	12,600
Nova Scotia	12	3	25.0	14,210	17,600
Prince Edward Island	22	5	22.7	11,098	10,100
CANADA	1,223	226	18.5	15,210	17,370

(SOURCE: Data supplied by FCC)

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TABLE II

LAND TRANSFER PROGRAM, NEW BRUNSWICK
April 1—November 30, 1973

	Number of Vendor Grants	Number of Purchase Offers	Purchase Offers / Vendor Grants	Average Sale Price	Average Purchase Price
			%	$	$
Sussex	14	—	—	13,670	—
Fredericton	9	—	—	15,380	—
Moncton	1	1	100	7,000	7,000
Grand Falls	11	4	36.4	13,800	14,050
New Brunswick	35	5	14.3	13,950	12,600

(SOURCE: Data supplied by FCC)

THE SENATE

Wednesday, January 9, 1974

The Senate met at 8 p.m., the Speaker in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received certificates from the Registrar General of Canada showing that the following persons, respectively, have been summoned to the Senate:

Hon. Louis-J. Robichaud, P.C.

Daniel Riley, Esquire

NEW SENATORS INTRODUCED

The Hon. the Speaker having informed the Senate that there were senators without, waiting to be introduced:

The following honourable senators were introduced; presented Her Majesty's writs of summons, which were read by the Clerk Assistant; took the legally prescribed oath, which was administered by the Clerk, and were seated:

Hon. Louis-J. Robichaud, P.C., of the Province of New Brunswick, introduced between Hon. Mr. Martin, P.C. and Hon. Mr. McElman.

Hon. Daniel Riley, of Saint John West, New Brunswick, introduced between Hon. Mr. Martin, P.C. and Hon. Mr. McElman.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the British North America Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

[*Later:*]

Hon. Paul Martin: Honourable senators, although this has not been my custom, I would like to say to Senator Robichaud, a former Premier of New Brunswick, and also to a colleague of mine in the days when we were in the House of Commons, Senator Riley, a former member of the Government of New Brunswick, how pleased we are to have them as members of this house.

I think it is well for us to note that Senator Robichaud is the fourth former provincial premier in our membership. We have Senator Hicks, Senator Manning, Senator Robichaud, and Senator Harold Connolly, whose illness has made it impossible for him to be with us during the past two years. It is significant that these four gentlemen have taken their places as members of the Senate. The Senate has among its many responsibilities the consideration of the problems of government in Canada as they affect the provinces and the rights of provinces. I think it is salutary that four former provincial premiers are members of this body.

ELECTION EXPENSES BILL

BILL TO AMEND CERTAIN ACTS—FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-203, to amend the Canada Elections Act, the Broadcasting Act and the Income Tax Act in respect of election expenses.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Azellus Denis: Honourable senators, I move second reading now.

[*Translation*]

Honourable senators, I wonder whether it will be helpful to me from the Opposition's point of view, but before I begin to make my comments I would like to wish a Happy New Year to all, especially to the members opposite who have learned to criticize me.

Honourable senators, I consider myself a fortunate man once again to have the opportunity of introducing another bill which will surely meet the unanimous approval of the Senate. I refer to Bill C-203 to amend the Canada Elections Act, the Broadcasting Act and the Income Tax Act in respect of election expenses.

We can say that this measure is most democratic as far as the Canadian election system is concerned and I could thus summarize the purposes of the bill: more active participation of the Canadian citizen in the political affairs of his country; greater opportunity for the serious-minded citizen to serve as member, whatever his means or social condition; reduced election expenses; efficient control over the sources of contributions and restrictions on the expenses of political parties and candidates.

More active participation of the Canadian citizen; this participation is twofold: first, through the income tax deduction of the taxpayer's contribution either to registered parties or candidates; he also participates through his taxes that will be used to reimburse in part the election expenditures incurred by registered parties and candidates.

According to the act, any contributor to registered parties and candidates may deduct from his income tax: 75 per cent of the amount contributed, not exceeding $100; $75 plus 50 per cent of the amount contributed between $100 and $550; $300 plus 33⅓ per cent of the amount

contributed above $550, with a maximum deduction of $550.

As you can see, small contributions will involve a tax reduction higher than the others, while remaining anonymous if the contribution does not exceed $100, which should prompt more people to take part actively in electoral campaigns, in Canadian political party organization, thus taking a greater interest in public affairs.

As for the other contributors, they will also be entitled to a major tax reduction, but they will not be able to remain anonymous. Their contributions and their names will be disclosed and every citizen will have access to this information. For these reasons, it may be that in spite of the allowed tax reduction, some persons or companies may, for personal or other reasons, refuse to give contributions to a party or candidate because their names will be disclosed, but these parties and candidates will not suffer too much from that on account of the limits imposed on expenditures and partial reimbursements by the state, as provided for by this bill. There will be greater opportunity for the serious-minded citizen to serve as a member, whatever his means or social condition.

Any candidate obtaining at least 15 per cent of the vote will be entitled to a reimbursement of the lesser of the following amounts: the amount of the candidate's expenses or the total of the following: the postage costs for one mailing to the electors of his riding; eight cents for each of the first 25,000 electors, and six cents for each name in excess of 25,000 electors.

Furthermore, the candidate will be entitled to a refund of his deposit. Finally, the auditor that each candidate will be required to appoint shall be paid by the state up to $250.

Concerning candidates in ridings referred to in Appendix III of the Canada Elections Act, the refunding procedure is somewhat different since the least of the following amounts is added: the amount of the candidate's travelling expenses, or the number of square miles in the electoral district multiplied by one cent, or $3,000; that is, the least of these three amounts.

Of course, the candidates shall be entitled to a refund of their deposit and to payment of the auditor by the state.

Finally, the candidate who does not get 15 per cent of the ballots cost will of course forfeit his deposit and the state will only pay the auditor as stated above.

The electoral expenditures of a candidate shall be limited as follows: one dollar for each of the first 15,000 names appearing on the preliminary lists of electors for the electoral district; fifty cents for each name in excess of 15,000 but not in excess of 25,000; and finally, twenty-five cents for each name in excess of 25,000 electors.

For instance, in a riding where there are 40,000 electors, any candidate shall be entitled, according to this calculation, to a maximum expenditure of $23,750.

However, if I take the same example of a constituency with 40,000 voters, the candidate would be entitled to a $6,100 reimbursement, about one quarter of his expenses. However if the candidate spends only $10,000 instead of $23,750 which is the maximum allowed, he will still be entitled to that $6,100 reimbursement, 61 per cent of his expenses; therefore it will be to his great advantage to limit his expenses.

I should like to point out that for the computation of allowed expenses, the candidate's travel expenses are excluded—by a committee amendment—as well as the candidate's personal expenses already provided for in the law up to $2,000 as stipulated in the Elections Act. The candidate's travel expenses are not included in the allowed personal expenses except for the proportion exceeding the amount he is entitled to spend.

As you are aware, there is a margin between limiting allowed expenses and amounts of $50,000 and over which some candidates spent during past elections, which was quite unfair for those candidates who did not have such amounts.

Honourable senators, the limitation of expenses and partial reimbursements will result in more serious and competent candidates being attracted. Another interesting result is that fewer defeated candidates and elected members will have to sustain election debts which sometimes entail many disagreeable consequences.

As regards the allowed expenses of registered parties, they are limited to 30 cents for each name on the election lists of the constituencies where those parties have candidates, and as partial reimbursement they will be entitled to half the cost of the radio and television broadcasting time allocated to them on the basis of a fair distribution agreed to by the registered parties and by the Canadian Radio-Television Commission. In this connection, only six hours and a half of radio and television broadcasting time will be allocated among the registered parties and for each radio and television station. Moreover, these programs will be allowed only from the 29th to the second day before the elections, and not from the issue of the writs of election. This last restriction applies also to periodical publications and newspapers; the rates charged for this type of publicity will not be higher than the lowest rates charged to any person or ordinary customer.

● (2010)

[*English*]

Honourable senators, the reform proposals would also remove the "veil of secrecy" from the financial affairs of political parties and candidates.

The bill will require that every registered political party name a chief agent who would be responsible for submitting audited financial statements to the Chief Electoral Officer after an election campaign and at the end of each fiscal year. These financial statements would be made available to the public, and laid before the House of Commons in a form prescribed by the Chief Electoral Officer, and would go to the Committee on Privileges and Elections, as far as expenses are involved.

Each candidate, who is already required to appoint an official agent, would also appoint an auditor, and an audited financial statement would be submitted to the returning officer. The statement would be a full and complete accounting of all campaign contributions and expenditures.

[*Translation*]

Now, honourable senators, to give you an idea just how severely this act will be administered, let me quote to you

a list of offences punishable by a fine not exceeding $25,000: a registered party whose expenses exceed the authorized limits; a party which fails to submit its financial report or which submits one that is either false or inadequate; a party or candidate who advertises in periodicals or makes use of radio or television facilities outside the authorized period, specifically from the 29th to the 2nd day before an election; a broadcaster who charges a rate that exceeds the lowest rate charged to an ordinary customer; a broadcaster who fails to comply with the allocation of time to each party or candidate.

Honourable senators, a committee of the other place has made a thorough examination of this bill which required over fifty sittings. Over forty of the one hundred or so amendments which had been proposed to the original bill were retained. All sorts of experts having appeared before the committee. I respectfully submit that a second study by a Senate committee would be nothing more than a repetition of what occurred in the committee of the other place.

Furthermore, the House committee report has also been thoroughly discussed and some forty amendments were dealt with.

I have taken into account many amendments in my comments to you. Several are really nothing more than an explanation of the initial draft. I will merely point out to you six changes which, in my opinion, have some importance.

First, candidates who were no longer entitled to print or distribute notices of poll will now be able to do so.

Second, the auditor who was to be paid by the candidate will be remunerated by the Chief Electoral Officer up to $250.

Third, the value of services supplied by a government or public organization during the election campaign shall constitute an election expense. One example only: transportation of party leaders by government aircraft.

Fourth, under the supervision of the Chief Electoral Officer a commissioner shall be appointed in order to ensure that the act in regard to election expenses is complied with.

Fifth, a riding association of members of a registered party may elect a person as constituency agent on the same basis as a registered agent and provide for a replacement if necessary.

Finally, the publication of government documents that would favour or harm a party or a candidate will be prohibited from the moment the election writ is issued.

Honourable senators, I have given you what I believe is a substantial summary of this bill. As the bill is of direct interest only to the members of the other place and to possible candidates, I do not think it is necessary, with your leave, to refer this bill to a Senate committee.

This bill has been preceded by a similar bill, Bill C-121, in 1972, which was not adopted because of lack of time.

I add that this electoral reform has been studied by an ad hoc committee of the House of Commons in 1971 and that it goes back to the Barbeau Commission of 1964.

Honourable senators, I have the honour to move the adoption of this bill on second reading.

[*English*]

Hon. Mr. Choquette: Honourable senators, on this side there are two or three honourable senators who are interested in speaking on this bill, but I would like to ask a question or two of the sponsor. Suppose I am a wealthy candidate in a federal election and I call on five of the most popular people in my riding and say to them, "Will you organize for me? I will give you $5,000 each under the table. Now get busy." What check is there under this bill? Must the candidate divulge such a matter as that? Is he under oath? These are a few of the questions I had intended to ask.

● (2020)

Hon. Mr. Denis: It is pretty easy to answer those questions. It is forbidden to rob a bank, but some banks are robbed. If you want to be dishonest in an electoral campaign, you can be dishonest just the same despite the fact that you might have everything covered in the book. We have even appointed a new commissioner to look after that, and don't forget that we have the opponents, the official agents, the returning officers and the Chief Electoral Officer to look after that. We even have Diefenbaker!

Hon. Mr. Phillips: Honourable senators, I rise on a point of order. Perhaps there was a mistake on the part of the translator, but when I listened to the English translation of the honourable senator's remarks the motion I heard was, "I move the adoption of this bill on second reading." I do not think our rules provide for that. I hope it was a mistake on the part of the translator rather than a mistake in the motion itself.

[*Translation*]

Hon. Edgar E. Fournier (Madawaska-Restigouche): Honourable senators, as a senator from New Brunswick, I feel it my duty to wish the most cordial welcome to two old colleagues and friends of mine, Senators Robichaud and Riley.

[*English*]

I am sure that you will find your work very interesting. The friendship here in the Senate is beyond reproach.

[*Translation*]

To both of you, Senator Robichaud and Senator Riley, I extend the most sincere welcome and long life in the Senate.

Honourable senators, if I allow myself, even with much hesitancy and difficulty, to be heard, it is not to support this bill with all its pretentions but rather to protest as, for the moment being, I cannot foresee any substantial accomplishment in improving our election legislation as it is today and as we have known it for so many years.

Those election laws go back to the beginning of Confederation and include several amendments to correct the drawbacks that existed.

[*English*]

Honourable senators, I just said that I do not rise either to praise or condemn the bill because I cannot praise or condemn something I do not believe in. In my view not only is it the Elections Act which needs amendment; the whole structure of the government procedure should have first priority. Let us remodel the whole structure, which is over 100 years old and which was designed, if I may use

the expression, to operate on two wheels, as a two-party structure, rather than as a four-wheel structure as we have today, according to which one party can remove one wheel and paralyze the whole vehicle, or the government as a whole, at the expense of the taxpayers.

Honourable senators, from my own experience I firmly believe that our election expenses have reached alarming proportions. They have reached the point where even the selection of our representatives is at stake. But who is to blame for this? It is we, the public, because of our attitude and because of our lack of knowledge and understanding of the democratic system. The public, or some of the public, have lost the merits and values of freedom.

The British North America Act of 1867 saw the birth of our first Elections Act. Since that time, and up until 1967, our democracy has survived 165 amendments. Fifty-eight of those amendments took place between 1867 and 1900, and 107 of them occurred between 1900 and 1967. Obviously, Bill C-203, which is still another amendment, is not included in those 165 amendments.

Those amendments come under various headings, such as Interim Parliamentary Elections Act, 1871; Revisal of Voters Lists for elections to the House of Commons; an Act respecting the Elections of Members of the House of Commons; The Dominion Elections Act; The Dominion Controverted Elections Act, and so on.

As early as 1876 there was an act to provide for more effectual inquiry into the existence of corrupt practices at elections of members of the House of Commons. In the same year there was an act to provide for more effectual provisions for the administration of the law relating to corrupt practices at elections of members of the House of Commons. The list goes on and on. In 1894 there was an act to disfranchise voters who may have taken bribes. From all these examples you can see that the game was already well underway.

The list I have been referring to, which concerns electoral matters in the Statutes of Canada, is too long to read and I would ask permission to have it printed as an appendix to the *Debates of the Senate*.

The Hon. the Speaker: Is it agreed, honourable sénators?

Hon. Senators: Agreed.

(*For list see appendix, pp. 1421-1426.*)

Hon. Mr. Fournier (Madawaska-Restigouche): You will note that as early as 1876—ten years after the birth of Confederation—our system was already in trouble. And history repeats itself. We are still in trouble.

In the United States, Watergate is not a result of modern technology. Technology may have contributed somewhat to the dust storm, but the fact is that when it comes to elections this old game has been going on for ages in all political parties, and in this country for over 100 years.

Elections have been, and will be, regardless of the controlling of expenses, a sort of game which can be divided into two parts. The first part is before the election and consists in the art of fooling the people; the second part occurs after the election and consists in the art of blaming your opponent for your failure to accomplish your promises. It is just as simple as that. I do not hesitate, however, to add that some are better at the game than others, and some have become experts.

[Hon. Mr. Fournier (De Lanaudière).]

● (2030)

In my personal opinion democratic elections and voting rights are sacred rights. If we want our system to survive, this is no time to play games and fool the public. Some day—and I am afraid, too late—we will realize what we have done and what we are doing. The door of destruction is just around the corner. To eliminate part of the difficulties we are facing today with over-expenditures, the first move—and again this is a personal opinion—should be compulsory voting. This would eliminate many problems, such as radio and television political propaganda, public meetings, transportation of voters, not overlooking boozing or alcohol drinking, and so on. I have seen them all, and I have lived most of them.

Now is the time, after a hundred years or more, to become more realistic and sober up at voting time; to change the rules of the proceedings to provide our legislators with the necessary tools for effective government. This bill will not do any of that.

I close my remarks by quoting an extract from the little prayer book called *Prions en Église*. I do sometimes go to church on Sundays.

[*Translation*]

In *Prions en Église*, I read what follows:

> God gives Himself to us like the light but we sometimes close our eyes. Let us, immediately, beg His pardon. Because we close our eyes too often on the real problems of life, Lord have mercy.

Without hesitation, I must confess that I am among the culprits.

[*English*]

On motion of Senator Godfrey, debate adjourned.

OIL EXPORT TAX BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-245, to impose an oil export tax under the Excise Tax Act and to allocate certain of the revenues derived from the oil export tax.

Bill read first time.

SECOND READING—DEBATE ADJOURNED

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Alan A. Macnaughton: Honourable senators I move second reading now.

Honourable senators, this bill now before the Senate represents one important element of the government's proposals for dealing with the current instability of the system for pricing international oil, and the recent dramatic price increases in our major export market, the American mid-west. I should like at this time to describe briefly the events which led to the introduction of this bill, and the principles upon which it is based.

The Minister of Finance in the other place has outlined how the domestic pricing of Canadian crude oil has traditionally responded to prices prevailing in the United States market. Recent price increases in this market have been transmitted to western Canada where, in the nine months up to August of this year, the wellhead price of domestic oil rose by about one-third. To prevent further substantial increases in the domestic market, on September 4, 1973 the Prime Minister announced a voluntary price restraint on Canadian oil and oil products until the end of January, 1974. Since this announcement, continuing increases in the price of international oil have underlined the wisdom of this measure. On December 6 the Prime Minister proposed new discussions with the provinces and the oil companies regarding an extension of the price restraint at least until the end of this winter.

The Oil Export Tax Bill now before us is a relatively short bill of five clauses. There are two parts to the bill, plus the definition appearing in clause 2.

Part I is an amendment to the Excise Tax Act and covers the excise tax imposed for the period October 1, 1973 to April 1, 1974.

Part II contains the provision with respect to the payment to the oil producing provinces of the proceeds of the oil export tax imposed under the Excise Tax Act for the period from October 1, 1973 to April 1, 1974. What happens after April 1 will depend on the conclusions reached at the federal-provincial meeting to be held in January 1974 with reference to payments to the oil producing provinces.

Honourable senators, with your permission I shall deal first with Part I, being clause 3 of the bill. This part provides for the imposition and collection of the oil export tax under the Excise Tax Act between October 1, 1973 and April 1, 1974. It imposes an excise tax on crude oil exported from Canada. The amount of the tax is as follows: (a) $0.40 a barrel for the months of October and November, 1973; (b) $1.90 a barrel for the month of December, 1973; (c) $2.20 a barrel for the month of January, 1974; and (d) $6.40 a barrel for the months of February and March, 1974.

All of these provisions confirm announcements made by the federal government during the autumn and winter with respect to the level of export tax on crude oil.

One might ask: Why was the Excise Tax Act used for this purpose? The answer is: Because the administrative machinery to supervise the collection of the taxes is available in the Department of National Revenue.

One might ask in the second place: What in fact is taxed? The answer to this question is that the tax is imposed upon each barrel of Canadian crude exported from Canada.

A barrel under the provisions of the Weights and Measures Act contains 34.9 standard Canadian gallons, or 42 United States gallons. [S. 13(1), Ch. W-7, RSC 1970.]

● (2040)

The definition of "crude oil" contained in clause 2 of the bill is taken from the National Energy Board Act, to which is added language to include production from oil sands. This definition of crude oil is, of course, well known to the oil industry. The term "export" covers shipments by pipeline, as well as by other means of transportation, such as ships, trucks and the like.

The last question to be asked is: Who is responsible for payment of the tax? The proposed new section 22.3 of the Excise Tax Act—I refer honourable senators to page 4 of the bill before us—makes the exporter liable. The term "exporter" includes 20 persons, firms, or corporations licensed to export crude by the National Energy Board, as well as any other person, firm, or corporation who exports, or attempts to export, crude from Canada.

There are other consequential sections empowering the Department of National Revenue to collect and enforce the tax imposed. These are contained in the new sections 22.4, 22.5 and 22.6 of the Excise Tax Act which are to be found on page 4 of the bill.

Part II of the bill deals with payments to the provinces from the money collected from the export tax imposed under the Excise Tax Act for the period ending April 1, 1974.

Honourable senators are aware, of course, that oil royalties are a source of revenue for the provincial government which owns oil resources. The rate of royalty imposed by the provinces is 22 per cent of the price of crude at the wellhead. For this reason, royalty rates rise and fall with the rise and fall of wellhead prices.

Beginning September 4, 1973, and on later dates, two things happened to affect the level of royalties. First, the federal government asked the oil industry to hold the price of crude oil to the wellhead price prevailing on September 4. Prices of crude oil and oil products on the world market were then beginning to rise. The action of the government and the compliance of the oil companies had the effect not only of freezing prices but also of freezing the provincial royalties payable at the level then prevailing for crude at the wellhead.

Secondly, the federal government imposed an oil export tax at the rate of 40 cents a barrel for October and November 1973; at the rate of $1.90 a barrel for December 1973; at the rate of $2.20 a barrel for January 1974; and at the rate of $6.40 a barrel for February and March 1974.

Presumably the addition of the oil export tax to the frozen price at September 4 would have been the price of Canadian crude in the foreign market in this period. If this had been the price received by the Canadian oil industry for all crude production in the six-month period from October to March, the industry would have received, in addition to the frozen price, an additional amount of approximately $1 billion. This would have been the higher wellhead price upon which royalties would have been levied at 22 per cent.

In other words, as a result of the freezing of the wellhead price at the September level, plus the imposition of the export tax, the provinces lost royalties of approximately $220 million, which is approximately 22 per cent of $1 billion. In addition to this royalty loss, the provinces claim further losses resulting from a reduction in the amount of collected income tax to which the producing oil companies would have been subject had they received the higher price for the crude.

For this reason, the federal government proposes to pay to the oil producing provinces 50 per cent of the oil export tax collected of $530 million, which amounts to approximately $265 million.

The distribution to each of those four provinces, based on their average oil production for the period, would be approximately as follows: To Alberta, $223.8 million; to Saskatchewan, $31.3 million; to British Columbia, $8.3 million; and to Manitoba, $1.6 million.

But there is another complication. As a result of making these payments to the four oil producing provinces, the federal government incurs an obligation by way of equalization payments to other provinces who receive equalization payments under the Federal-Provincial Fiscal Arrangements Act, 1972. The amount of this payment will be approximately $88 million.

There is no provision in the bill for compensation to any of the oil producing companies in Canada for revenue they would have had if Canadian crude had been allowed to be sold on the open market. However, the federal government has given a firm understanding that the federal portion of the revenues from the oil export tax over the period October 1973 through January 1974 will be invested by the federal government in Western resources.

Application of the federal share of the revenues derived in the months of February and March 1974 will be considered at the conference of first ministers on energy to be held between the 22nd and 24th of this month in Ottawa.

In summary, it should be emphasized that this is an interim tax measure, operating under the Excise Tax Act, which in turn self-destructs or terminates on April 1, 1974. The bill provides that the revenues derived from the tax will be shared equally between the federal government and the oil producing provinces. In addition, the federal portion of the revenues derived in the period from October 1973 to January 1974—a period of four months—will be expended for further research, development and exploration in the Western provinces.

Honourable senators, the bill before us is the result of a compromise reached by all parties in the other place. In Committee of the Whole several amendments were made with unanimous consent, after the house had agreed to an amendment to the ways and means motion upon which the bill was based. The bill was finally adopted in the other place without a recorded division.

In consequence, I commend the bill to the sympathetic consideration of honourable senators. Although I am not an expert, I will do my best to answer any questions that may arise in the course of discussion.

Hon. Mr. Macdonald: Before I move the adjournment of the debate, I wonder if the sponsor of the bill would explain the new section 22.3 of the Excise Tax Act, which appears on page 4 of the bill. It reads:

> A person who exports crude oil on which a tax is imposed under this Part in circumstances in which there is no exporter who is liable under this Part to pay that tax, is liable to pay that tax.

Hon. Mr. Macnaughton: As I pointed out to honourable senators, I do not pretend to be an expert on this bill. My understanding of this is that in this country there are at present 20 companies which are licensed by the National Energy Board to export crude oil. Should either the honourable senator or I get hold of a barrel of oil and wish to send it down to the United States, or to any other place, we, as a person, firm, company or corporation, would become liable to pay the amount of tax on that barrel of oil. In other words, no one can get away scot-free from paying the tax.

[Hon. Mr. Macnaughton.]

● (2050

Hon. Mr. Langlois: Honourable senators, before the debate is adjourned, I should like to draw to the attention of the house a number of errors that I have noted in the translation of clause 2 of the bill. Some confusion has arisen in the translation between the words "exportateur" and "exporter." In addition to that, the English text is in the reverse order of the French text.

I have already drawn the attention of the Clerk Assistant to these errors. I hope that they will be corrected before the bill is further considered.

On motion of Senator Macdonald, debate adjourned.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of contracts between the Government of Canada and the Towns of Fort St. John, Merritt and Quesnel, in the Province of British Columbia, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter R-9, R.S.C., 1970 (English text).

Report by the Textile and Clothing Board, dated December 12, 1973, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the Textile and Clothing Board Act, chapter 39, Statutes of Canada, 1970-71-72, respecting cotton yarns.

Report by the Textile and Clothing Board, dated October 31, 1973, to the Minister of Industry, Trade and Commerce, pursuant to section 19 of the Textile and Clothing Board Act, chapter 39, Statutes of Canada, 1970-71-72, respecting men's and boys' shirts.

Report of the Canada Council, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 23 of the Canada Council Act, chapter C-2, R.S.C., 1970.

Copies of a letter, dated December 10, 1973, addressed by the Minister of Energy, Mines and Resources to the President and Chief Executive of Imperial Oil Limited, Toronto, relating to the Government's general policy with respect to Alberta Oil (Tar) Sands Production.

Copies of Order in Council P.C. 1973-4020, dated December 18, 1973, amending Part I of the Schedule to the Hazardous Products Act, pursuant to section 8(3) of the said Act, chapter H-3, R.S.C., 1970.

Revised Capital Budget of Atomic Energy of Canada Limited for the fiscal year ending March 31, 1974, pursuant to section 70(2) of the Financial Administration Act, chapter F-10, R.S.C., 1970, together with a copy of Order in Council P.C. 1973-4083, dated December 20, 1973, approving same.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

STANDING JOINT COMMITTEE

Hon. Eugene A. Forsey: Honourable senators, although I have no report to present of the Standing Joint Committee on Regulations and Other Statutory Instruments, with leave, I should like very briefly to give the house a little information about this committee, which honourable senators may have thought was lost, strayed or stolen.

We had some difficulty getting staff. We have now obtained staff. The committee met yesterday, and it is now, I think I may say, operational and has plans for holding hearings on certain matters immediately after the recess which we all expect in a short time.

I thought the house was entitled, after this long delay in hearing anything of this committee, to have this information.

Hon. Mr. Martin: Honourable senators, I am sure that we all welcome what Senator Forsey has just reported. It would be well to recall that over a period of two sessions the Senate had extended debate on the desirability of implementing the report standing in the name of Mr. Mark MacGuigan, M.P. We in the Senate were anxious to see that regulations of government, save those involving the security of the state and certain matters relating thereto, were examined by Parliament in some form. The decision to do this in the form of a joint committee was made by the other place and by the Senate. I am very glad that at long last some progress in setting up the operation of this committee has begun.

My own view is that time will show that the Senate has a useful role to play in the examination of regulations formulated under authority of the statutes of Parliament. I have a suspicion—and I am happy about this—that in one way or another Senator Forsey will give that committee the same continuity that the late Senator Roebuck gave to the Divorce Committee over which he presided on behalf of the Senate. That committee made a contribution that is often forgotten by those who delight in criticizing the Senate.

In any event, I am glad we have had this interim report. I regard this as an important matter, as does the government. I am happy that the wishes of the Senate in this regard, supported by others in the House of Commons, are being acknowledged.

[*Translation*]

CIVIL AVIATION

PROTECTION AGAINST HIJACKING AND TERRORISM—QUESTION

Hon. Martial Asselin: Honourable senators, I will ask the government leader whether or not he has had time to get a reply to the question I put to him on December 19, 1973 concerning hijackings. I believe the government leader—

Hon. Mr. Martin: We have had a reply.

Hon. Mr. Langlois: I answered the question, on behalf of the government leader, on December 21.

Hon. Mr. Martin: Reading *Hansard* is a worthwhile endeavour.

PROTECTION OF PRIVACY BILL

HOUSE OF COMMONS DECISION CONCERNING AMENDMENT MOVED BY SENATE—QUESTION

Hon. Martial Asselin: I shall ask a question. Can the government leader tell us whether there is a chance that the wiretapping bill, which was amended by the Senate, will come back to the Senate? What is the attitude of the government?

Hon. Mr. Martin: As you know, a proposal made by the Minister of Justice is now before the House of Commons. I understand that this proposal will be considered tomorrow in the other place. Therefore, tomorrow we may have a better idea not only of the decision or intention of the government, as the intention of the government is clear as concerns the amendment on the Order Paper of the House of Commons, but also of the position of the House of Commons. As far as I am concerned, I cannot say what this will be. Maybe the honourable senator can tell us what will be the position of his party.

I think that the position taken by the government is wise. I hope that it will also be the position of the House of Commons tomorrow, but we do not know.

Hon. Mr. Asselin: The newspapers were saying today that the government may withdraw the bill; has the government leader received any information about this?

Hon. Mr. Martin: Not as far as I know.

Hon. Mr. Bourget: They are not very good newspapers.

[*English*]

AIR TERMINALS

BAGGAGE HANDLING FACILITIES—QUESTION

Hon. Mr. Molson: Honourable senators, I should like to address a question to the Leader of the Government. I wonder whether it would be possible for him to bear to the government the message that the public of Canada today, which is travelling so very much by air, is being terribly incommoded at the airports, which are run by the Department of Transport, by great difficulties encountered in handling their baggage.

For those of us who are young, as in this chamber, it is not a problem. However, on many occasions in going through airports we see elderly people, and people who are not as strong as we are, having great difficulty in handling their baggage. We find, first of all, that there are no porters to assist the elderly or the handicapped, and, in addition to there being a lack of porters, that there are none of those little buggies into which people can hoist their baggage and get it out of the terminal.

If we are unable to organize a porter service for those in need of help, it would not really be beyond the bounds of capability to see that there are enough of those buggies such as we see in supermarkets so that at least there is some means of getting baggage off the roundabouts, or whatever those round things are called, and out the door. As it is at present, from my own personal observation, there is extreme difficulty encountered by the elderly, women and children. I have seen several examples of this during the last few weeks. It is not good, but it is quite susceptible to improvement, in my humble opinion.

Hon. Mr. Martin: I can certainly confirm what Senator Molson has said. I have had the same experience at, of all

places, the Montreal airport. Although that may be the case in some airports, one would not have expected it at Montreal. As I say, I can confirm what Senator Molson has said and I will certainly see that the Minister of Transport and his department is given an opportunity to examine the matter raised.

Of course, this problem, as Senator Molson has said, does not really affect him or me. We have not reached the stage where we have to worry about our bags being vicariously transported.

Hon. Mr. Langlois: I presume that when Senator Molson referred to those "round things," he was referring to the baggage carrousel.

● (2100)

HON. THOMAS A. CRERAR, P.C.

COMPANION OF THE ORDER OF CANADA

Hon. Eugene A. Forsey: Honourable senators, I am sorry to rise again so soon after my previous remarks, but I should like to ask leave of the house to refer to the fact that a former very distinguished member of this house, and a very dear old friend of many of us here, myself included, the Honourable T. A. Crerar, the senior Privy Councillor in Canada, now in his 98th year, has been honoured by Her Majesty with the decoration of Companion of the Order of Canada.

Hon. Senators: Hear, hear.

Hon. Mr. Forsey: These remarks might perhaps more appropriately have come from some of the several senators here who were his colleagues when he was in this house, and who will remember the very distinguished speech which he made when he resigned just on the eve of his 90th birthday, still in the full vigour of mind and body, his eye undimmed and his natural force not abated.

I felt that the occasion should not be allowed to pass without some mention, and because of my long friendship with Senator Crerar I felt I might perhaps legitimately call the attention of this house to it. I think I may take the liberty of sending him a copy of the Senate *Hansard* for today, in which I think I shall be entitled to say that I express the feelings of the members of this house in extending to him our very hearty congratulations and good wishes on the distinction that has just been conferred upon him, and which is so well merited.

Hon. Senators: Hear, hear.

Hon. Paul Martin: I am sure that we would wish to join Senator Forsey in noting, with much satisfaction, the recognition paid to so distinguished a Canadian statesman and Privy Councillor as Senator Thomas Crerar, who now is enjoying the opportunity of reflecting upon an active life in his days of retirement in Victoria.

Indeed, Senator Crerar, a former member of this house, has had a career in the public life of our country that can be emulated by certainly no one now living, and as far as I know by very few, if any, in Canadian history. A member of the Union Government of Sir Robert Borden, and a member of the Government of Mackenzie King, Senator Crerar represented Canada at important international gatherings. He was a member of the House of Commons from 1917 until he became a member of this house in 1945, and for some years during that time he was one of the leaders of the farm movement in Western Canada. During all of this active public life he served Canada in a distinguished way. Recognition of him as Companion of the Order of Canada is simply an inadequate recognition of his great services to his country.

Hon. Gildas L. Molgat: Perhaps I might, as a senator from Manitoba, whence Senator Crerar came, add my brief words to the congratulations of my two colleagues. Senator Crerar was certainly an outstanding Canadian. As Manitobans, we are very proud of his record in the field of agriculture before he entered politics and for many many years after in the field of politics. Some two years ago it was my pleasure to call on him personally at his home in Victoria, and I was pleased and impressed to see how he had maintained a close interest in what was going on here in this chamber, and also what was going on in politics in Manitoba. He was completely up to date in every detail. I had the pleasure of seeing his daughter in Winnipeg about three months ago. I had a good chat with her and she reported that Senator Crerar was in good health, very much interested in what went on in Canada, and still well informed on current events.

HON. ARTHUR LAING, P.C.
HON. L. M. GOUIN
HON. HENRY D. HICKS

FELICITATIONS ON RETURN TO CHAMBER

Hon. Mr. Martin: I would like to say to my colleague Senator Laing that we are very glad to see him back in his seat.

Hon. Senators: Hear, hear.

[*Translation*]

We are also very happy to welcome here tonight Senator Gouin who is in such good health.

[*English*]

I welcome back to the Senate Senator Hicks, who has been away on public business. Senator Hicks has been a member of the Canadian delegation at the Assembly of the United Nations, whose deliberations have just come to an end. We look forward to having a report from him about those important three months which he spent as a member of the Canadian delegation.

The Senate adjourned until tomorrow at 2 p.m.

APPENDIX

(*See p. 1416.*)

ELECTION EXPENSES

STATUTES OF CANADA CONCERNING ELECTORAL MATTERS

1867 B.N A. Act.
30-31 Victoria Cap 3 (U.K.) Sec. 37, 40, 51 & 52. See also Schedule I R.S.C. 1952, Vol. 6.

1868 Nil.

1869 An Act to alter the limits of the Counties of Joliette and Berthier for electoral purposes. (32-33 Vic. c 45)

1869 An Act to detach the Township of Doncaster from the County of Montcalm and to attach it to the County of Terrebonne for electoral purposes. (32-33 Vic. c 46)

1870 Nil.

1871 Interim Parliamentary Elections Act—1871. (33 Vic. c 20)

1872 An Act to amend the Interim Parliamentary Act—1871. (34 Vic. c 14)

1872 An Act for the Revisal of Voters Lists for elections to the House of Commons in a certain Revisal District of the County of Victoria, N.S. (35 Vic. c 16)

1872 An Act to divide certain Polling Districts in the County of Inverness in the Province of Nova Scotia and to provide Voters Lists therefor. (35 Vic. c 17)

1873 An Act to render Members of the Legislative Councils and Assemblies of the Provinces now included or which may hereafter be included within the Dominion of Canada, ineligible for sitting or voting in the House of Commons of Canada. (36 Vic. c 2)

1873 An Act to make temporary provision for the election of Members to serve in the House of Commons. (36 Vic. c 27)

1873 An Act to make better provision respecting Election Petitions and matters relating to Controverted Elections of Members of the House of Commons. (36 Vic. c 28)

1873 An Act to change the limits of the Counties of Montcalm and Joliette for electoral purposes. (36 Vic. c 39) (See reference to Consolidated Statutes of Canada—C.S.C. c 2 s. 1)

1874 An Act respecting the Elections of Members of the House of Commons. (37 Vic. c 9) The Dominion Elections Act—1874 (Repeals 36 Vic. c 27)

1874 The Dominion Controverted Elections Act—1874 (37 Vic. c 10) (Repeals 36 Vic. c 28)

1875 An Act to amend the Acts respecting Controverted Elections. (38 Vic. c 10)

1876 An Act to detach a certain portion of the County of Lotbinière and to attach it to the County of Beauce. (39 Vic. c 11)

1876 An Act to make more effectual provisions for the Administration of the law relating to Corrupt Practices at elections of Members of the House of Commons. (39 Vic. c 9)

1876 An Act to provide for more effectual inquiry into the existance of Corrupt Practices at Elections of Members of the House of Commons. (39 Vic. c 10)

1878 An Act to amend the Act concerning elections of Members of the House of Commons. (41 Vic. c 6) (amends 37 Vic. c 9)

1879 An Act to amend "An Act to provide for more effectual Inquiry into the existance of Corrupt Practices at Elections of Members of the House of Commons". (42 Vic. c 6)

1882 An Act to readjust the Representation in the House of Commons and for other purposes. (45 Vic. c 3) (Sections 1—4 Representation Sections 5—9 Elections Act)

1883 An Act to amend the Dominion Elections Act—1874 (46 Vic. c 4) (amends sec. 109 of 37 Vic. c 9)

1885 The Electoral Franchise Act (48-49 Vic. c 40)

1886 An Act to amend the Act respecting the Electoral Franchise and the Dominion Elections Act—1874 (49 Vic. c 3)

1886 (R.S.) The Electoral Franchise Act (48-49 Vic. c 40) R.S.—c 5 49 Vic.

1886 (R.S.) The Representation Act R.S.—c 6 49 Vic.

1886 (R.S.) The Northwest Territories Representation Act (49 Vic. c 24) R.S.—c 7 49 Vic.

1886 (R.S.) The Dominion Elections Act (37 Vic. c 9 s. 1—35) R.S.—c 8

1886 (R.S.) The Dominion Controverted Elections Act (37 Vic. c 10 s. 2) R.S.—c 9

1886 (R.S.) An Act respecting inquiries as to Corrupt Practices at Elections of Members of the House of Commons R.S.—c 10

1886 (R.S.) See B.N.A. Act—1886 (49-50 Vic. c 35) (Re Territories—1952 R.S. Vol. 6 page 6283)

1887 An Act to amend the Dominion Elections Act (49-50 Vic. c 6) (amends R.S. c 8 secs 42 & 57)

1887 An Act to amend the Controverted Elections Act (49-50 Vic. c 7) (amends R.S. c 9 secs 2, 4 and 31)

1888 An Act to amend the Dominion Elections Act "Chapter 8 of the Revised Statutes of Canada". (51 Vic. c 11)

1888 An Act to further amend the Revised Statutes of Canada, chapter 5, respecting the Electoral Franchise. (51 Vic. c 9)

1888 An Act to amend the Northwest Territories Representation Act (51 Vic. c 10) (Amends R.S. c 7 secs 25, 26, 28 & 29)

1889 An Act to further amend the Revised Statutes of Canada, chapter 5, respecting the Electoral Franchise. (52 Vic. c 9)

1890 An Act to amend the Revised Statutes, chapter 5, respecting the Electoral Franchise. (53 Vic. c 8)

1890 An Act to further amend the Dominion Elections Act, chapter 8 of the Revised Statutes. (53 Vic. c 9) (amends secs 4, 14 & 16)

1891 An Act to further amend the Electoral Franchise Act, Revised Statutes, chapter 5. (54-55 Vic. c 18) (amends secs 3, 15, 11, 21 23 & Form E)

1891 An Act to further amend the Dominion Elections Act, Revised Statutes, chapter 8. (54-55 Vic. c 19)

1891 An Act to further amend the Dominion Controverted Elections Act, Revised Statutes, chapter 9. (54-55 Vic. c 20)

1892 An Act to readjust Representation in the House of Commons. (55-56 Vic. c 11)

1892 An Act respecting Voters Lists of 1891. (55-56 Vic. c 12) (See R.S. c 5)

1893 An Act to amend the Act to readjust Representation in the House of Commons (56 Vic. c 9) (amends S.C.—c 11)

1893 An Act respecting Voters Lists of 1893. (56 Vic. c 10)

1894 An Act to further amend the Dominion Elections Act, Revised Statutes of Canada, chapter 8. (57-58 Vic. c 13)

1894 An Act to disfranchise Voters who may have taken bribes. (57-58 Vic. c 14) (See R.S.—c 9 and c 8)

1894 An Act to further amend the Northwest Territories Representation Act, Revised Statutes, chapter 7. (57-58 Vic. c 15)

1895 An Act to further amend the Act to readjust the Representation in the House of Commons. (58-59 Vic. c 10) (amends S.C. 1892 c 11 s. 2)

1895 An Act to further amend the Northwest Territories Representation Act. (58-59 Vic. c 11) (Amends R.S.C. c 7, s. 4, etc.)

1895 An Act respecting the Voters Lists—1895. (58-59 Vic. c 12)

1895 An Act to further amend the Dominion Elections Act. (58-59 Vic. c 8) (amends R.S.C. c 8)

1896 An Act respecting Voters Lists of 1896. (59 Vic. c 6) (R.S.C. c 5)

1897 An Act to amend the Northwest Territories Representation Act by dispensing with the preparation of new Voters Lists in certain cases. (60 Vic. c 5)

1897 An Act respecting Voters Lists of 1897. (60-61 Vic. c 12)

1898 An Act to repeal the Electoral Franchise Act and to further amend the Dominion Elections Act. (61 Vic. c 14)

1900 An Act to consolidate and amend the law relating to the Elections of Members of the House of Commons (63-64 Vic. c 12) The Dominion Elections Act—1900 (See schedule 3 for Acts repealed)

1900 An Act to amend the Dominion Controverted Elections Act. (63-64 Vic. c 13)

1901 An Act to amend the Franchise Act. (I Edward VII c 15) (amends S.C. 1898 c 14)

1901 An Act to amend the Dominion Elections Act—1900. (I Edward VII c 16)

1902 An Act respecting the Representation of the Yukon Territory in the House of Commons. (2 Edward VII c 37)

1903 An Act to amend the Dominion Controverted Elections Act. (3 Edward VII c 12) (amends R.S.C. c 9)

1903 An Act to amend the Dominion Elections Act—1900. (3 Edward VII c 19)

1903 An Act to readjust the Representation in the House of Commons. (3 Edw. VII c 60) The Representation Act—1903

1904 An Act to amend the Dominion Elections Act—1900 (4 Edward VII c 12)

1904 An Act to amend the Representation Act—1903 (4 Edward VII c 35)

1905 The Alberta Act. (4-5 Edward VII c 3) (Representation in the House of Commons—s. 5)

1905 An Act to amend the Dominion Controverted Elections Act. (4-5 Edward VII c 8) (amends R.S.C. c 9)

1905 An Act to amend the Franchise Act—1898. (4-5 Edw. VII c 13) (amends S.C. 1898 c 14 s. 10)

1905 The Saskatchewan Act. (4-5 Edward VII c 42) (Representation in the House of Commons—s. 5)

1906 An Act respecting the Court of Appeal for Manitoba. (6 Edward VII c 14)

1906 (R.S.) An Act respecting Representation in the House of Commons (R.S.C. c 5)

1906 (R.S.) An Act respecting the Election of Members of the House of Commons and the Electoral Franchise. (R.S.C. c 6) (R.S.C. c 7)

1906 (R.S.) An Act respecting inquiries as to Corrupt Practices at Elections of Members of the House of Commons. (R.S.C. c 8)

1906 (R.S.) An Act to Disfranchise Voters who have taken bribes. (R.S.C. c 9)

1907 An Act to readjust Representation of the Provinces of Saskatchewan and Alberta in the House of Commons and to amend the Representation Act. (6-7 Edw. VII c 41) (amends R.S. c 5)

1908 An Act to amend the Dominion Elections Act. (7-8 Edward VII c 26)

1908 An Act respecting the Court of Appeal of British Columbia. (7-8 Edward VII c 10) (amends Disfranchising Act R.S. c 9 s. 26)

1912 An Act to amend the Yukon Act. (2 Geo. V c 56) (amends Controverted Elections Act—R.S. c 7)

1914 An Act to readjust the Representation in the House of Commons. (4-5 Geo. V c 51) (amends R.S. c 5 and S.C. 1970 c 41)

1915 An Act to enable Canadian Soldiers on Active Military Service during the present war to exercise their Electoral Franchise. (5 Geo. V c 11)

1915 An Act to amend the Dominion Controverted Elections Act. (5 Geo. V. c 13) (amends R.S. c 7 and S.C. 1912 c 56)

1915 An Act to amend the Dominion Elections Act. (5 Geo. V c 14)

1915 An Act to amend The Representation Act—1914. (5 Geo. V c 19) (amends R.S. c 5; 1907 c 41; 1914 c 51)

1917 The Military Voters Act—1917. (7-8 Geo. V c 34) (repeals S.C. 1915 c 11)

1917 The War-Time Elections Act. (7-8 Geo. V c 39) (Part I of the Dominion Elections Act i.e. secs 5 to 30 incl. are suspended and Part II secs 31 to 65 incl. shall operate and apply as if amended. Also Part III as amended).

1918 An Act to confer Electoral Franchise upon Woman. (8-9 Geo. V c 20)

1918 An Act respecting the Election held in the Electoral District of Yukon. (8-9 Geo. V c 49)

1919 An Act to amend the Representation Act—1914. (9-10 Geo. V c 6)

1919 An Act to amend the Dominion Elections Act. (9-10 Geo. V c 48) The Dominion By-Elections Act—1919

1919 An Act to amend the Dominion By-Elections Act—1919. (10 Geo. V c 2)

1920 An Act respecting the Election of Members of the House of Commons and the Electoral Franchise. (10-11 Geo. V c 46) Dominion Elections Act. (See sec 3 re repeals)

1921 An Act to amend the Dominion Elections Act. (11-12 Geo. V c 1) (amends 1920 c 46—Canada Temperance Act)

1921 An Act to amend the Dominion Elections Act. (11-12 Geo. V c 29)

1922 An Act to amend the Dominion Elections Act. (12-13 Geo. V c 20)

1924 An Act to readjust the Representation in the House of Commons. (14-15 Geo. V c 63) (The Representation Act—1924)

1925 An Act to amend the Dominion Elections Act. (15-16 Geo. V. c 42)

1927 An Act to amend the Dominion Elections Act. (17 Geo. V c 53)

1927 (R.S.) An Act respecting Controverted Elections of Members of the House of Commons. (R.S.C. c 50) (The Dominion Controverted Elections Act)

1927 (R.S.) An Act respecting inquiries as to Corrupt Practices at Elections of Members of the House of Commons. (R.S.C. c 51) (Corrupt Practices Inquiries Act)

1927 (R.S.) An Act to Disfranchise Voters who have taken Bribes. (R.S.C. c 52) (The Disfranchising Act)

1927 (R.S.) An Act respecting the Election of Members of the House of Commons and the Electoral Franchise. (R.S.C. c 50) (Dominion Elections Act—1920)

1927 (R.S. An Act to readjust the Representation in the House of Commons). (R.S.C. c 176) (Representation Act 1924)

1929 An Act to amend the Dominion Elections Act. (19-20 Geo. V c 40)

1930 An Act to amend the Dominion Elections Act. (20-21 Geo. V c 16)

1933 An Act to readjust the Representation in the House of Commons. (23-24 Geo. V c 54) (The Representation Act—1933)

1934 An Act respecting the Election of Members of the House of Commons. (24-25 Geo. V c 50) (The Dominion Elections Act—1934)

1934 An Act respecting the Franchise of Electors at Elections of Members of the House of Commons. (24-25 Geo. V c 51) (The Dominion Franchise Act)

1934 An Act to amend the Representation Act—1933 (24-25 Geo. V c 61)

1935 An Act to amend the Representation Act—1933. (25-26 Geo. V c 10)

1935 An Act to amend the Dominion Franchise Act. (25-26 Geo. v c 37) (amends S.C. 1934 c 51)

1935 An Act to amend the Dominion Elections Act—1934. (25-26) Geo. V c 57)

1936 An Act to amend The Dominion Franchise Act. (1 Edward VIII c 4) (amends S.C. 1934 c 51)

1936 An Act to provide for Dominion By-Elections. (1 Edward VIII c 35) (amends S.C. 1934 c 50 as amended by S.C. 1935 c 57)

1936 An Act to amend the Dominion Franchise Act (Dominion By-Elections) (1 Edward VIII c 36) (amends 1934 c 51; 1935 c 37; 1936 c 4)

1937 An Act to amend the Dominion Franchise Act. (1 Geo. VI c 9) (amends 1934 c 51; 1935 c 37; 1936 c 4 & c 36)

1938 An Act to amend the Dominion Franchise Act. (2 Geo. VI c 8) (amends 1934 c 51; 1935 c 37; 1936 c 4 & c 36; 1937 c 9)

1938 An Act to amend the Franchise of Electors and the Election of Members to the House of Commons. (2 Geo. VI c 46) (amends R.S. c 53; 1929 c 40; 1930 c 16; 1934 c 50; 1935 c 57; 1936 c 35) (The Dominion Elections Act—1938)

1940 *See* Active Service Voting Regulations. (By Order in Council ?)

1942 An Act respecting the taking of a Plebiscite in every Electoral District in Canada and the taking of the votes at such Plebiscite of Canadian Service Voters stationed within and without Canada. (6 Geo. VI c 1) (The Dominion Plebiscite Act—1942)

1943 Nil. (See B.N.A. Act—1943 6-7 Geo VI c 30) Also (R.S.C. 1952 Vol. IV Page 6395)

1944 An Act to provide regulations enabling Canadian War Service electors to exercise their franchise, and Canadian prisoners of war to vote by proxy, at any General Election held during the present war, also to provide amendments to the Dominion Elections Act, 1938, consequential to such regulations or made necessary by the advent of the said war. (The Canadian War Service Voting Regulations—1944) (8 Geo. VI c 8) (amends S.C. 1938 c 46)

1945 Nil.

1946 Nil. (B.N.A. Act 10 Geo. VI c 63) (R.S.C. 1952 Vol. IV page 6397)

1947 An Act to readjust the Representation in the House of Commons. (The Representation Act—1947) (11 Geo. VI c 71)

1948 An Act to amend the Dominion Elections Act—1938. (11-12 Geo. VI c 46)

1949 An Act to approve the Terms of Union of Newfoundland with Canada. (13 Geo. VI c 1) (Para. 4 to 6 inclusive of Schedule and Schedule re electoral districts)

1950 An Act to amend the Dominion Elections Act—1938. (14 Geo. VI c 35) (amends 1938 c 46; 1947-48 c 46)

1951 An Act to amend The Dominion Elections Act—1938 (15 Geo. VI c 15) (amends 1938 c 46; 1947-48 c 46; 1950 c 35)

1951 An Act to amend The Dominion Elections Act—1938, and to change its title to The Canada Elections Act. (15-16 Geo. VI c 3) (amends 1938 c 46; 1947-48 c 46; 1950 c 35; 1951 c 48)

1952 An Act to readjust the Representation in the House of Commons. (1 Elizabeth II c 48) (The Representation Act—1952) (Also see 1952 c 15, an Act to amend the B.N.A. Act)

1952 *R.S.C.*

1952 An Act respecting the Franchise of Electors and the Election of Members of the House of Commons. (R.S.C. c 23—Vol. 1) (Canada Elections Act—1951, 2nd session)

1952 An Act to amend the Canada Elections Act—1952 (R.S.C. c 306—Vol. V) (amends R.S.C. c 23)

1952 The Representation Act—1952 (R.S.C. c 334—sec. 8 & sec. 9)

1952 An Act respecting Inquiries as to Corrupt Practices at Elections of Members of the House of Commons. (R.S.C. 1952 c 56—Vol. II) (The Corrupt Practices Inquiries Act)

1952 An Act to Disfranchise Voters who have taken Bribes. (R.S.C. c 83—Vol. II)

1952 An Act respecting Controverted Elections of Members of the House of Commons. (R.S.C. c 87—Vol. II) (The Dominion Controverted Elections Act) (See amendment c 334—Vol. V)

1952 An Act to readjust the Representation in the House of Commons. (R.S.C. c 238—Vol. IV) (This Act was repealed and replaced by the Act which immediately follows this one)

1952 An Act to readjust the Representation in the House of Commons. (R.S.C. c 334—Vol. V) (The Representation Act) (also amends sec 2(15) of C.E.A. and schedule 4 as well as sec 2(1) (d) (x) of Controverted Elections Act)

1952 An Act to amend the B.N.A. Acts—1867 to 1951 with respect to the readjustment of Representation in the House of Commons. (R.S.C. c 304—Vol. V) (The B.N.A. Act—1952) (This Act amends 30-31 Victoria c 3 and repeals section 51 of B.N.A. Act—1867, as re-enacted by B.N.A. Act—1946 (Also provides for a Member for the Yukon)

1952 An Act to amend the B.N.A. Acts—1867 to 1951, with respect to the readjustment of Representation in the House of Commons. (1 Elizabeth II c 15) (Amends 30-31 Victoria c 3. This is the same as R.S.C. 1952 c 304)

1953 An Act to amend the Representation Act—1952 (1-2 Elizabeth II c 8)

1953 An Act respecting the Use of Election Material for By-Elections and Northwest Territories Elections. (2-3 Elizabeth II c 5)

1954 An Act to amend the Representation Act. (2-3 Elizabeth II c 32)

1955 An Act to amend the Representation Act—1952 (3-4 Elizabeth II c 5)

1955 An Act to amend the Canada Elections Act. (3-4 Elizabeth II c 44) (amends R.S.C. cc. 23, 306, 334; secs. 8 & 9; 1952-53, c 24 s 7)

1956 Nil.

1957 Nil.

1958 Nil.

1959 An Act to amend the Representation Act. (7-8 Elizabeth II c 16) (amends R.S.C. c 334)

1960 An Act to amend the Canada Elections Act (8-9 Elizabeth II c 7) (amends R.S.C. cc. 23, 306, 334; 1952-53 c 24 s 7; 1955 c 44)

1960 An Act respecting the Franchise of Electors and Election of Members of the House of Commons. (8-9 Elizabeth II c 39) (The Canada Elections Act) (Repeals R.S.C. 1952 c 23)

1961 An Act to amend the Representation Act. (9-10 Elizabeth II c 25) (amends R.S.C. c 334)

1962 An Act to amend the Representation Act. (10-11 Elizabeth II c 17) (amends R.S.C. c 334, etc.)

1962 An Act to amend the Representation Act. (10-11 Elizabeth II c 28) (amends R.S.C. c 334, etc.)

1963 An Act respecting the Office of the Representation Commissioner and to effect certain consequential amendments to the Canada Elections Act. (12 Elizabeth II c 40) (The Representation Commissioner Act) (amends Canada Elections Act, 1960 c 39)

1964-65 An Act to provide for the establishment of Electoral Boundaries Commissions to report upon the readjustment of the Representation of the Provinces in the House of Commons and to provide for the readjustment of such Representation in accordance therewith. (13 Elizabeth II c 31) (Electoral Boundaries Readjustment Act) (Repeals Representation Act)

1965 Nil.

1966 An Act to extend the time for consideration of objections pursuant to section 20 of the Electoral Boundaries Readjustment Act with respect to reports of Commissions established for the decennial census taken in the year 1961. (14-15 Elizabeth II c 2)

1966-67 An Act respecting the Organization of the Government of Canada and matters related or incidental thereto. (14-15 Elizabeth II c 25) (Government Organization Act—1966-67) (Sec. 45 refers to Schedule B. This amends para. (a) of subsection (2) of section 50.) (removes "Solicitor General")

1966-67 An Act to provide for the revision of certain salaries fixed by statute. (14-15-16 Elizabeth II c 84) (Statutory Salaries Revision Act—1967) (Sec. 3 refers to Schedule—Part I—which amends subsection (1) of section 4 of the Canada Elections Act)

1966-67 An Act to amend the National Defence Act and other Acts in consequence thereof. (14-15-16 Elizabeth II c 96) (Canadian Forces Reorganization Act) (Sec. 64 refers to Schedule B which amends sec. 16 (12); para. (f) of subsection (2) of section 20 of Canada Elections Act and Schedule II.)

THE SENATE

Thursday, January 10, 1974

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Report of the Superintendent of Insurance for Canada on Co-operative Credit Societies for the year ended December 31, 1972, pursuant to section 57 of the Co-operative Credit Associations Act, chapter C-29, R.S.C., 1970

Report of the Postmaster General for the fiscal year ended March 31, 1973, pursuant to section 80(2) of the Post Office Act, chapter P-14, R.S.C., 1970.

PROTECTION OF PRIVACY BILL

NEWSPAPER ARTICLE—STATEMENT BY SENATOR GOLDENBERG ON ROLE OF THE SENATE—QUESTION

Hon. Mr. Choquette: Honourable senators, I have an important question to ask the Leader of the Government.

I want to draw his attention to a statement alleged to have been made by Senator Goldenberg which I find disturbing, because he happens to be chairman of our Legal and Constitutional Affairs Committee.

In this morning's issue of the Toronto *Globe and Mail,* in a column written by Geoffrey Stevens, we find the following statement:

> Liberal Senator Carl Goldenberg, the chairman of the Legal and Constitutional Affairs Committee which struck out the clause, holds this view.

They are talking about the wiretapping bill, of course.

> Although he notes that the two Houses of Parliament are co-equal, he says: "The Senate . . . must bear in mind that its members are appointed and not elected . . . In the final analysis, the decision must be that of the elected House."

This is disturbing. I do not think that the Fathers of Confederation had that in mind when they formulated the policies and duties of honourable senators.

I would like to know whether his statement is accurately reported; and, if so, whether it is one man's opinion or represents the policy of the present government.

Hon. Mr. Goldenberg: Honourable senators, since Senator Choquette saw fit to quote me, may I answer the question? This was obviously my opinion. It is the opinion that I expressed and the opinion that I hold.

The same applies, I assume, to the paragraph following the one that Senator Choquette read. Senator Choquette is there quoted, and I assume that he is quoted correctly. I was not quoting the Fathers of Confederation. I was giving my own view.

[*Later:*]

[*Translation*]

Hon. Mr. Asselin: I would like to come back to the question asked by Senator Choquette. We have had an answer from Senator Goldenberg. However, I am under the impression that this issue is so important that we should first hear the opinion of the Government Leader on this matter which often comes up in the Senate.

I have read Senator Goldenberg's statement, to which Senator Choquette has referred, and once again last night Senator Denis said that this is a bill on election expenses, that it concerns the House of Commons and, consequently, that it is unnecessary to refer it to the committee.

I would like to know if the government majority in the Senate is under the impression that this chamber's only purpose is to approve blindly the bills submitted by the government or that it should review the bills, study them in detail and examine them to see if corrections or amendments should be made, since, as we are not an elected body, but an appointed one—as the honourable senators opposite have often said—should members of the Senate on the government side say "Well, here is a bill submitted by the government, we should not disturb their plans, we must therefore approve this bill as soon as possible so as not to harm the government". Or rather, are we not appointed so that we may indeed represent the democratic opinion of the people?

Normally, a senator should have no political affiliation. He is out of politics when sitting in the Senate. Should his role not be an objective one? Is he not there to protect democracy and the minority, and even though he may belong to a party sitting in the other place, should his role not be to put aside certain government pretentions concerning certain bills submitted to the Senate?

I would be very pleased if some day the government leader could tell us in a formal statement what is the role of senators and of the Senate.

I have always thought that it was not a good thing that the leader of the majority in the Senate be a member of the government, because he is then bound by ministerial solidarity and he must, under that principle, support cabinet decisions, especially when frequently in recent years we have heard comments in the Senate that we are not an elected body but an appointed one. Furthermore, it is not because the party in power, be it Liberal or Conservative, introduces pieces of legislation in the Senate that we ought to approve them in a few minutes, in a few hours. Is not the duty of the Senate rather to consider these bills thoroughly to find their shortcomings so as to improve them and preserve some democratic rights?

The appointment of senators is made in order to free these people from a political party so that they may vote in a more objective manner.

I wish the Leader of the Government would tell us, in due time, whether he will make a formal statement in this chamber as to what is, in his view, the role of the Senate and what the senators must do when they are called to vote on legislation, because in a case like that of the electoral legislation now before us we should not be required to pass it very quickly.

Senator Denis was saying in his speech yesterday that this bill belongs to the House of Commons and that it was not necessary to refer it to a committee. I believe it is nonsensical, illogical, to think in this way while we are sitting in this house. Therefore, I would ask the Leader of the Government when will he make an official statement on this subject?

Hon. Mr. Martin: Speeches are not allowed during the question period, for the rules provide such a period for the senators to ask questions. But if speeches are made during the question period, then it becomes impossible to maintain the order required for the good conduct of debates.

However, in answer—

Hon. Mr. Asselin: I rise on a point of order. If the Leader of the Government claims that my question is a speech, I could make it a question of privilege, and as a question of privilege, I believe the Leader of the Government will answer it.

Hon. Mr. Martin: I must say, in addition, that the fact that Senator Asselin, a distinguished senator, was appointed by a Liberal government, I feel it would perhaps be in the interest of the government to have a Senate where deliberations are led objectively. The bills do not come from the government. The bills we study here come, not from the government, but from the House of Commons.

Every senator has the right to express his views, as Senator Asselin has just done, and as Senator Choquette, my good friend, seems to have done in his interview with the representative of the *Globe and Mail;* and Senator Goldenberg has the same right.

● (1410)

[*English*]

Hon. Mr. Choquette: You are more eloquent when you speak English.

ENERGY RESOURCES

SHORTAGE OF PETROLEUM PRODUCTS IN CANADA—QUESTION

Hon. Mr. Phillips: Honourable senators, may I direct a question to the Leader of the Government in the Senate?

What was the actual shortage of shortfall of petroleum products in the months of October, November and December 1973 in the Atlantic provinces and the province of Quebec? Was there an actual petroleum shortfall in any area of Canada? If so, what was the amount of that shortfall?

Hon. Mr. Martin: Honourable senators, by letter last Monday Senator Phillips gave me notice of his intention to ask this question. My reply is based on information supplied to me by the National Energy Board.

With respect to the three sections of the question, the Board informs me that in the months in question there were no shortages of any significance of petroleum in any part of Canada.

While the area east of the Ottawa Valley line, hitherto served by imported oil, was affected by international production cutbacks, this was offset by the efforts of the federal government and industry to move Western Canadian oil into this region.

This was achieved by movement of oil through the St. Lawrence Seaway until it closed for the winter. Shipments averaged about 90,000 barrels a day at closure. Shipments averaging about 70,000 barrels a day have also started to arrive from the West via the Panama Canal, and are expected to rise to about 100,000 barrels a day in the coming weeks. This, of course, is with regard to the past.

ELECTION EXPENSES BILL

BILL TO AMEND CERTAIN ACTS—SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Hon. Mr. Denis for the second reading of Bill C-203, to amend the Canada Elections Act, the Broadcasting Act and the Income Tax Act in respect to election expenses.

Hon. John M. Godfrey: Honourable senators, as is well known, I have a particular interest in this bill, which I will formally declare immediately. I am, and have been since the fall of 1968, the chairman of the finance and treasury committees of the Liberal Party of Canada, and in that capacity I have the overall responsibility for raising the funds for the federal Liberal Party, not only at election time but also to maintain its activities between elections.

My connection with fund raising on behalf of the Liberal Party goes back to 1959, when I agreed to take over the fund raising for the provincial Liberal Party in Ontario, and I did so for two provincial elections, until 1964, at which time I handed over to Senator Stanbury and swore solemnly to myself that never again would I take on that kind of a job.

The public—and to a large extent this is encouraged by the press—has many misconceptions as to how the federal Liberal Party raises money and what influence the chief fund raiser and large corporate donors have on the party and the government, and I would now like to take the opportunity, when discussing this bill, to set the record straight.

I have long held the view that there should be an election reform bill, and I have had some very decided views on what this bill should contain. In fact, when the Prime Minister asked me to take over the responsibility for raising funds in Ontario in the 1968 general election, I made it a condition of my accepting that he should bring in an election reform bill after the election. Of course, he readily agreed to that, because this was to form part of his platform in the 1968 election.

While I strongly believe in the necessity for an election reform bill on the fund raising side, it has not been for the

same reasons as those put forward by most of the press and instinctively believed by the general public. The press and the public do believe two things. First, they believe that a large part of the money raised comes from companies doing business with the government and who contribute because of favours received or favours expected. Second, if giving is not actually tied in with doing business with the government, it at least gives the donor, because of his contribution, or the chief fund raiser, because of his position, some kind of evil influence with the government which may result in legislation favourable to the donor in particular or to the business community in general; or, in the alternative—and this is considered more likely—it may on occasion prevent legislation from being enacted which, while it would be in the public interest, is opposed by that portion of the business community represented by large corporate donors. By requiring full disclosure of donations to parties and candidates, it is believed that these rascals who influence legislation will now be unmasked, and I believe that the reason the NDP want this bill so badly is that they really believe it will greatly reduce the source of campaign and other funds for the two major political parties, because they think the type of contributions those parties normally receive would not stand the light of day.

Now, what are the facts? First, I would like to deal with how funds have been raised in the past. I think we should be careful to distinguish clearly between the methods used in the past by certain parties in power in the provinces and the federal field and the methods used by the federal Liberal Party in the more recent past, particularly since the Liberals took over the government in 1963. There is no question that in the past some provincial parties in power have resorted to methods which can only be described as corrupt—and I am not just referring to Quebec under Duplessis. For example, because of Fidinam we have seen evidence of how the provincial Conservative Party in Ontario raises its money. The federal Liberal Party under Mr. King went through its own well-publicized valley of humiliation because of certain practices indulged in during the twenties. I only mention this to show that it is understandable why the public and the press believe that the same kind of thing may presently go on in the raising of money for the federal Liberal Party.

I can well recall, as if it were yesterday, being called on in early 1959 by two eminent gentlemen who asked me to take over the job of raising money for the provincial Liberal Party for the 1959 provincial election. One of them had been responsible for raising the money in the previous provincial election and had, at that time or shortly afterwards, taken over the job of raising money for the federal Liberal Party. The other had worked closely with him. I remember so clearly their admonition to me that, if I took on the job, under no circumstances should I ever raise money on the basis of making any deal, promise or threat of any kind, either specific or implied. May I say that this was not only proper but sensible advice. Senator Aird received the same advice when he first became involved; he also took it very much to heart and repeated the same thing to me when I became associated with him before the 1968 federal election.

● (1420)

I might say that I was amused, upon my appointment to the Senate, to find that the translation of one of the mural inscriptions in the Senate Speaker's chambers makes somewhat the same point for political fund raisers. It comes from Livy and reads: "What is most honourable is most prudent."

When I was in charge of raising money in Ontario for the 1968 federal election, all canvassers were instructed to approach prospective donors on the basis that giving a donation was merely being a good corporate citizen, that there was nothing in it for anyone, and that they were merely supporting the democratic process and that they should give equally to the party in power and the official Opposition.

I was well aware that it had been traditional for corporate contributors to give 60 per cent to the party in power and 40 per cent to the official Opposition, and I might say that the provincial Conservatives in Ontario, during the many years they have been in power, have become somewhat greedier, in that they have suggested that the split should be 70/30.

It always seemed to me completely illogical, if a contribution was to be made by a public company on a non-partisan basis, that the party in power should receive more than the official Opposition. To me, such a practice might logically suggest, particularly to the cynical, that the donor was looking for something for his money, and that was why he was giving more to the party in power.

I am sure that when I adopted the practice of telling everyone that they should give equally to both the party in power and the official Opposition, some of our veteran politicians thought I was out of my mind. All I can say is that the results speak for themselves. I quickly found that corporate donors were very receptive to that type of approach, and by putting the request for funds on a high moral plane I am sure we were far more successful in getting corporations to raise their donations than if we had even vaguely hinted that there might be some undefined advantage in their giving and, for that reason, they should give more to the party in power.

Since I became involved in 1968, I can only recall four instances in which a prospective donor stated that what he might give would be influenced by some action, legislative or otherwise, which he wanted the government to take. I can recall how startled these gentlemen were when I told them forcefully and in no uncertain terms that the Liberal Party was not for sale, the government was not for sale, and that was not the basis upon which the Liberal Party raised or accepted money. In several cases, in order to avoid any misunderstanding, I repeated in writing that part which was printable of what I had told them verbally.

Of course, I received complaints from time to time, particularly as to pending legislation, and occasionally I have passed on the views of the business community to the appropriate minister. There is the president of one large corporation who, when I call him every year for their donation, gives the Liberal Party and the government a five-minute tongue lashing, which has now become traditional. When I tell him that for the kind of money his company donates he can, as far as I am concerned, call the

Liberal Party and the government anything he wants, he simply laughs and cheerfully sends in their usual contribution.

When the 1972 election was over, I decided that I should have my books audited. These would show all moneys going through my hands, particularly moneys contributed by corporations with their head offices in Ontario, to the federal Liberal Party for and since the 1968 election. They would not, of course, show moneys raised by or on behalf of individual candidates. I asked Mr. A. J. Little to make this audit on a professional basis, and I insisted upon his billing me on their usual time basis. I chose him to make this audit for three reasons: First, he was a senior partner of Clarkson, Gordon & Co., a highly respected chartered accountancy firm in Canada. Secondly, at that time he was president of the Canadian Institute of Chartered Accountants. And, thirdly, as far as I knew, he had no political affiliations, and certainly had no connection with the Liberal Party.

I wrote Mr. Little a letter dated January 4, 1973, which I will now read:

> This is merely to confirm the following understanding which I reached with you yesterday, namely that you are to examine all of my records since I became involved in the fund raising for the federal Liberal Party before the 1968 election. I want you to examine these records with the following objectives in mind:
>
> 1. To satisfy yourself that proper records have been kept of the donations received and disbursed by me and that all such donations have been properly accounted for and were disbursed by me to or on behalf of the Party.
>
> 2. That as far as can be ascertained from the examination of my records and enquiries made from me that you are satisfied any contributions appearing in my books have not been solicited in breach of the Code of Ethics re Solicitation of Funds adopted by the Liberal Federation of Canada and approved by the Prime Minister, a copy of which I am enclosing herewith.
>
> 3. I would like you to become sufficiently familiar with the donations made for yearly maintenance and at election times and their relation to the size and profitability of the corporate donors making them that you could advise any prospective donor to whom I may refer you as to what would be an appropriate donation to each of the Federal Liberal and Conservative Parties at election times and for party maintenance purposes between elections, having regard to donations made by other companies, particularly those controlled in Canada and bearing in mind that it has been my policy, which has been approved by the Prime Minister, that public corporations should be told by whoever is canvassing them on behalf of the Liberal Party that they should donate equally to both the Liberal and Conservative Parties.

I would also like to read the Code of Ethics re Solicitation of Funds which was approved by the Prime Minister and formally adopted by the Liberal Federation of Canada in the fall of 1968, which was referred to in my letter to Mr. Little.

[Hon. Mr. Godfrey.]

> All contributions shall be simple unconditional donations and no solicitor shall either directly or by inference suggest to any donor that he may be entitled by reason of such donation to any favour, special consideration or representation of any kind with respect to proposed legislation, regulations or orders of the Government of Canada or any province thereof or to any contract, transaction or other affairs of any nature or kind whatsoever in which the Government of Canada or Parliament or any province thereof, their agencies and dependencies have a direct or indirect interest.

In my conversations with Mr. Little, I told him that in dealing with the second point, namely whether there was a possible breach of the code of ethics, I specifically wanted him to look at the contributions received, with the Fidinam case in mind. In other words, if we had ever received a donation of $50,000 from a company like Fidinam, it would stick out like a sore thumb and it would be obvious that a donation of that size would never be made by a company like Fidinam unless it was a payoff for favours received or expected.

After his audit, Mr. Little replied and gave me a clean bill of health, although he was reluctant to get involved in the fund-raising process as requested in the paragraph numbered 3 in my letter. I will only read that part of his letter dealing with the second point, which he heads "Method of Solicitation"—and I now quote:

> Attached to your letter of January 4th was a copy of the code of ethics regarding solicitation of funds adopted by the Liberal Federation, and, as requested, I reviewed your correspondence files to see what evidence there might be as to the method of solicitation used and possible expectation of any donor. There was no indication of any impropriety or any breach of the code of ethics in the documents I examined.
>
> On the contrary, there was evidence in at least three cases where the Code had been applied in a very strict fashion, and where it had been made perfectly clear to a potential donor that no special treatment would result from a contribution or from a threat to withhold a contribution.
>
> In addition to examination of the correspondence, I scrutinized the receipt book and the detailed ledger records to make sure that there were no unusually large donations or donations which might appear unusually large, having regard to the source. Again there was no indication of anything unusual or improper.

● (1430)

On the question as to whether corporate donations, particularly large ones, give the donor some kind of influence with the government, I must say that it is not only the public and the press who believe this, but many active Liberals, particularly young ones, who look with grave suspicion upon the source of campaign funds, but who cheerfully keep on accepting anything I give them and invariably ask for more.

What influence do these corporations have in return for their money? The answer is none. To begin with, I took the view—and I felt very strongly on this point—that no one

in the government should know who gives or how much they give. Certainly some members of the government can make a pretty shrewd guess as to some of the companies that contribute, but I do not think any of them really have any idea how much individual companies give, and in my experience they could not care less. This does not come from their having any particularly high moral or ethical standards in this area. In my experience it comes from sheer indifference. So long as the money is somehow provided to maintain the party between elections and to fight elections, they do not want to know how it is raised or from where it comes. They want it raised properly, mind you, but that is from purely pragmatic motives, because they do not want a scandal which might hurt the government politically.

I have never seen the slighest evidence that any member of the government is the least bit interested in, or concerned about, whether or not anything the government does will influence the amount of money the party can raise. I have encouraged this attitude and have told members of the government that the members of the business community were, on the whole, highly responsible in this area, and that while they may make loud noises and breathe fire and thunder from time to time, when the chips are down, no matter what the government or the Opposition did, they would continue to provide reasonable financial support to the two major free enterprise parties.

Might I say that I have been proved right. In spite of dire predictions in the press to the contrary, including some completely fanciful accounts of my being thrown out of corporate president offices, the federal Liberal Party received greater financial support from the business community in the 1972 election than they had ever received before, and I am happy to be able to say that they are continuing their reasonable support for the maintenance of the party between elections, as they are no doubt doing for the Conservatives.

What about my own supposed influence on the government? Might I say that I have never seen any evidence to the effect that anything I say carries any special weight. In fact, I have always maintained, and have said so on numerous occasions, that I rated only Z in the political pecking order of the party. I never considered that I was being unduly modest, and I might mention that I was amused recently when I noticed in the *Parliamentary Guide* that since my becoming Chairman of the Finance and Treasury Committees of the Liberal Party of Canada, I was the Prime Minister's twenty-sixth appointee to the Senate.

Hon. Mr. Choquette: Hear, hear. Is that not a nice reward in itself for a bagman?

Hon. Mr. Godfrey: Having said all this, and having explained how pure the federal Liberal Party has been in its fund-raising activities under Senator Aird's and my benevolent leadership, honourable senators may wonder why I have been such a strong advocate of electoral reform. There are several areas with which I have been concerned.

Firstly, in spite of everything that I have said, it did not seem to me to be right and proper that the two major political parties should be so dependent upon one segment of the country, namely, the business community, for financial support. Furthermore—I remember saying this when I was interviewed by the Toronto *Star* a couple of years ago—it concerned me that so much depended upon the integrity of the chief fund raiser. We have seen instances, not only in Canada, but south of the border, of what happens when that integrity is lacking. I was concerned at the enormous amounts of money being spent these days on federal elections at the national, provincial and constituency levels, and while I am firmly of the belief that money does not win elections, it is difficult to persuade party and candidates' campaign managers that this is so. I am convinced that had the Liberal Party as a whole, including candidates, spent $1.5 million less, or $3 million more, in the last election, it would not have affected the outcome in any single riding.

I was concerned that some individual candidates might not be as punctilious as they should be with respect to the sources from which their fund raisers raised money.

I was also concerned that very few individuals, particularly the party faithful, were not contributing to the financing of the two major parties. The very people in the party who were most voluble in expressing their disapproval of the dependence of the party on corporate donations were often the ones who made no financial contribution themselves, yet they had no hesitation in demanding greater expenditures by, or financial help from, the party. I was concerned at the growing cynicism of the press and the public as to how parties were financed, and that as a result our political system was being unjustly downgraded.

While, as I have said, and as Steve Roman can certainly testify, money does not win elections, I completely agree with the statement at page 28 of the Barbeau Committee Report:

> that candidates have legitimate electoral expenses, and must have means sufficient to enable them to explain to the electorate what Canada's domestic and international problems are, and their proposed solutions. The Canadian elector cannot otherwise cast his vote intelligently. Political parties and candidates must have at their disposal the financial means that will enable them to play their role of political educators, ideally without being bound to private interests to the detriment of the public good.
>
> . . . the Committee's enquiries have convinced it that the use of money is essential in the democratic process.
>
> The elector cannot make a sensible choice unless he is well informed. Keeping the electorate well informed means using the great communications media: radio, television, newspapers, printed flysheets, billboards, etc. If these media are to be used well, parties and candidates must spend very considerable sums of money. The sums are essential expenditures incurred in informing the public. It may be alleged that political expenditures do not always meet the aim of informing the elector and one may criticize the wrong or foolish use of money by parties or candidates; but one cannot dispense with the use itself.

Finally, I was concerned that since 1920, while our Federal Elections Act has provided for full disclosure by

candidates of all contributions, and the amount of each contribution, few candidates have paid any attention to this law, and apparently, from my reading of the newspapers and conversations with reporters, the press and the public are completely unaware that this law even exists. So that there will not be any misunderstanding, let me repeat that since 1920 it has been the law that all federal candidates must disclose not just contributions over $100, but the names of all contributors and the amounts, no matter how small.

I would now like to discuss the reform measures I originally advocated, and how the bill compares with them.

Firstly, I believe that all candidates should make full disclosure of names of contributors, and amounts of over $1,000, and that it should be strictly enforced, even to the extent of asking for jail sentences where there were flagrant breaches. I believe that if one accepts the premise that the purpose of full disclosure is to help stop contributions which, because of their size and source, may possibly improperly affect our parliamentary or governmental process, or indicate that a favour has been received or expected, then surely we should set a reasonable limit for the size of contributions below which no one could possibly suggest that anyone would be improperly influenced.

It appears that I have ten times more confidence in the integrity of our members of Parliament than has the government, because I thought that no member could possibly be bought for less than $1,000. The government and the members of the Commons Privileges and Elections Committee seem to think that some members can be purchased or influenced for a lousy $101! Why else would they provide for full disclosure over $100? Like the secrecy of the ballot box, there should be, on the same principle, secrecy for political giving up to certain reasonable limits. Surely, a prosperous merchant in a small town should be encouraged and entitled to give more than $100 to the candidate of his choice without worrying about whether or not he is offending some of his best customers of other political persuasions?

Furthermore, I believe that logically there should be some tie-in between the amount upon which a tax credit can be claimed under this bill and the amount upon which there must be full disclosure.

● (1440)

The government, in this bill, wants to make political giving respectable and to encourage individuals and corporations to give up to $1,150 in any one year by giving them tax credits for contributions up to that amount. The government obviously feels that contributions up to this size are good and proper, and hopefully more people will make them. Surely, therefore, the amount of a contribution above which there should be full disclosure should, in all logic, be $1,150. Up to that amount you should be able to give without other people knowing who you are supporting financially, just as you can vote without other people knowing how you vote.

In the spirit of compromise I suggested, after this bill was introduced in the other place—and I might say that the executive of the Liberal Party of Canada unanimously agreed with me—that the figure of $100, above which candidates or parties must make full disclosure, be raised to $500. I also suggested that in order to prevent donors from evading the act by scattering their gifts—for example, giving 100 candidates gifts of $500 apiece—any donor must disclose donations made for political purposes of gifts of $500 or less which exceed $1,150 in total. Thus, to the extent of the amount that a donor is permitted to claim a tax credit, he could make anonymous contributions totalling $1,150 in any one year, so long as none of them to any one party or candidate exceeded $500. Thus, the local merchant could give $500 apiece to two candidates in his riding, if he wanted to support them both, without it being disclosed, but he could not give $600 to each without disclosure by the candidates. Nor could he give more than $150 to a party in addition to the $500 donations without his disclosing the excess.

How can one possibly say, on the one hand, that political giving up to $1,150 in any one year is proper and should be encouraged by tax credits and, on the other hand, say that there may be something fishy or suspicious about any donation over $100, so that it has to be disclosed? I have been saying this for years to anyone who would listen, but no one has paid the slightest attention to me. That is an example of the great influence I have with the government and members of Parliament!

I also mentioned that as well as having a higher and more realistic limit than $100, I was of the opinion that there should be very strict enforcement procedures. What I was really concerned about was that if the limiting figure was set too low and there were as many loopholes in the legislation as in the present Elections Act, it would continue not to be taken seriously. No more attention would be paid to this requirement by those candidates who wanted to cheat and avoid the spirit of the law—and they have hitherto been in the vast majority—than was previously paid to the requirement of full disclosure in the present act.

The Commons Standing Committee on Privileges and Elections has laboured long and hard on this bill. They have come up with several worthwhile amendments, although many of their amendments were really rather unimportant quibbling. In this area of full disclosure by candidates, however, in my opinion they have completely struck out. This bill is just as easy to get around legally as the present act, which has been in force since 1920. In fact the provisions are essentially the same, except that there have been provisions added in this bill which are designed to prevent getting around the disclosure proceedings by making donations to local riding associations. In the 53 years since the present act was passed there has not been one single attempt to enforce the full disclosure provisions with respect to contributions to candidates. It was only necessary, in order to comply with the act but avoid disclosure, for the donor to make a contribution to an unofficial collector, who in turn would contribute to the candidate's official agent. The candidate's official agent would not be informed as to the true source of the funds. Exactly the same procedure may be adopted under this bill.

It is almost incredible to me that the Commons committee, while they came up with a rather feeble amendment to try and plug this gaping and obvious loophole with respect

to contributions to parties, completely ignored it with respect to contributions to candidates.

While it is really stretching the bounds of credulity, I am prepared to be charitable where others might not, and give the Commons committee the benefit of the doubt and say that they were not insincere when they neglected to plug this loophole; rather, they were just plain incompetent.

As to full disclosure of contributions to parties as opposed to candidates, I was originally opposed to this. I thought our system was superior provided that the government did not know who specifically were contributors and how much they gave. After all, full disclosure is a two-edged sword. Cabinet ministers are only human, and while they have been completely indifferent as to where the party funds come from, and could not care less how much is raised, provided they get enough at election time, they may, even if it is only subconsciously, be affected by actually knowing who are their friends and who are their enemies. Futhermore, when the public sees what large amounts our more public-spirited large corporations give to support the political process, they may cynically, and quite unjustifiably, think that there is something in it for them. I have even had personal friends say to me that there must be a specific *quid pro quo*, or corporations would not contribute. Possibly I was being over-sensitive, but even my own children, after Watergate, seemed to me to be eyeing me quizzically at the dinner table as if they were wondering what dear old Dad had been up to when he was raising money for the Liberals. In view of the Watergate disclosures and Fidinam, I have changed my mind and believe that full disclosure, so long as there is a reasonable limit below which anonymity may be retained, is, on balance, preferable. Furthermore, while it is too early to know exactly what position the large corporate donors will take, indications to date are very encouraging. When the bill was first introduced the tendency was for them to howl their heads off. Some even threatened they would not give if there was full disclosure. Since they have become convinced that the bill will become law, with the exception of two corporations—one of them this week—who say they are presently reconsidering their policy, I have heard no more of that kind of talk. In fact, just the opposite. Many chief executive officers have told me that they are pleased that at last these sorts of things are being brought out into the open, and they have no fears that they will be unable to live with the bill. I have had several corporations substantially increase their contributions, and they have frankly said they did so because they realized their previous donations were inadequate. They say that now that there is going to be full disclosure they do not want to appear to the public as cheapskates. The chief executive officer of one of our largest contributors says he is pleased because the public will now realize they do not give the enormous sums the public thought they gave.

Turning to the question of expenditures, I have always been a firm believer in and advocate of limitations on election spending. As far as candidates' spending is concerned, I think the limits proposed in the bill are reasonable and adequate. My opinion as to the limits on party spending, apart from candidates, provided in the bill—30 cents per elector—is that they are overly generous. However, these types of amounts are inclined to be firmly enmeshed in the law for many years, and with the present rate of inflation it will not be too many elections before these limits will have some real significance.

As to the question of subsidies, I have long been an advocate of government subsidies to parties and candidates, not only for election expenses, but also to help maintain parties between elections, although I do believe that any provision for government subsidization of political parties between elections should be provided for in some other act and should not be part of an election expenses act.

Here again, the government and the committee, in my opinion, collectively struck out with respect to one matter, and the committee alone with respect to another.

As to the first matter, the Barbeau Committee, the first bill introduced by the government, and a committee appointed by the Liberal Party of Canada some years ago all recommended that the 6½ hours of radio and television time should be provided free to the political parties, with the government paying half and the radio and television stations providing the other half free. This seemed eminently reasonable, because after all the licence given them by a federal government agency is, to quote Lord Thomson's famous and familiar cliché, a licence to print money in varying amounts. The very least the stations could do in return would be to only charge half price for 6½ hours of political broadcasting, as a public service, whenever there is a federal election.

● (1450)

In explaining why the government, in this bill, relieved the radio and television stations from this burden, Mr. MacEachen stated that Mr. Juneau of the CRTC was of the opinion that the money would be better spent by the stations on further Canadianization of their programs, rather than on picking up the tab on half the cost of 6½ hours of election broadcasting. Why the government and the Commons committee should meekly let Mr. Juneau make this decision for them has never been satisfactorily explained to me. The result is that the parties are not being subsidized to the extent they should be, and they are saddled with a financial burden which should have been assumed by the radio and television stations.

Incidentally, for several months now I have been trying to get the figures as to how much the total profits of all radio and television stations in Canada are for a year, but have been unable to do so. While I certainly thought it relevant information in determining whether the radio and television stations could afford to contribute half this time, apparently the government and the Commons committee did not think so, because this information does not seem to be in their hands.

In making these criticisms, I am not overlooking the provisions of section 99.1(18) inserted by the committee, which provide that, in addition to the 6½ hours broadcasting, networks must provide free "a number of program periods" to the parties in the same proportion as they are entitled to the 6½ hours. This is largely meaningless, as they do not stipulate how long or how many program periods. I understand that a program period, under CRTC regulations, can be anything over two minutes, so that the

broadcasters can satisfy this requirement by making a token offering.

As to the second matter, I thought the subsidies to the candidates less than generous and only barely adequate. I thought having to get 20 per cent of the vote to earn them was too high, and that it should have been 15 per cent. I am delighted that the bill has been amended to provide the 15 per cent figure. One of the reasons I was persuaded that the subsidies to candidates were barely adequate was that the bill provided that the returning officer would send out the "You vote at . . ." cards, which would not only tell each voter where to vote but also reproduce the ballot to be used in the riding, thus identifying each candidate and his party. The candidates were prohibited from sending out a similar card, and a penalty provided if they did, thus providing an indirect subsidy by saving each candidate in the average constituency $3,000 in postage alone, which would then be available for other purposes.

This again was recommended by the Barbeau Commission and the Liberal Party Committee, because the two main purposes of the "You vote at . . ." cards usually sent out by each candidate just before the election was to tell the voter where to vote and to identify the candidate with his political party, so that those who were voting for the party rather than the candidate would know who to vote for. Now that the political affiliation of the candidate is to appear on the ballot, this second purpose is no longer important, but in any event would be covered on the card to be sent out by the returning officer.

For some incomprehensible reason the Conservatives in the Commons committee, supported by the NDP and one Liberal, deleted the provision in the bill providing for a penalty if candidates send out the cards, thus making the whole provision pointless, and the committee later, therefore, deleted the whole provision, including having the returning officer send out a card. Thus most candidates will feel they have to send out a "You vote at . . ." card, and they will all be burdened with this unnecessary duplication and extra expense.

What prompted the lone Liberal, the Conservatives and the NDP, of all people, to support this amendment and thus add an additional expense of more than $3,000 for each candidate in the average constituency is beyond my comprehension. While I want to be polite, the only word I can find to properly and adequately describe this amendment is "stupid", thus borrowing a word aptly used by the Minister of Justice in describing an amendment made in another bill by another Commons committee, with which we are all familiar.

As to tax relief for political contributors, I have always been a strong believer that this was essential if the base of political giving was to be substantially broadened. I will only say that in my view the tax credit provisions of this bill are reasonable and equitable.

I have already taken up too much time, and, while I could make other comments, I will now conclude by saying, firstly, that I support the general principle of this bill and will vote for it.

The problem is, what should the Senate do about the glaring and really quite outrageous loophole the Commons committee has permitted with respect to disclosure of donations to candidates? While the Elections Act is a particularly sensitive area for the Senate to deal with, and many think it is none of our business at all, I would say that this is a classical example of the kind of error in a Commons bill which the Senate should amend, so that the public will get what the public and the "watchdogs of the press" have been fooled into thinking they have got, namely, a bill effectively providing for full disclosure of donations to candidates over $100, and I was seriously considering proposing such an amendment. However, as I have explained, I believe the $100 limit is ridiculously low, and there is no rational explanation as to why it should not be at least $500. Why, therefore, should I propose an amendment to make workable a provision that I do not believe in?

The only way, therefore, that I would propose an amendment would be if the bill were amended to increase the $100 limit to $500, and I certainly do not believe that this is an area of the bill where the Senate should intervene. If the members of the other place insist on believing that they or some of their other members can be influenced by a donation of $101, why should we do more than tell them that we in the Senate have more faith in them than that?

The bill is essentially a non-partisan one, and the government, in the interest of getting the bill through, accepted all of the Commons committee amendments and did not try to interfere at the committee stage other than explaining the reasons behind certain provisions. The job of a Commons committee—and this applies to all its members of all parties—is to detect and correct errors and omissions in a bill, particularly when they come within an area where they should have particular familiarity and competence. They fell down on their job.

I think that the Senate will have, with this particular bill, performed its function by having one of its members inform the public that in this area of full disclosure by candidates they are not getting what the Commons committee and the press have led them to believe they are getting, namely, a bill effectively requiring full disclosure of donations to candidates over $100.

Might I say, in closing, that I do not think any useful purpose will be served at this time by referring this bill to a committee of the Senate. This would only be going through the motions, and it would, in my opinion, be a waste of time. Not that there is any urgency mind you, because the one thing I think all honourable senators will have no difficulty agreeing to is that there will not be an election this year.

[*Translation*]

Hon. Martial Asselin: Honourable senators, first of all I want to congratulate Senator Godfrey for his participation in the debate. Obviously, I shall not speak as a senator with as much experience as my colleague since I have never collected funds for a political party. Still, his reflections will help us better understand the merits of the bill before us and induce us to study it more seriously. I want to congratulate him.

My contribution to this debate will be very short. The mover of the bill said, last night, that basically this bill is intended to make more concrete participatory democracy in that more people will contribute financially to electoral

funds. First of all, I want to say that I doubt it. I will say even more. Before going into the reasons for which I doubt the assertion made on presentation of the bill, I must say immediately that I am, in principle, in favour of the bill. Electoral expenses must be limited, it goes without saying.

[*English*]

Hon. Mr. Rowe: I hope the honourable senator will forgive my interrupting him, but we are not getting any interpretation.

● (1500)

Hon. Mr. Martin: We can't hear you!

Hon. Mr. Rowe: Madam Speaker, we are getting no interpretation at all.

The Hon. the Speaker: I have just sent word down that there is no interpretation coming through. I believe the system is now working.

Hon. Mr. Asselin: I will continue in French in the hope that you can now hear the interpretation.

● (1500)

[*Translation*]

As I was saying, election expenses should be restricted and candidates should obtain a partial refund of their election expenses. This legislation obviously is an improvement which will correct a deplorable situation in which the members of the House of Commons and the defeated candidates found themselves. It will be remembered that in the past, rich people alone could consider taking up a political career, because they had the means to pay for the expenses incurred during an election campaign. Many politicians after several years of active political life found themselves—to use a colloquial expression—out on the street utterly ruined because they wanted to pursue an ideal while lacking the financial means. There are many examples. I think that former members of the House of Commons sitting in this house could quote as examples some of their colleagues who jeopardized the security of their family. They became discredited in the eyes of their creditors and in many cases, ended up stony-broke. This bill will correct at least that unfortunate situation.

For 12 years I was the elected representative of my constituency. We had of course to raise funds to meet our election expenses. Some other members of Parliament in this house can back me up on this. I have never been able to go through an election campaign without being in debt for several thousand dollars and during four years I have had to meet my bank manager to reimburse from my member's salary the money borrowed for an election campaign.

This bill will have at least the advantage of affording those who do not have the money but who are talented a political career without putting their family in debt and without creating personal and extremely painful financial problems.

However, I am wondering about an aspect of this bill which provides that all contributions amounting to $100 and over should be declared under penalty of sanctions.

I do not think that this bill will change human nature. We know that the contributors to election funds and election campaigns have always been reluctant to see their names published. The reason for that is simple: more often than not they want to be on the side of the party in power. Donors do not want to have their names related to an opposition member's name from fear of losing their influence with the party in power. This is, I think, the general spirit of middle-class donors. In my opinion this bill will not change the way those people think. Therefore, this means that the party in power, as in the past, will receive a higher number of contributions than the Opposition party. We have had another example of that during the last election campaign when, according to an expert's study, the Liberal party spent $6 million, the Conservatives $3 million and it was said that the NPD had spent $350,000. I think this has always jeopardized the principle of equality of chances of competing political parties. If the names of the donors must be published fewer people will be participating in the financing of political parties.

What must be changed first, in my opinion, is the philosophy of donors. We might manage to undertake a popular educational campaign to convince donors that their donations will not necessarily be used to give them some political influence with the party in office, but that their contributions will be part of a social step to elect a really democratic Parliament. I suggest that the government and members of Parliament should begin to proceed to educate people as Senator Godfrey said a moment ago. I think too that not even 10 per cent of the population are aware that this bill is now before us. People will know about it probably when there is an electoral campaign, but at present people do not know one single item of the bill we are considering. I suggest that we should begin this popular education as regards donations that taxpayers are to make to election campaigns. The ideal would be that someone who contributes to a political party should be proud to admit it, to consider his donation as the frank expression of his preference for one form of government as opposed to another. But, as we cannot change human nature overnight, as I said, as a result of compelling a donor to disclose his identity, there will be fewer people who make contributions to electoral funds of candidates. Contrary to what the sponsor of the bill said, I fear that instead of increasing financial contributions of those who are less well-off, if there is no popular education in this direction, that this will decrease the number of less well-off people who want to contribute to electoral funds. Needless to say the same will occur for large corporate contributions.

To conclude, I think that compelling people to disclose their contributions is, in my opinion, a negative action. It would be more positive to assure people that they have nothing to fear as regards influence or reprisals if they contribute to a political party that does not win the election.

I would wish to make a further comment regarding the reimbursement of candidates' expenses in electoral districts, as mentioned in chapter 3 of the bill. I think there is some discrimination against candidates in rural districts, that candidates in urban districts and those in rural districts are not treated on the same basis. Everyone here knows that election campaigns are more expensive in rural than in urban districts. If I take a riding in the city

of Montreal that has maybe 50,000 people, 50,000 voters, and if I compare it with a rural district with 35,000 or 45,000 voters, it will be found to be more expensive for a candidate to run in the rural district than in the urban riding because of additional expenses. However, the bill imposes a ceiling on candidates' expenses, on travelling expenses.

● (1510)

If you take a riding like that of Charlevoix where I was a member of Parliament for a number of years, where I had to travel distances of 200 to 250 miles, where I had 110 municipalities to visit, where there were three television stations on which I had to appear, where there were three or four radio stations where I also had to make speeches, where there were three or four weeklies—papers that exist in most of the larger cities in my riding—where I also had to make statements, then it becomes obvious that such a candidate's expenses are higher than those of a candidate in the city of Montreal where he can carry his political platform on only one radio or television station.

Hon. Mr. Deschatelets: Does the honourable senator mean that candidates in urban and rural ridings should not have been treated the same way?

Hon. Mr. Asselin: That is what I said at the outset, that they should not be treated the same way in this bill.

For example, I would say that in Montreal a candidate can visit his whole riding in a single day, and sometimes his riding will cover 10 miles whereas several rural ridings will stretch over 100 to 125 miles, and even more. Take, for example, the riding of Manicouagan which is 800 miles long, and the riding of Gaspé, including the Magdalen Islands, where Senator Langlois was a member which was a very large riding as well.

Hon. Mr. Langlois: Three hundred and fifty miles.

Hon. Mr. Asselin: Three hundred and fifty miles long.

So I say that candidates in rural ridings and candidates in urban ridings should have been treated differently in this bill because of the reasons I just mentioned. I think it would be good if we had recommendations to make to the other place to have that taken into consideration.

Another comment that I would also like to make is this: the legislation refers to the appointment of an auditor of electoral expenses. He is appointed by the candidate and then the legislation also refers to a commissioner appointed by the returning officer to ensure compliance with the law concerning election expenses.

Of course, I have nothing against the auditors that may be appointed by a candidate, or an elected member, but I have the feeling that all auditors do not enjoy the same reputation and are not equally capable. What I wonder about is this: when the commissioner appointed by the returning officer has checked the work of the auditor appointed by a candidate, if there are any serious complaints to be lodged who shall be the judge of these complaints referred to the returning officer? Is it the returning officer? Does the bill provide that the returning officer shall report to the House the election expenses incurred by every candidate and table his report in the House? Who shall judge a serious complaint by a taxpayer to the returning officer? Obviously, the commissioner appointed by the returning officer will report to the latter.

[Hon. Mr. Asselin.]

Then will it be the returning officer who will decide whether the complaint is well founded?

Will he be the one to impose penalties? Will that be the duty of the House of Commons committees, will it be that of the Committee on Justice and Legal Affairs? What will be the authority?

Hon. Mr. Denis: It will be the chief electoral officer.

Hon. Mr. Asselin: It will be the chief electoral officer. If, as the sponsor of the bill has indicated, the chief electoral officer will decide whether a complaint he has received is well founded, I think that he is given too great a responsibility. I think that the serious complaints made to the chief electoral officer should be referred to a parliamentary committee sitting within Justice Committee of the House of Commons. In my opinion, these complaints should be checked and studied in depth by parliamentarians since they are themselves involved in the matter.

Moreover, I think as I said before that the chief electoral officer would be given too much responsibility if he were required to judge himself whether the complaints that he receives are well founded. As for me, I repeat that I would have preferred that a committee of the House of Commons be informed of complaints, and report if these are well founded, after which a report would be submitted to the Solicitor General who would take action as provided by the legislation.

Seven years ago, the Barbeau report suggested another formula. It recommended creating the position of "Registrar of Election on Political Science".

From what I have read in the Barbeau report, it seems that this registrar would have been independent from the chief electoral officer as regards the assessment of serious complaints concerning election expenses of the candidates or political parties. Since the chief electoral officer is the one who appoints returning officers, he has the responsibility of running the elections and also auditing electoral expenses.

I think I would have preferred the Barbeau formula, providing for the establishment of an independent body that could rule independently on the complaints drawn to the chief electoral officer's attention. Again, I would have preferred this Barbeau formula because, in my opinion, it would have given the legislation a higher degree of credibility. People would realize that it is an independent body which is not part of the legal process, which is not involved in the enforcement of the legislation and yet, which has to pass judgment on these situations. Therefore, I think that the voters, the public in general, would have more faith in the legislation now before us.

Finally, honourable senators, notwithstanding some weaknesses, this bill meets with our approval. May it prove to be the first step in the rehabilitation of our political customs, the guarantee of the participatory democracy which is oriented, I think, toward a more realistic concept.

Hon. Mr. Molgat: Honourable senators, I should like to direct a question to Senator Asselin. Early in his remarks, speaking of expenses, he quoted some figures. Were these expenses in any way connected with the last federal elections?

Hon. Mr. Asselin: Yes.

Hon. Mr. Molgat: In my opinion, if he quoted expenses of $6 million and $3 million for the Liberal Party and the Progressive Conservative Party, respectively, his figures are not right.

Hon. Mr. Asselin: I quoted these figures from a paper prepared by a University of Ottawa professor who made a special study of this, as well as from the *Globe and Mail* or some other newspaper which I have in my office—I even have clippings which I could show you. Besides, I said that those figures had been provided by an expert—I am neither a member of the Liberal party nor an official of the Conservative Party Finance Committee—and I have no idea how much the Progressive Conservative Party or the NDP did spend. However, I know this paper has been prepared by an expert who is not involved in politics. He stated that the Liberal Party must have spent $6 million, the Progressive Conservative Party $3 million, and the NDP $350,000; however, he was unable to come up with any figure for the Social Crediters.

Hon. Mr. Molgat: I do not think that these figures are accurate. Senator Godfrey quoted figures too.

● (1520)

[*English*]

Hon. Mr. Godfrey: Senator Molgat, the interpreter could not hear you.

Hon. Mr. Molgat: The statement was made earlier by Senator Asselin. He said he obtained the figures from newspaper reports, and cannot vouch personally for their accuracy. The expenditures in the course of the last election were given as some $6 million for the Liberal Party, $3 million for the Conservative Party, and $350,000 for the NDP. I do not believe these are accurate. I wondered if you, Senator Godfrey, could give us accurate figures.

Hon. Mr. Godfrey: I wonder if I could reply to that, because I, on behalf of the Liberal Party, gave the figures to Professor Paltiel that were referred to by Senator Asselin. He also received figures from the Conservative Party. Those figures given to Professor Paltiel were published in a paper given by him in August.

The Liberal Party had raised $6.5 million and they paid off $600,000 in between-election debts, bank overdrafts, and so on, that they had incurred long before the election was called. The Liberals came out of the election with a surplus of $600,000, so that the amount actually spent by the Liberal Party on the election was $5,300,000, according to those figures.

The Conservative Party replied to Professor Paltiel, and they reported that they had raised $3,980,000, I believe it was, and that they had spent somewhat more than that. So they spent a bit over $4 million as compared to the Liberals' $5,300,000.

[*Translation*]

Hon. Leopold Langlois: Honourable senators, I have no intention of making an extensive speech. I will be content simply to point out some aspects of the bill that seem to me to be somewhat lacking. Moreover, my main purpose is to ask the sponsor of this bill a question which I find of great importance.

However, before going any further, let me first congratulate the sponsor of this bill for the magnificent way in which he carried out his task, as he always does, and on behalf of our colleagues, I thank him and I congratulate him again.

I agree completely—as an introductory comment—with the observations made by Senator Asselin regarding the cost of electoral expenses in rural districts, for I have myself represented a rural district during twelve years in the House of Commons.

I was elected in a riding which had a total shoreline 315 miles long, not counting one lost island, or rather some islands, for there were five, in the Gulf of St. Lawrence, that is the Magdalen Islands.

That riding included three and one half provincial ridings. In that riding there were no means of communication by rail, all travelling had to be paid by the candidate himself and done by animal-drawn vehicle or car. On top of that, to go to Magdalen Islands in those days you had to cross two other provinces—New Brunswick via Moncton and then to Charlottetown in Prince Edward Island—to reach Magdalen Islands by plane, a flight of 65 miles from Charlottetown.

Election expenses in a riding of this kind were very high. Indeed, they were very high because that riding was a bilingual riding and all the advertising, speeches, meetings had to be multiplied by two and in several towns in my riding I even had to hold one meeting for the French-speaking electorate and an other for the English-speaking electorate.

Radio advertising—there was no television in those days—was the same thing because there was no radio station in that electoral district and I had to leave the riding and go and talk to my people from Rimouski or New Carlisle stations. Those who know the area realize the expenses incurred through travelling of this kind.

Also, Senator Asselin mentioned that after some of his election campaigns he had to go and meet with his bank manager to make arrangements to repay his election debts out of his salary. I would add that the salary paid to a member of Parliament when I was first elected to the House in 1945 was only $4,000 per session. There were not in those days any tax free expense allowances as we have them today. On top of that, we even had to pay for our own phones on our own desks in our offices in the House of Commons. All this to say that the situation has changed tremendously.

However, it must be considered that the dollar was worth more in those days than today but I do not think that inflation was entirely offset by the increase in salaries although expenses went up a lot because sessions are somewhat longer today in spite of the fact that during the postwar period sessions were quite frequent; but we had that loophole anyway that we were paid on a sessional basis and we could in one year receive two allowances. It was inadequate compensation for the expenses incurred but it allowed us to float, so to speak, at best and often in the red.

I would now like to come back to the bill before us. I want to point out that I find the provisions of the following clauses to be somewhat too weak to meet the situations which may arise.

First I would like to refer this house to clause 13.2, subclause 1 on page 9 setting a limitation on expenses of registered parties. I think that this limitation is not clear enough and should go farther defining more exactly what is considered an expense of a registered party. I will show later the consequences of such a failure or such vagueness.

You find in subclause 1 of the same clause the definition of the amounts not included in election expenses. Once again, I find this definition inadequate and it should be further determined what is an election expense of a party, what is included in an expense of a national political party in relation with the expense of a local candidate, because it can happen as it did during the last Quebec elections that a political party takes the opportunity to obtain more money—such occurrence is less possible at the federal level because the Quebec legislation goes further since it provides a refund to the party as well as to the candidate—while the bill now under consideration only provides a refund at the level of the constituency or to the candidate. Still it could be possible with some skill or some scheme to circumvent a legislation and misappropriate an expense provided under that legislation for the direct election of a candidate and use it for advertising at the national level.

For instance, take the case of a political party that runs candidates throughout this country but stands no chance of winning even a few of these seats; however, it claims the amounts provided for these candidates who get 15 per cent of the votes but whose expenses are not included at the national scale. That happened at the last general election in Quebec where a party took an enormous advantage of such a shortcoming in the law by merely waging a campaign on such a basis simply to show the people that it was indeed a provincial party. Also, announcements were sponsored and paid for, and that was indicated in the announcement made by the television station that this was made by candidates of that party who ran in Beauce or in the most remote parts of the province where that party knew it had no chance of winning.

I suggest that this amounts to embezzlement. However, although my consideration of the bill now before us has been superficial and I did not go into any depth, I tried to find out whether it was provided in this legislation, either by going further into the definitions of what must be considered as expenses at the national level, an expense made by a registered party, or by defining more clearly what is included in a candidate's expenses, so as to prevent any possibility of having this transfer of expenses from one level to another and thus take advantage of this to ignore the terms of the clause which limits expenses. For instance, clause 13.2 allows a registered party to get 30 cents per voter registered on preliminary lists. If one can draw from a candidate's budget an amount of money to pay for the party's expenses on a national scale, I believe the law is being distorted. I would even say that it is a misappropriation.

Hon. Mr. Asselin: According to you, could the Social Credit Party, that has candidates almost only in Quebec, have under this new legislation candidates in all constituencies throughout Canada and use money from candidates from other provinces to pay debts in Quebec?

[Hon. Mr. Langlois.]

Hon. Mr. Langlois: Yes, it would be possible, but there would still be the 15 per cent of registered voters.

Hon. Mr. Asselin: Of expressed votes.

Hon. Mr. Langlois: Of expressed votes, I beg your pardon. Not of registered voters but rather of expressed votes. That can be done and that is why I should like to ask the sponsor of this bill if I am right in believing that the bill before us allows such a thing and, if the wording of the law does allow it, was there something provided in the implementation mechanism of this legislation to prevent such an abuse, to prevent people from evading in such a way the object of the law by misappropriating funds from the public treasury, that will be paid for the election of a straw candidate in a constituency, in order to pay expenses on a national scale? I believe that is a very important matter. I think that if the bill as presented today becomes law, they will have to move quickly after its passage to prevent abuses of that kind.

● (1530)

[*English*]

Hon. Orville H. Phillips: Honourable senators, I would like to make a few brief remarks before the debate on the bill is concluded.

I appreciate the explanation given by Senator Denis. I was rather intrigued by the fact that he felt that those of us on this side of the house might wish to criticize him. He is such an accurate, congenial gentleman that it would be difficult for me to find a reason to criticize the honourable senator, and certainly I have no criticism of his explanation of the bill.

I do not have the experience in fund-raising that Senator Godfrey has. In fact, I have great difficulty in obtaining a loan, let alone a donation. However, I felt that he was very much like the Shakespearian lady in that he protested a little too much. I was intrigued by the amount of time he spent collecting funds for the Progressive Conservative Party. I thought he was following the old Presbyterian system by which a congregation looking for a new clergyman would invite a number of clergymen to come in and deliver a sermon. This is what was known as preaching for a call. He has already received his call from the Liberal Party, and I thought he was speaking to Premier Davis of Ontario and telling him he expected a call from him, too.

Along the same line, I might remind him that a former Dean of Canterbury, when asked his opinion of confession, said that it is good for the soul but damned hard on the reputation. I hope he has not done his reputation too much harm today.

My main purpose in rising today was to say that I doubt this bill will accomplish everything that the members of the other place expect. I agree with those honourable senators who have suggested that there be certain changes made in the bill. The House of Commons started fooling around with this bill last May, and if by now they have not arrived at a solution that is satisfactory to them, I do not see why we should concern ourselves greatly in this regard. They have made their own bed; they will have to lie in it.

I feel we are boxing both the parties and the individual candidates into a specific limit that may not be very realistic in ten years time. It will be just as difficult to

change that limit in ten years time as it is to get a change in members' salaries.

I agree with the audit and the publication of the list of donors. That is a very good idea. The Progressive Conservative Party has always been accused of receiving its support from large corporations. According to the figures given by Senator Asselin, the number of large corporations must be declining. According to those figures the Progressive Conservative Party got half the contributions the Liberal Party received. The Liberal Party, in turn, has always been accused of getting a great deal of its funds from the Unites States. Publication of donors' lists will destroy these myths.

The New Democratic Party has always been accused of receiving large donations from the labour unions. The Canadian Labour Congress has approximately 1.8 million members, of which approximately 278,000 are in unions directly affiliated with the New Democratic Party. Formerly these people made a small monthly contribution of 5 cents per month, 60 cents per year, which amounted to approximately $170,000 annually. As of the first of January this year that amount was raised to 10 cents per month, so the total will be approximately a quarter of a million dollars yearly. In addition, various locals contribute somewhere in the vicinity of $500,000 over a four-year period.

I saw Mr. Lewis on television when the last election was called, at which time he announced that they were running their election on $350,000. I should like to see that statement audited. I do not think it was a very accurate statement—certainly no more accurate than his usual statements. If the NDP only had $300,000 left out of those contributions, there was not a corporate rip-off but a Lewis rip-off.

I would point out to honourable senators, that neither the Conservative Party nor the Liberal Party allow those who make contributions to their election funds to send delegates to their conventions, whereas the New Democratic Party does allow its affiliated unions to send voting delegates.

Hon. Mr. Forsey: Well, naturally. What else do you expect?

Hon. Mr. Phillips: Then it would be quite in order, Senator Forsey, for someone who made a donation of, say, $1,000 to either the Progressive Conservative Party or the Liberal Party to turn up at the convention saying that he had a right to be a delegate because he had contributed that amount.

Hon. Mr. Forsey: If he is elected by the constituency association.

Hon. Mr. Phillips: But these are not elected by the constituency associations. They are elected by the unions.

Hon. Mr. Forsey: Yes.

Hon. Mr. Choquette: Are you still a CCFer, Senator Forsey?

Hon. Mr. Phillips: I do not believe he is, Senator Choquette. I thing he is firmly under the wing of Senator Martin.

Hon. Mr. Forsey: Don't be too sure.

Hon. Mr. Langlois: The CCFers were really Liberals in a hurry.

Hon. Mr. Phillips: One point that does concern me is with respect to broadcasts 48 hours prior to an election. This is one point that I feel will have to be very carefully watched. I can see the PR men for all parties announcing public opinion polls, having made them into the form of a news item when they are actually a form of political advertisement. Great care must be taken in the last 48 hours to ensure that a broadcast is specified as political commentary, and not a general news item.

I should like to direct a question to the sponsor of the bill. I am wondering whether donations made to candidates in the case of a national party leadership convention will be declared. I am uncertain, after reading the bill, whether this will be part of the annual party audit, or whether it will be outside the audit. I fully realize that Mr. Turner will not need any contributions after the next election to depose Mr. Trudeau. However, the Conservative Party has a history of having a few more leadership conventions than does the Liberal Party. That is probably why I have such a great curiosity in this regard.

Hon. Mr. Forsey: They devour their leaders.

[*Translation*]

Mr. Asselin: Since Senator Langlois and others have asked some questions, some explanations, should this bill be referred to a committee?

Hon. Mr. Denis: I understand that another senator intends to say a few words. Nevertheless, I shall attempt to answer the honourable senator's question.

[*English*]

Hon. Raymond Joseph Perrault: Honourable senators, as one who was associated some years ago with the broadcasting industry, I have a few remarks to make.

● (1540)

I think it is interesting to note that the measure before us will permit the broadcast media of Canada to present editorial commentary literally to the very moment of balloting. This has not been permissible to this time. As honourable senators are aware, there has been a blackout, and the blackout was instituted some time ago in order to prevent a roorback situation from developing, a last minute political charge made on radio or television—a charge very difficult to counteract, and perhaps slanderous in content. In fact, as one who has been victimized in this manner, I can say that it is impossible to answer last minute commentary of that kind—completely impossible.

I want to suggest to honourable senators that, while all of us support free speech—and I am not going to oppose this particular change—the fact that we are now about to permit any editorial commentator on any radio station in Canada to broadcast political opinions up to the very moment of balloting will require a very special form of vigilance, not only on the part of the broadcasting industry but on the part of the Canadian Radio and Television Commission—a body which, at times, has been very reluctant to exercise any kind of leadership in this direction.

The bill states, as honourable senators are aware:

> Every registered party that, through any person acting on its behalf,

> (a) between the date of the issue of the writ for an election and Sunday, the twenty-ninth day before polling day, or on polling day or the one day immediately preceding polling day advertises on the facilities of any broadcasting undertaking as defined in section 2 of the *Broadcasting Act* . . .
>
> for the purpose of promoting or opposing a particular registered party or the election of a particular candidate is guilty of an offence against this Act and is liable on summary conviction to a fine not exceeding twenty-five thousand dollars.

However, it does not deal at all with the situation where a political commentator who may happen to dislike, with a personal venom, the Conservative Party, the Liberal Party, the New Democratic Party or any other political entity in this country, can broadcast his opinions, without contravening this act, to the very moment the voter goes to the polls.

There are real dangers here—extreme dangers. The airwaves of Canada are public. They are not the personal possession of any group of investors who may for some reason wish to have a certain election result obtain. They are not the possession of a small group of people, whatever they describe themselves as—editorialists or open-line commentators—some of whom may believe that they have the absolute freedom to inflict their unchallenged, last minute views on the voter. If free speech is to be protected in this country it means that divergent views have a right to be heard on radio or television, whether on the CBC program Viewpoint, or on open-line shows in Vancouver, Winnipeg, Montreal, Toronto and Halifax. It means, for example, that the fairly recent phenomenon of open-line broadcasting has to be watched extremely closely by the Canadian Radio and Television Commission and by the industry, so that fair play and balance be maintained.

None of the open-line broadcasters should have the unfettered right to inflict their own partisan opinions on their listeners without permitting equal time for those who have been attacked and criticized, and this is not always the case in Canada today. It is vital that the traditional Canadian concept be observed—that on the public facility of the airwaves balance must be maintained.

Most of the editorial commentators on the radio and television stations in Canada do a commendable job in their efforts to assure that all opinions are given a fair hearing. However, I assure you that after discussing this particular section with representatives of the broadcast industry, public and private, there is real concern on the part of some about what Parliament is creating in the way of opportunities for biased editorial broadcasting and commentaries to election time, and on election day.

A minority of editorialists across this country, in the radio and television industry, look on the hours of broadcast time made available to them as daily opportunities to inflict partisan bias on their audiences, without any fair opportunity given for the other views to be heard. I submit that the legislation, as amended, will present for the irresponsible few an unparalleled opportunity to launch final hour campaigns on behalf of their political favourites. In my view, assurance should be sought from and be given by, the broadcasting industry, that through self-policing they will not permit this abuse of the airwaves prior to Canadian elections. As well, this body and the other place should seek assurances from the CRTC that there will be careful monitoring of the way this new right is exercised by the broadcast industry.

I am not talking this afternoon in favour of restricting free speech, but rather of extending free speech and fair play. I fear that, misused, this new right of radio and television stations to engage in roorback, if they so desire, will provide the irresponsible few with a final hour opportunity. The right of free speech must not be distorted by some open-line commentator or editorialist who permits his political bias to overcome his sense of fair play, particularly during the critical closing hours of a campaign, when broadcast remarks are simply impossible to counteract or contradict.

While I certainly intend to support these election reform measures, I feel that this chamber should be made aware of the deep concern being felt today by responsible people in the broadcast industry, and I feel we must seek the assurances that I have suggested.

Hon. Mr. Molson: I wonder if the honourable senator would permit a question. In speaking just now he seemed to be referring largely to the independent stations. He spoke about groups of investors, open-line radio stations, and so on. Does he include in his views the Canadian Broadcasting Corporation and Radio Canada? We have had a great many examples on those particular networks of opinions which are decidedly biased in directions that some of us think are inimical to Canada.

Hon. Mr. Perrault: I endorse the remarks of my honourable colleague. One of the considerations which has inspired my remarks this afternoon is experience with that to which he has referred, relating to certain broadcasting by the public corporation. I most certainly believe that these assurances have to be sought from not only public broadcasters in this country but the private sector as well. I appreciate the opportunity to clarify my position.

Hon. Azellus Denis: Honourable senators—

The Hon. the Speaker: I should inform the Senate that if the Honourable Senator Denis speaks now his speech will have the effect of closing the debate on second reading of this bill.

● (1550)

[*Translation*]

Hon. Azellus Denis: Honourable senators, it is getting late so I will not keep you too long. First of all, I want to thank all those who had kind words for me. I also thank them for their remarks concerning the bill. There have been more compliments than critical remarks.

Of course, this bill is an in-depth reform. It is a new experience. It goes without saying that, in spite of all the discussions and studies of the past, whether it be those of the Barbeau commission or Commons committees, or those related to the Elections Act introduced in 1970, or the statements of experts in committees, or the amendments moved in committee at the other place, a bill such as this one or any other to my mind is not a total loss. As Senator Godfrey said, there are some loopholes in it, but there are loopholes in every law.

Let us see what the next elections reveal, through its practical application, what those loopholes are, what its weak spots are, that they can be remedied. I still think this is a giant step towards improving and democratizing Canadian elections.

A while ago, my friend Senator Asselin said that no one knows that we are amending this reform. There are people who are aware of it—that is, public opinion—and those who today are the most critical of the bill are precisely those who clamored for similar amendments. The independent parties or the new parties are those that have always claimed that the major parties were thieves, manipulators, people who were millionaires, and that nobody knew how much money they were making. Today, now that it has been decided that the amount of the contributions and the names of all contributors will be disclosed to the public, these independent or new parties, the pure who claim to be the purest among the pure, complain that it is not enough still and that some people will circumvent the law. Laws exist as this one does, as all other laws. In reply to my honourable friend Senator Choquette—perhaps I did not elaborate enough in answer to his question—we all know that whatever the law, be it civil or criminal, there are always people who will violate it. But this law has something special because all precautions have been taken in order to try to prevent it from being violated.

The only proof I want in this bill is the appointment of a sworn auditor, a certified accountant, who will make a complete study of all election expenses. He will have access to all records of the registered agent. He will be able to force the registered agent to produce vouchers. Consequently, the commissioner who is under the surveillance of the Chief Electoral Officer is directly involved with the enforcement of the law.

Moreover, as I said earlier, whether a candidate or an ordinary citizen finds a serious mistake he only has to report it immediately. The commissioner appointed under this bill will then make an inquiry to discover any breach of the law.

Someone has mentioned the rich candidates who give $25,000 to five guys. Under the law the candidate is entitled to spend for his personal expenses up to $2,000—and this was provided for in the former law—and any amount in excess of those $2,000 must be paid by the official agent.

Second, all donations and contributions must be paid to the official agent. Consequently the candidate has no right to give spending money to every Tom, Dick and Harry. Moreover the five guys mentioned by my honourable friend are not entitled, under the law, to spend that money because if they do they are liable to a fine from $1,000 to $5,000 since only the official agent is allowed to spend money.

And of course any candidate breaking the law will have his election questioned. He is also liable to a $5,000 fine; I think this was in the old act and it is also included in the Dominion Controverted Elections Act, section 78.

I hope that answers the question of my honourable friend, Senator Asselin, who asked who would deal with this. With all his experience, he is well aware that if a candidate who is elected has done anything fraudulent, there will always be someone to sign an affidavit that he has behaved badly, that he has had too many votes or that he has spent too much money, and depending upon the seriousness of the offence on the part of the official agent or of the candidate, he can either have his election annulled, be deprived of his right to vote or be deprived of his right to be a candidate for seven years, I think.

This is included in the infractions punishable under the present legislation.

Some have also complained that rural ridings were larger and require greater expenses than urban ridings.

Yet, in reading on page 17 the expenses allowed candidates, at the bottom of the page, in clause 7 which contains clause 61.1, you will note the following:

> (3) In determining, for the purposes of this section, the amount of election expenses incurred by a candidate directly or through his official agent or any other person acting on his behalf,
>
> (a) there shall not be included any amount in respect of the candidate's travelling expenses;

This means that you may spend one dollar, 50 cents, 25 cents per candidate and $2,000 or $3,000 for travelling expenses.

Coming back to—I beg your pardon?

Hon. Mr. Asselin: For someone who has 40,000 constituents.

Hon. Mr. Denis: The $3,000, the least of the amounts of $3,000 or one cent per square mile of the riding, is in excess. But I do not think that the riding the honourable senator has represented is part of the ridings referred to in Schedule III. I believe that there are only two ridings in the province of Quebec that are included in Schedule III that is Abitibi and Manicouagan.

Moreover, this legislation provides for the reimbursement of travelling expenses for candidates whose ridings in Schedule III are a bit larger than others.

As regards the question asked by my friend Senator Langlois about some provincial parties that used lots of advertising and signed the name of a riding's official candidate, which was not included, therefore, in the expenses of a registered party, I suggest that nothing in the provincial legislation prevents a registered party from spending 25 cents per voter.

● (1600)

Now, in candidate's expenses, this publication that costs $1,000, for instance, or $2,000, is included in the candidate's expenses. Therefore this amount is deducted from other election expenses to which the candidate is entitled. This is different from provincial legislation since, under the present bill, the less money you spend the less you attain the maximum allowed, the higher the proportion of your reimbursement is, given the partial reimbursement made to candidates under the present bill. But at the provincial level, as the refund is proportional to the expenses, the more the candidate spends, the higher the refund he gets, which is approximately 50 per cent. I think that my good friend Senator Martial Asselin, my friend Senator Langlois and others speak here about the separatist party which advertised this way.

Hon. Mr. Langlois: I did not name any party.

Hon. Mr. Denis: No, but it is the one as I have myself seen full pages of advertising for the separatist party paid by the official agent of a riding.

Well, I can tell you that, as normally the partial refund amounts to 50 per cent, you and I have paid half of the separatist party's promotion.

But as regards protection in the present law for such kind of advertising, here is what I read on page 6:

> Subject to this section,
>
> (a) all money provided by an individual other than the candidate or by a corporation, trade union, unincorporated organization or association—

shall be made by a registered agent.

So, we have in the law the registered agent and consequently all advertising shall be made and paid by the registered agent and this would mean, for instance, having it paid by the party and not by the candidate.

Hon. Mr. Langlois: Does the sponsor of the bill feel that the expression "registered agent" contained in the clause he has just quoted in part includes the official agent of a candidate?

Hon. Mr. Denis: No, it only means the registered party. Instead of having an official agent for the registered party, it is the chief agent who must, at the same time, appoint an auditor, just as the candidate who has an official agent and an auditor.

A few minutes ago, I heard Senator Asselin speak about election debts. What he said is exactly what I said yesterday. That is why I liked that part of his speech, because it is exactly what I said.

Hon. Mr. Langlois: Are you by any chance accusing him of having lifted part of your speech?

Hon. Mr. Denis: No, I must congratulate him on his good taste. I also compliment Senator Godfrey for telling us how well he performed when he was holding such an important position, how much the important image they want to give us is false and how much he worked in order to have this bill amended. There might or might not be differences concerning the amounts that are given or to be disclosed. It is a question of dollars, it is all relative, arbitrary, and we will see what happens. I am sure that the individual who wants to give $100 and who knows that he will get $75 back from the Taxation Department will only be too happy to contribute to Canadian election campaigns. These reimbursements will also result in lower election expenses and better off candidates after the election.

[*English*]

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Denis moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

[Hon. Mr. Denis.]

OIL EXPORT TAX BILL

SECOND READING—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion of Senator Macnaughton for the second reading of Bill C-245, to impose an oil export tax under the Excise Tax Act and to allocate certain of the revenue derived from the oil export tax.

Hon. John M. Macdonald: Honourable senators, it is not my intention to speak at any length on this bill, because I do not think it is necessary to do so, its provisions being very clear and uncomplicated.

As you know, Bill C-245 gives legislative approval to a tax which was first imposed on October 1 last. This tax was imposed on crude oil being exported from Canada. The amount of the tax, and the rate at which it has increased, shows in a startling way the difference between the price of crude, which is presently frozen in Canada, and the price which could be obtained by selling it in the United States. The tax was only 40 cents a barrel from October 1 to December 1, 1973. Then it went to $1.90 in January 1974. Now it is $2.20 until February 1 next, when it will go to $6.40 a barrel. That rate will be in effect until April 1—and after that, who knows?

I understand that this is one of the matters which is to be discussed at the conference of first ministers to be held here in the near future. In any event, it is obvious that this matter must again come before Parliament before April 1.

Honourable senators, the principles behind this tax and the need for it have been well explained by the sponsor, so there is no need to go over them again. If some action had not been taken, huge sums of unearned profits would have accrued to oil companies; and if the price had not been frozen in Canada, then I can only think that increases in the price of crude oil would have been disastrous.

● (1610)

As honourable senators know, the bill in its original form contained provisions which were strongly opposed in the other place. However, following consultation and discussion among the various parties, an acceptable compromise was agreed upon, with the result that we have this bill in its present form. Consequently, I do not think any useful purpose would be served by having a lengthy debate at this time.

It should be remembered, however, that the bill is somewhat unique in two aspects. First, the tax is not imposed, as most taxes are, primarily for the purpose of raising revenue. Secondly, it is a federal tax on a non-renewable resource wholly owned by the provinces concerned. This being so, a major question is how this tax which is being collected is to be distributed.

As the sponsor pointed out, there can be no doubt that the provinces which own these resources are entitled to compensation for the revenues they will lose—for the loss of royalties, income tax, and the like.

Part II of the bill, which appears on page 4, provides that the minister may pay to such provinces out of the Consolidated Revenue Fund an amount equal to 50 per cent of the tax collected in such province, and I understand there is a commitment that the other 50 per cent will be used in the producing provinces at least for the period covered by this bill. I believe that this too is a matter

which will be discussed at the forthcoming conference. Obviously, it is a matter of great concern to all Canadians and not only to the producing provinces, and some arrangement will have to be made between, and a policy worked out by, the provincial and federal governments.

Honourable senators, while listening last evening to the very able explanation given by the sponsor, two thoughts occurred to me. I was startled by the tremendous dependency of highly industrialized nations on the continuing supply of oil. Small producing nations can indeed exert a powerful adverse effect by simply curtailing the supply of oil which these industrialized nations need, and upon which they depend.

The second thought that occurred to me was the complexity of the situation, and the interrelationship with our own economic system. If the price of oil for domestic and industrial purposes is allowed to increase substantially, undoubtedly the have-not provinces will have still less. The adverse effect on Eastern Canada will, in my opinion, wipe out all the gains which have been made over the past number of years, and federal government policies will have to be such as to permit no substantial increase in the price of crude oil in Eastern Canada.

Honourable senators, while at the present time the distribution of the moneys received by the federal government from this tax is of major concern to the oil-producing provinces in Western Canada, it must not be forgotten that in future it may well be the concern also of the Eastern provinces, especially Nova Scotia and Newfoundland.

As honourable senators know, great efforts have been made, and are being made, to discover oil off the coast of Nova Scotia and Newfoundland. Vast sums of money have been spent for this purpose, yet the results so far have been disappointing. There are indications, however, that oil does exist in those areas, and actual exploration is proceeding. If oil is discovered in commercial quantities, the whole energy picture will change. At that time, not only will there have to be an agreement on the distribution of any tax on the export of oil, but there will have to be agreement also on the ownership of the oil itself. Nova Scotia, for example, claims—with some justification, I think—the ownership of any oil which might be found off its coast, although in all fairness it must be said that this claim has not been admitted up to the present time by the federal government.

Honourable senators, since the bill has general agreement, and since the sponsor has given such a clear and detailed explanation of its provisions, I personally do not consider it necessary to send it to committee. If we send it to committee for study, we shall be doing so in a speculative way. After all, the provisions of the bill are clear. The amendments made in the other place were agreed upon by all parties, and I do not think there is opposition to them in this chamber.

As the provisions of the bill will be in effect only until March 31, it would be more useful if we delayed giving a detailed study of the whole situation until after the conference of first ministers which begins in Ottawa on January 22. We shall then know what proposals come out of that conference and, before March 31, we might see what is contained in the new legislation. However, if honourable senators feel that it would be helpful to have the bill studied in committee, I certainly would have no objection.

On motion of Senator Laing, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

25862—91½

THE SENATE

Friday, January 11, 1974

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—COMMONS DISAGREEMENT WITH SENATE AMENDMENT

The Hon. the Speaker: Honourable senators, a message has been received from the House of Commons to acquaint the Senate that that house does not concur in the amendment made by the Senate to Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

CONSIDERATION LATER THIS DAY

The Hon. the Speaker: Honourable senators, when shall this message be taken into consideration?

Hon. Mr. Martin: Later this day.

Some Hon. Senators: Now.

Hon. Mr. Choquette: Honourable senators, I must object to the message being considered later this day. This is a vital question. The Senate is highly concerned about it; the public is highly concerned about it. We know that there will be many senators absent later this day. There are many already absent—very conveniently, I would say.

Hon. Mr. Buckwold: On whose side?

Hon. Mr. Choquette: Well, we know what side we are on, and we know where we stand. In any event, I am objecting to the consideration of this message being put over until later this day. If there is any consent to be given, I for one do not intend to give it. I think this matter should be discussed immediately. It should be discussed before the 4 o'clock plane leaves, taking more of those honourable senators who are very much in favour of insisting upon our amendment. I should like to hear from those—the few that we are—who are adamantly in favour of insisting upon our amendment. I want them to be heard, because this amendment was their doing.

Hon. Mr. Langlois: We do not want any violence.

The Hon. the Speaker: Honourable senators, there should be a motion before the house before any speeches are made on this question.

Hon. Mr. Martin: Honourable senators, I move that this message be taken into consideration later this day.

The Hon. the Speaker: It is moved by the Honourable Senator Martin, P.C., seconded by the Honourable Senator Langlois, that this message be taken into consideration later this day.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Asselin: No.

Hon. Mr. Molson: Honourable senators, I think that at the very least the Leader of the Government should explain why a matter of this import, a matter that everybody has been waiting for—we have been reading in all the media what we are going to do and what we ought to do—should be deferred until later this day. Unless there is very good reason—

Hon. Mr. Martin: Well, one of the obvious reasons which I could give to Senator Molson, as well as to Senator Choquette, is that the Senate has before it another important bill which it is now debating and which, under our rules and our practice, has precedence, unless otherwise decided.

We are now discussing the Oil Export Tax bill, on which a number of senators are anxious to speak. Having canvassed, to the extent possible, the wishes of honourable senators, I am sure that this is the best arrangement. I can assure Senator Choquette that there will not be any senators leaving the chamber to catch a plane. We are prepared to sit here tomorrow, Sunday, Monday and Tuesday, and to take our full time in considering matters that are of public interest.

Some Hon. Senators: Hear, hear.

Hon. Mr. Martin: Senator Choquette said that the matter referred to in the message before us is an important one. Of course it is important. I do not know whether Senator Choquette has any idea what each senator's view will be on this matter. I don't know.

Some Hon. Senators: Oh!

Hon. Mr. Martin: This is going to be a matter for each senator.

Hon. Mr. Choquette: You knew this morning.

Hon. Mr. Martin: I wish I could understand Senator Choquette as well as I can understand senators generally. I can assure him that this matter is important, but let me tell him that a matter also of great importance is the one the Senate is now debating, the oil export tax, and this is the legislation that I propose we should continue to discuss now, following the discussion we began yesterday. In its proper place we will deal with the other bill courageously and completely, and we will give Senator Choquette and any other senator all the opportunity that is needed, no matter how long it takes.

Senator Choquette need not be disturbed that he will be denied the opportunity of fighting for the rights of the Senate, as I noted he did in June of 1961 when he urged the Opposition on that day not to insist on an amendment that the Senate had sent to the House of Commons.

The Hon. the Speaker: It is moved by the Honourable Senator Martin. P.C., seconded by the Honourable Senator

Langlois, that this message be taken into consideration later this day. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, as there is in my mind uncertainty as to agreement, I am going to ask those who are in favour of the motion to please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against the motion will please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1410)

Motion of Senator Martin agreed to on the following division:

YEAS

HONOURABLE SENATORS

Basha	Langlois
Bourget	Lapointe
Buckwold	Lefrançois
Carter	Macnaughton
Côté	Martin
Davey	McElman
Denis	McGrand
Deschatelets	McIlraith
Duggan	Michaud
Forsey	Molgat
Fournier (*Restigouche-Gloucester*)	Neiman
	Norrie
Godfrey	Perrault
Goldenberg	Petten
Graham	Riel
Hastings	Riley
Heath	Robichaud
Hicks	Rowe
Inman	Sparrow
Laing	van Roggen
Laird	Williams—42.
Lang	

NAYS

HONOURABLE SENATORS

Asselin	Macdonald
Choquette	Molson
Fournier (*Madawaska-Restigouche*)	O'Leary
	Phillips—7.

OFFICIAL REPORT (HANSARD)

SENATORS' STYLE OF ADDRESS—QUESTION

Hon. Mr. Godfrey: Honourable senators, I have a question to address to the Leader of the Government.

For years I have been puzzled as to why in Senate *Hansard* members of this house who speak are designated as "Honourable Mr." I presume, because of this, that they had appropriated to themselves the title of "Senator" to which they were not technically entitled. However, in the proceedings of standing committees I note that the members of this house who speak are designated as "Senator". Furthermore, in the *Minutes of the Proceedings of the Senate*, a member of the Senate is designated as "the Honourable Senator." My question is: Why has this house not effected uniformity in the printed reports of the Senate and discontinued a form in Senate *Hansard* which appears to be archaic?

Hon. Mr. Martin: I am sure, honourable senators, that that would be perhaps the only question relating to this house that would make us archaic.

I understand that this matter has been raised a number of times, particularly by the Editor of *Hansard*. It was brought to the attention of at least two of the Speakers, and I hope that Senator Deschatelets will not object if I remind him that this matter was brought to his attention when he suggested to his inquirers at that time that he would take the matter up with the Leader of the Opposition and myself. If the Leader of the Opposition and I can afford to be in the country at the same time, I would hope, Madam Speaker, that you would be good enough to carry on where Senator Deschatelets left off and deal with this question.

Hon. Mr. Phillips: Supplementary to that, I am sure that the Honourable Senator Godfrey inadvertently left out my favourite description of those honourable senators who support the Liberal Party, and that is "Martinized." I feel there should be a description calling them "Honourable Martinized Senators."

Hon. Mr. Langlois: Not even funny.

Hon. Mr. Phillips: It will be more appropriate later today when the wiretapping bill comes up.

Hon. Mr. Buckwold: We could have expected that. We will send that to the dry cleaners.

Hon. Mr. Martin: You must never make any threats.

ELECTION EXPENSES BILL

BILL TO AMEND CERTAIN ACTS—THIRD READING

Hon. Azellus Denis moved the third reading of Bill C-203, to amend the Canada Elections Act, the Broadcasting Act and the Income Tax Act in respect to election expenses.

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

● (1420)

OIL EXPORT TAX BILL

SECOND READING

The Senate resumed from yesterday the adjourned debate on the motion of Senator Macnaughton for the

second reading of Bill C-245, to impose an oil export tax under the Excise Tax Act and to allocate certain of the revenue derived from the oil export tax.

Hon. Arthur Laing: Honourable senators, I despair at once of attracting the interest of the house or of the galleries which would have been generated had the debate proposed by the Opposition taken place instead of this one. But I am not going to accept any diminishment in the importance of the debate with which I am concerned because I am of the opinion that involved in this legislation, and because of the implications of the actions adopted by certain nations, we in Canada are confronted today, in common with a large number of nations, with one of the most serious set of circumstances in recent history.

The Minister of Finance uttered the following words:

> Normal competitive forces of supply and demand have not been responsible. Rather, these disruptions have been brought about by a deliberate monopoly pricing decision on the part of the main oil exporting nations. As is the case with all other countries affected by this deliberately concerted jacking up of price, we are compelled as a national government to adopt a national policy to protect the broad public interest.

Very importantly he noted also:

> Further, a trading nation like Canada can never insulate itself in domestic pricing from the influence of world prices for internationally traded goods, commodities or services.

Finally, he frankly admitted that the situation within our country raised a constitutional issue between the central government and the provinces.

The political purposes of the OPEC nations remain, I think, undefined. If continued by methods of embargo and preposterous pricing, this is a ruthless attempt at crowbar dismantling of Western economies. If successful, this is a most massive assault on a civilization ever attempted, a civilization which has produced more improved standards of living, more security, a greater degree of freedom and egalitarian progress in the third world of emerging nations than any other chapter in human history.

There is the suggestion that the disease could be catching. It is said that the nations who produce bauxite and alumina are meeting to post prices. If these great concentrations of international extortion are so organized, then quickly all world producers of wheat could, for a short period at least, extract from the needy as much for a bushel of wheat as the OPEC nations now want for a barrel of oil.

It is unthinkable that all the efforts and sacrifices of mankind through the ages can produce nothing better than this self destruction.

I want to make reference to the warning issued by our Prime Minister on Christmas Eve, when he pointed out to the Arab nations that there was great danger in what they were doing, because they were inviting retaliation.

That warning was timely. I think the Prime Minister was the first head of any nation to issue that warning, and within 48 hours it received a reaction from those nations, who said they were going to postpone a further reduction of shipments of 5 per cent.

Not only does embargo hurt, but we cannot pay these prices for oil. Alternative sources of energy are almost within our grasp.

While the general plateau of world energy costs is expected to rise, there is general agreement that no oil can for long command a price in excess of $7 per barrel; and probably, with new world discoveries—Indonesia, the great gamble of the North Sea, our own Arctic, Canada's 165,000 miles of shoreline, and, finally, Africa in the general Nigerian area—we shall again be in a surplus position.

It could be further argued that alternative sources of energy, including gasification of coal, atomic energy, and finally fusion power, will discipline all energy costs.

This bill, most competently described for us by Senator Macnaughton and effectively dealt with by Senator Macdonald yesterday, has a broad application to Canada's future situation.

The bill is made necessary not by any limitation of even our current resources of oil or gas, but only because of our extraordinary geography.

Canada today is 98 per cent self-sufficient in oil and gas, but, as with many things in Canada, we say it is in the wrong place, and at this moment we do not have the equipment to put it in the right place.

It is now some five years since I quoted that 84 per cent of the population of Canada was living within 200 miles of the United States border. The latest information I have is that we are now hugging the border, and 84 per cent of Canadians are now living within 150 miles of the United States border.

Our industry and population are spread, substantially, 4,000 miles wide and 150 miles deep. Equitable legislation and regulation on behalf of all Canadians has always been a challenge to the central government in Canada.

Our predominant employment is in the industrial heartland of central Canada. Our resources, including all our petrochemical resources, are predominantly located at present west of Winnipeg and in the Canadian North. The economic challenge of Canada has always been to get people and things from one part of the nation to another.

I have no desire to trespass on our house rules by discussing aspects of the legislation which will be contained in a second bill, but I do wish to discuss the suggested disposition of the great sums of money flowing to the national treasury from this legislation.

There is a commitment that 50 per cent of the funds will be returned to the producing provinces. A substantial allocation to search and exploration has been indicated, which I most heartily endorse. Very wisely, it has been decided to review some of these matters when the premiers of the provinces meet the Prime Minister and his ministers on January 22.

Our Prime Minister and the Honourable John Turner have both frankly acknowleged the critical constitutional issue involved in these discussions. We cannot amend our Constitution by a tax bill, nor is there any intention to do so. The jealousy of the provinces over control of their resources is fully understandable, and their position is obviously equally fully recognized by our Prime Minister.

The Minister of Energy, Mines and Resources, the Honourable Donald Macdonald, very wisely has brought together a committee of executives of our oil-producing companies. It is equally important that he bring together the industrial users of oil and gas and ask them for their cumulative advice, because uses and costs, particularly in the chemical industry, are fantastically involved.

Energy, as an input in production, ranges from only 2 to 12 per cent. I think it is 12 per cent in the case of aluminum. That is the percentage input of energy in the final price. But the chemical qualities of both oil and gas are such as to be of critical importance in all petrochemical operations.

I am told that in the United States the effect of increased oil costs has already added $17 billion to the cost of petrochemical products in the United States this year.

Dislocations of the most serious kind are confronting many industries and could lead to very serious unemployment in central Canada. The efforts of the national government exemplified in this competent emergency bill should minimize that disruption.

The emergency nature of this bill temporarily amends our historic reliance on the market system. It is an emergency bill for an emergency situation. Any nation which relies upon world trade to the extent that we do in Canada cannot but regret this action and hope that a return to common sense will ensure a return to common practice.

I have noted in the last 48 hours that there have been some complaints in the United States of America against the action of the Canadian government, because in order to protect ourselves and to provide protection for Canadians in all parts of the country we have imposed upon the United States a cost for Canadian oil equal to the cost of the oil they would have to bring in from other outside sources.

● (1430)

I cannot see that our American friends have any complaint at all. It is less than four years ago that they made the strongest possible representations to the Government of Canada that we should self-impose upon ourselves a reduction in exports of Canadian oil to the United States, then running at the rate of about 800,000 barrels a day, down to 588,000 barrels a day. In other words, they told us at that time that we were exporting to them at a very low cost some 200,000 or 250,000 barrels of oil per day which they did not want at any price at all. Well, we did not self-impose and they did not impose a quota upon us, and I rather think that at the present time they are extremely glad that they did not. Now, of course, they want from us as much oil as they can possibly get. So I do not think they have a legitimate complaint against Canada in respect of the action that has been taken in light of the attitude which prevailed in March 1970.

If we believe in a ceiling of $6 or $7 per barrel of oil, what should we now do to ensure our industrial security in the future? We have already staked out enormous reserves in coal and tar sand oil. We know we have coal for 600 years. We know the Athabaska bitumins contain 600 billion barrels of oil, of which at least half are recoverable even with present practice, and present practice is due for early and enormous improvement. We are at the point of certifying Arctic gas sufficient to justify a pipeline. Since plenty and not shortage is our blessing, we must develop these resources as soon as possible.

It is apparent that both frontier gas and tar sands oil require both external funds and external markets for their development. The government of the United States has launched a program of self-sufficiency in energy by 1980. There is no question of their ability to be self-sufficient. However, I would despair of their timing.

Their program comprises coal gasification, atomic power, geothermal sources, fusion, and a serious look at their oil shales, reputed to cover 16,000 square miles and to contain oil equivalent to our Athabaska tar sands. This was a particular favourite of Secretary Udall when he was Secretary of the Interior, but he failed in selling the idea of proceeding with the development of the oil shales to the government of which he was a member.

There is no question that their shale would cost at least $2 per barrel more than oil from the Athabaska tar sands. The capital required for realistic shale development is fantastic—probably of the order of $100 billion. If embarked upon, this investment would have to be protected in the same way as the U.S. oil industry has long been protected from cheap offshore oil.

We could see in Canada both our frontier gas and tar sands oil put away in cold storage for a generation because we do not have the market to justify the massive production volume necessary to achieve favourable unit cost. I am suggesting immediate discussion with the U.S. authorities toward co-operation in developing resources in Canada that could be of enormous benefit to both our nations. I am not talking about "continental resources". In the past I have been as vocal as anyone in taking a stand that the resources of Canada, because of their attractiveness for the future for both capital and population, should never become continental resources.

I believe that security of delivery, in the interests of the United States, could be ensured by treaties between our two countries. I further believe that most of the financing could be secured by debenture and that the developers could be Canadian companies.

Are we attempting to negotiate Prudhoe Bay gas by the Mackenzie Valley Line in order to facilitate delivery of our frontier gas? An interested American segment now proposes to liquefy that gas from a line parallel to the Aleskaya Oil Line. It costs 50 cents per 1,000 feet to compress 630 cubic feet of gas to 1 cubic foot of liquefied. El Paso's interest, of course, is to ensure retention of this gas for the hungry markets of California rather than make delivery to the Chicago area. These are matters upon which we should now earnestly engage in discussion with U.S. authorities.

In all this, it is obvious that I consider the present and future beneficial market and industrial relationship of Canada to lie within the geographic area of this continent. This is exactly what I believe. Europe will remain important to us. The Pacific is opening up great new avenues of trade. However, our proximity, our common derivation and our complementary resources will continue to give first importance to all our relations with the United States of America.

I have little patience for a myopic nationalism aimed principally at denigrating our neighbour. It was as late as 1940 that the greatest Briton of his age called upon the new world "in all its strength and might to come to the rescue and the liberation of the old." When I see what is happening to the American dollar I believe the Macedonian cry may be repeated again.

The Statue of Liberty bears these words:

Give me your tired, your poor,
Your huddled masses yearning to breathe free,
The wretched refuse of your teeming shore,
Send these, the homeless, tempest-tossed, to me.

It should be obvious that those huddled masses contained a vast competitiveness and a great character.

Our small nationalists not long ago were the "leave it in the ground people," some going so far as to suggest we had so abused our resources that we should reserve their use for later generations with more intelligence. At the moment we have a surplus of self-flagellators; we have history's most comfortable group of pessimists in the Club of Rome, and we have some environmental bureaucrats, who could not light a fire if given matches, disrupting enterprise.

We have had some terrible people in this world, honourable senators, of late. I am referring to hijackers. This is the worst kind of criminality in the memory of anyone living, and probably the most despicable in the history of the world. Their common cunning, however, gives them a common phrase, that being, "Don't shoot the pilot." My advice to governments interesting themselves more and more in industry, provincial governments talking about taking over oil administration, other governments talking about exercising more power in respect of industry, is, "Don't shoot the pilot."

We are dealing with industry here, particularly in the energy field and the oil industry, which has probably the most competent group of technologists the world has ever seen. I am not talking only of the fantastic competence of geologists but right down to that of the men who work with their hands, some of whom have been all over the world. They have worked in the hottest places in the world, and they are now working in our Arctic. These people have incomes as high as $1,200, $1,400 and $1,600 per month. It is costing those companies which are operating in the Arctic today $28.50 a day to feed a man, and $14.50 to put him to bed.

● (1440)

We are dealing with extremely technological subjects, and I cannot comprehend these businesses directed by politicians and operated by civil servants. If we get into that, I think we will wind up like the unfortunate merchant who found he had a price list but no bananas.

I believe that the world has competence and plenty in every sphere. I have, out of some interest in and knowledge of agriculture, predicted that the world will be in a surplus position in food, if not by the end of 1974, at least in 1975. Last year the United States of America exported $17 billion worth of food, up from $7 billion three years earlier. The competence of production and manufacture today is unbelievable. We have enormous competence for illimitable production. We have the ability to have plenty in every field.

Having been the minister responsible for national resources, I have some slight experience in this field. At one time I was able to convince the Government of Canada that in order to open up our Canadian north we should offer the explorers and discoverers 40 per cent of the cost of exploration, on condition that if they found a mine that was operable they would return the money to us; if they found nothing we would write it off. We had people from all over the world coming to the Northwest Territories and the Yukon, with the result that this year the Yukon alone, with a population of only 18,000 people, produced $147 million from mines alone.

I believe in the leg-up theory. I believe in using the most competent, independent private-enterprise people, assisted by government. On that policy I also convinced my colleagues in the Cabinet at that time to go into Panarctic Oils. I was not a socialist, but there were 20 little oil companies around Calgary who were going to fail because they had no money to dig a hole. They said they needed $20 million to dig 16 holes; they could get $11 million, could we put up $9 million? My first proposal was that we give them the $9 million, but the government of the day felt that was too generous, so we took equity in Panarctic Oils to the extent of 45 per cent. There is nothing wrong with that at all, because we are exploring and finding new great resources in the Canadian north.

I think it is important to Canada that we build this nation in depth; that we bring down those resources. It is important to our income in the future that, as quickly as possible, we meld the higher cost resources from those areas with the cheaper and declining amounts of our resources in Southern Canada. I am talking at the present time of self-sufficiency, ability to export, great resources capable of looking after our interests in Canada, and at the same time being competitive with other parts of the world.

This is an important measure. I approve of this bill. I think it is extremely competent, that it meets the conditions of Canada at this time. However, I do not want this to continue indefinitely, and I am quite certain that the governments, federal and provincial, would like to have thought that it was unnecessary. I am quite certain that when the responsible leaders of our nation here and the responsible leaders of our provinces come together in Ottawa on January 22 they will sit down, take counsel with one another and, while this kind of thing is best at this time, will try to find a way to get back as rapidly as we possibly can to the basis of enterprise where we can deal with other nations to our best advantage and to theirs.

Hon. George van Roggen: Honourable senators, I think it suitable that as a Westerner I also should make a few remarks on this bill. Senator Laing has already dealt with several points that I would otherwise have touched on, and has done so more ably than I could. I will therefore keep my remarks comparatively brief.

In the past four months, a very short period of time, the Arab nations, or basically the oil-producing countries, including Venezuela, have driven up the world price of oil by 400 per cent. To put it mildly, this has had a traumatic

effect on the economies of the Western industrialized nations, because oil is the very lifeblood of the economies of those nations. There is no question but that in this traumatic and unusual situation unusual remedies are necessary. Canadians must stand together for the common good at this time. I certainly support the export tax mechanism that is being employed in an emergency situation by the government, and I support this bill. However, I do wish to point out some of its ramifications.

First, let me agree with Senator Laing that it is a short-term measure. It must be because we cannot isolate ourselves, the Minister of Finance has stated, from world prices and world energy supplies.

What is the cost to the producing areas, not to the oil companies but to the provinces of Alberta and Saskatchewan, which produce nearly all of our oil on the basis of the $6 limit that will be coming into effect with the export tax on the first of next month? We export approximately one million barrels a day, and we consume domestically approximately two million barrels a day. We produce two million; we export one million, and we import one million. Geography makes it impossible for us to supply the imported oil in the East at the moment.

One million barrels a day, or 365 million barrels a year, at $6 a barrel gives us just over $2 billion a year coming into the coffers of the federal government from a resource owned by the people of two Western provinces. Reference has been made to the fact that possibly 50 per cent of this money will be returned to those provinces. Hopefully a further portion of this money will be used for exploration.

This export tax has another effect, on both the people of the producing areas and the people of Eastern Canada. The export tax of $6 a barrel has the effect of keeping the sale price of oil in Canada at $6 below world prices, as set in the Chicago market. Therefore, another $2 billion a year is being provided, not in cash but in subsidy, to the Canadian consumer by the producing areas. You are now talking of a mammoth total figure of possibly $4 billion a year—an enormous sum of money—brought about by emergency measures that had to be improvised in a very few months because of a strange and unusual world situation.

● (1450)

The very magnitude of these figures tends to chase questions of principle out the window. If we were dealing with only $50 million or $100 million it would be very simple to say in terms of principle that these moneys belonged to the people of the producing provinces and that, if a burden was being imposed on them to subsidize the price of oil in other parts of Canada, they should be reimbursed by all the taxpayers of Canada for having that burden cast on them. But when you get into figures as large as we are faced with today and a situation as traumatic as today's, these principles tend to go out the window.

However, I do not intend to let this opportunity go by without reminding honourable senators of the simple facts of life. You may ask why I, as a British Columbian, am so concerned. I am concerned for several reasons. We do not have oil in British Columbia, but we do have natural gas which has been selling for 20 cents at the wellhead in the past, but which is now being sold on contract to Quebec for 40 cents at the wellhead plus the cost of transportation.

Senator Laing referred to the possibility of liquefying the gas in Alaska rather than bringing it down the Mackenzie by pipeline. As a matter of fact, El Paso would rather have it liquefied because, even though it is more expensive to liquefy it, the cost is meaningless. In California they are so short of natural gas, or are on the threshhold of being so short, that they would rather pay $1.25 for liquefied gas than to let 60-cent or 70-cent gas go to Chicago.

That is the world we are coming into. We are never going to see four-dollar oil again. We are never again going to see gas selling at 20 cents, 30 cents, or 40 cents. We are not going to be able to maintain beyond this winter the low prices that are being maintained at the moment in Canada for petroleum and heating oil.

Also as a British Columbian and as a Westerner I am concerned about other products which might come into short supply. There has been talk about two-priced lumber in Canada. It would become a different story if these same principles were applied to lumber and if, instead of taking money away from some international oil companies or from the provincial governments of Alberta and Saskatchewan, you started to ask the men working in the woods in British Columbia to take home 50 cents an hour less in their pay cheques. That would be a different kettle of fish.

There has also been talk about two-priced fish. Many of our other resource commodities in Canada might well increase in value substantially in the next few years and lead to similar problems, although on a lesser scale, admittedly, than is the case with oil.

So we must keep the principle in mind, and the principle is quite simple. An export tax is the same thing as an export tariff. The people in the extremities of Canada who have gone through the first 100 years of Confederation with an import tariff on manufactured goods, which has worked to the benefit of central Canada and generally at the expense of the extremities, should not now be asked to go through the second 100 years of Confederation with export tariffs on their resources in the extremities of the country.

Hon. Mr. Laing: Hear, hear.

Hon. Mr. van Roggen: I would appeal to my friends from the Maritimes that they not concentrate wholly on the short-term advantage of keeping the price of their gas down to 50 cents at the pump as the only problem we are faced with at the moment, because they might well find they have success in finding offshore oil in the Maritimes in the course of their explorations there in the next number of years. Will they, when things have settled down and this immediate crisis is over, then be wanting to sell that oil at $4 a barrel instead of at the world price of $10 a barrel? I do not think that would be in their best interests.

Hon. Mr. McElman: It is 75 cents at the pump now.

Hon. Mr. van Roggen: What I am saying is that as Canadians it is important that we address our minds to what we do with the substantial cash revenue that is coming from this export tax. We often like to think that in Canada we are swimming in raw materials and swimming in cheap oil. Some people, including the Minister of Indus-

try, Trade and Commerce, have even suggested that we will keep oil at an artificial, low price in Canada, and that this will give our industry a competitive advantage over other industries in the world.

Let us look at the facts of Canadian oil for a minute. We have a very low reserve at the moment. There is only about ten years' supply, or about ten billion barrels, proven in Alberta and Saskatchewan. There were 4,000 wells drilled in Canada last year. Three thousand five hundred of them were drilled in Alberta. I would suggest that that is sufficient saturation in that province to indicate that there is not a large undiscovered mass of oil deposits waiting to be discovered in Alberta. So where is our new oil in Canada, if we are going to find it in such quantities that we can be more competitive by having cheaper oil than any other place in the world?

We know that there is oil in the tar sands—and I will come back to that in a moment—but the oil in the tar sands is a very expensive commodity. It might be produced at about $6 or $7, as Senator Laing suggested, but in my opinion with the normal rate of inflation over the four or five years it will take to put even modest amounts into production that figure is going to be about $10.

If the Arctic is suggested as a source of oil, it is true that great discoveries have been made in finding gas, but there has been practically no oil. I am not suggesting we will not find oil there; hopefully, we will, but we have not yet found a Canadian Prudhoe Bay. The average oil well drilled in the Arctic costs about $3 million. In Arabia the wells are drilled at about $50,000 per hole. They just have to drill a couple of thousand feet down into the sand. Does anyone think seriously that we are going to have cheaper oil in Canada than Arabian oil.

Hon. Mr. Phillips: Pardon me for interrupting you, senator, but as I have not been able to receive accurate information from any government organization, perhaps you could answer my question. What does it cost to drill a hole on the Atlantic Coast—by that I mean the Maritimes, the Atlantic provinces and Quebec?

Hon. Mr. van Roggen: I am not in the oil business. I cannot give you precise figures. I do know, however, that deep sea drilling—and I was just coming to that—is at a cost comparable to that of our Arctic drilling. Some wells in the North Sea are running at a cost as high as $1 million to $2 million per well. Some of them may be even higher than that.

Hon. Mr. Phillips: Did you say $1 million to $2 million?

Hon. Mr. van Roggen: Yes, but some figures I have heard go as high as $5 million per well.

Hon. Mr. Phillips: Five million dollars is the figure I wanted. Thank you, senator.

Hon. Mr. van Roggen: At any rate, it is extraordinarily expensive, and that oil, if it is found, is going to be very expensive when they bring it to the market.

We are looking, therefore, at the bonanza of revenue from this export tax on a short-term basis until the world situation straightens itself round, and until the Americans are able to tap the Prudhoe Bay oil in Alaska. I might say to you that while there are only 30 billion barrels of oil specifically proved on the north slope, the oil that they have there by inference, and which some knowledgeable people to whom I have spoken are satisfied exists there, runs to ten times that quantity. They are satisfied that they have a pool of oil there unmatched outside of Arabia, and much cheaper than our oil in the tar sands. That is conventional oil. It is on the north slope, not on an Arctic island, and it can be brought to market at a figure of about $4 or $5 as opposed to the tar sands oil which would be much more costly. So we may be looking at a situation in which our oil not only is not cheaper than American oil but, on the contrary, is more expensive.

[Hon. Mr. van Roggen.]

● (1500)

The point I am trying to come to is that we must, as Canadians, level with the Canadian consumer, and explain these facts to him, pointing out, "Fine, everything that can be done will be done to alleviate the unfortunate economic consequences falling unevenly across the country, but in the long haul we in Canada are going to be consuming one-dollar gas, not 50-cent or 75-cent gas, that we have been used to in the past." We have to get people's minds conditioned to this. We have to get ready for this.

We have also to get ready to use the moneys that are coming from this tax, not just to keep the price of oil, gasoline and heating oil down and having that money dissipated in that way, and then not having the massive funds needed to develop the tar sands and Arctic oil. We have got to save these billions and add them to further exploration capital, and I have heard figures as high as $40 billion and $80 billion quoted. These sums will be necessary in the oil industry alone, in Canada, to produce the needs of this country, to say nothing of maintaining a reasonable level of exports to assist our balance of payments. Funds of this magnitude must be found for exploration purposes alone within the next 15 years, so that this country will never be held hostage to a world energy crisis again.

To avoid that we should build the pipeline to the East, whether it is economic or not. We must never be held hostage again. We must take the funds now becoming available from the export tax and elsewhere, and start plowing them into massive development of the tar sands, offshore oil, and Arctic oil, if we are to be self-sufficient in this resource and immune from this type of crisis and blackmail in the future.

Canadian consumers are going to have to come face to face with the unfortunate fact of life that we have simply been enjoying energy at too low a cost for too many years. I think Canadians are intelligent enough that these facts can be placed properly before them. They will appreciate what must be done and, therefore, will support a great national endeavour to see that we have ample Canadian oil and gas reserves developed and made available to all Canadians by a proper pipeline network.

Hon. Orville H. Phillips: Honourable senators, my remarks on this occasion may be very vivid, for the simple reason that I am a representative of the Atlantic provinces. I make a distinction between the Atlantic provinces and the East. Most of the people in Western Canada think that the East ends at Ontario and Quebec. It does not, honourable senators. We in the Maritimes still feel that we are Eastern Canada.

The bill before us, admittedly, is a compromise, and everybody accepts the compromise with the idea that

having achieved a compromise we will automatically achieve a solution. I would point out that the present policy as outlined by the government—and you will pardon me if I say that the government changes its viewpoint on the hour, by the hour—it would be delightful, honourable senators, if, when listening to the time signal from the Observatory and hearing, "In 10 seconds it will be one o'clock," we could also have a declaration of government policy. Would it not be wonderful to find out exactly what the government is thinking at that time on, say, the export tax; what the government is thinking about development—what the government is really thinking, in fact? But then, I suppose that would be impossible. When you ask what the government is really thinking—

Hon. Mr. Hastings: Where are the Tories?

Hon. Mr. McElman: They do not think.

Hon. Mr. Phillips: You had the Tory platform made out, and you had it mailed to you. If you had not been so busy being "Martinized" you would have had the time to read the Conservative platform—the doctrine as outlined by Mr. Stanfield. It is a rather good one. It is one that I would recommend to you, Senator Hastings. You, as a member of the Liberal Party, have forgotten the energy crisis in this province. You have taken the attitude that you must destroy Lougheed. What are you doing for Canada when you attempt to destroy Lougheed?

Hon. Mr. van Roggen: Mr. Blakeney was in the same boat as Mr. Lougheed, and I supported him.

Hon. Mr. Phillips: I am sorry, I did not hear your interruption.

Hon. Mr. van Roggen: I just wanted to make the point that in my remarks I was careful to refer to both Alberta and Saskatchewan, because here we have a Conservative government and an NDP government, at opposite poles of the political spectrum, and both basically being required to take the same position.

Hon. Mr. Phillips: But then, Senator van Roggen, you must recognize the fact—and you, as a senator from British Columbia, must be particularly aware of this—that basically the NDP policy comes from Mr. Lewis, and Mr. Lewis is your leader, and you have to accept his viewpoint.

Hon. Mr. van Roggen: I thought you were talking about Mr. Lougheed. I am sorry.

Hon. Mr. Phillips: If you will read his statement—

Hon. Mr. Buckwold: May I ask a question?

● (1510)

Hon. Mr. Phillips: The honourable senator may ask his question after I have replied. Senator van Roggen will realize, having read the press lately, that Mr. Blakeney is sure that he will get what he wants. That can lead to only one conclusion, that there has been consultation between Mr. Blakeney, Mr. Lewis and Mr. Trudeau, and they have made an arrangement.

The NDP premier of British Columbia—I am sorry, but for the moment I cannot recall his name.

Some Hon. Senators: Barrett.

Hon. Mr. Phillips: I thought Barrett was a Liberal member in the other place. However, that is all right. You cannot disassociate yourself or your partner, Senator van Roggen, from the alliance between the NDP and the Liberal Party. You are both responsible and you are both to blame.

Hon. Mr. Buckwold: The honourable senator made the statement that Mr. Lewis was the leader of the Liberal Party. May I ask what party Mr. Lewis led yesterday in the House of Commons?

Hon. Mr. Phillips: I had anticipated that question. I am glad the honourable senator raised it. I make no apology for asking the following question of my Conservative colleagues in the other place: Did Stanley Knowles lead them? I make no apology for asking that question. That is my viewpoint, and I shall not retract that now or later in the debate.

I had anticipated the interruption of the honourable senator, and I was quite prepared to answer it later on. It was no surprise to me that it came a little earlier. Perhaps I should not say that it came as no surprise, but I wondered how much "Martinization" the honourable senator had gone through to interrupt at this stage of the debate.

Hon. Mr. Martin: It sort of hit home, though.

Hon. Mr. Phillips: It did not hit home, Senator Martin. We have the right to send legislation back to the House of Commons, and the House of Commons has the right to return it to us. I see no reason why we should develop this as being the ultimate question facing us at this time. Actually, there is a far more important question facing us, the Energy Supplies Emergency Bill.

Hon. Mr. Molson: On a point of order.

Hon. Mr. Phillips: Let us deal with one bill at a time, and let us not confuse them. Does that answer your question, Senator Molson?

In dealing with the export tax, it is difficult to assess the government's position as applied to the Maritime provinces. Traditionally, unfortunately—perhaps "traditionally" is the wrong word; perhaps "historically" is more correct—gasoline products in the Maritime provinces have always cost more than they have in the rest of Canada, despite the fact of the so-called Ottawa Valley line. Admittedly a great deal of this extra cost is due to the fact that the provinces have imposed a gasoline tax that is extremely high. The provinces, I am sure, did not enjoy imposing that tax. They thought it was necessary because the Atlantic provinces have a very small tax base, and therefore they had to turn to the most popular tax item, which is gasoline.

Some honourable senators might think that it would have been more logical for the Atlantic provinces to have turned to the liquor control commission for their tax revenues rather than to tax gasoline. But I assure honourable senators that residents in the Atlantic provinces use far more gasoline than any of the products of the liquor control commission.

The present bill will self-destruct on, I believe, April 1. In my opinion, the bill is deficient in this regard. What a wonderful situation it would be if the present government agreed to the principles they have laid down in the bill,

and if both the bill and the government self-destructed on April 1.

Here, honourable senators, we are giving authority to the government to continue until April 1 a certain tax measure, knowing that it will expire. This in itself is really not that bad. Once we have approved this measure it is obvious to the provincial governments, as well as to the federal government, dumb though it may be, that we are also giving them complete authority to go to the dominion-provincial conference later this month with the attitude that whatever the federal government wants, whatever the federal government decrees, will become law.

If honourable senators have any doubts in that regard, they should read the Energy Supplies Emergency Bill, which is very closely allied to this bill. There they will see that the federal government has emphasized, beyond anything conveyed in the British North America Act, that they have power to say to the provinces, "You will take it and like it, and if you do not like it, you can lump it."

● (1520)

Honourable senators, I am not going to spend any more time discussing the export tax, industrial development, and so forth. I do want to emphasize the point that various estimates from oil companies, economists and political scientists—if you want to include them in the same classification—have predicted that by late April or May 1 gasoline will cost $1 a gallon in the Maritime provinces. Late April or May 1 is the time when the ice breakup occurs in the Maritimes, and the time when fishermen go after herring, lobsters, mackerel, and various other products of the sea. Those fishermen will want to know in advance whether to use diesel engines or gasoline engines. Can the government not make up its mind now, and assist these fishermen in that regard?

Up to this point in time it has been much more economical to use diesel fuel, even though diesel engines are more expensive. Will they have fuel for their diesel engines? If they use gasoline engines, will they be able to get the particular type of gasoline necessary to run those engines? Will they be able to get the premium gasolines? Will they be able to get the particular fuel additives necessary for a gasoline engine?

Honourable senators, between the federal-provincial meeting on energy and the commencement of the next session of Parliament, may I ask—and all I can do as a member of the Senate is ask—that this point receive the highest priority.

The bill before us provides that the federal government will keep a certain portion of the export tax on crude oil, and return a certain portion to those provinces which are fortunate enough to be exporting crude oil. This brings up a very interesting question, and I raise it now. In this regard, we are particularly fortunate in having Senator Lamontagne with us this afternoon. The Minister of Finance stated that the federal government's portion would be retained for development and research, and after a bit of pushing from the Opposition he also included exploration.

Honourable senators will recall that the Special Committee of the Senate on Science Policy spent a good deal of time on this point. Unless I have misinterpreted the recommendations of that committee—and I do not think I have—it recommended that a great deal more of the research and development be carried out by private industry, as it was far more practical than having the government do it. I could look up the recommendation on this point, but I am not going to. I am sure my recollection of it is correct. If it is not, Senator Lamontagne can correct me. The committee recommended that the share of research and development carried out by private industry—and I assume oil companies are private industries—should be increased from 18 per cent in 1969 to 60 per cent by 1980. Yet here we find a piece of legislation giving the government almost unlimited funds to compete with the oil companies. Let us make no mistake about it, the government will be competing with the oil companies in that it will be assigning this amount of money, an unknown amount of money, for research and development

The Special Senate Committee on Science Policy, under the expert direction of Senator Lamontagne, which spent millions—

Hon. Mr. Lamontagne: Not millions.

Hon. Mr. Phillips: Well, more than a million, and the government is now saying, "No, we cannot accept that advice." I find it difficult to believe that a Liberal organization would reject the advice of Senator Lamontagne. After all, he was a former member of the Cabinet. The government also rejected the advice of Senator Cameron, which was better than your advice, Senator Lamontagne.

● (1530)

The idea is to take a certain amount of money, and have the government do research. Who is going to do it? From our studies in the Science Policy Committee we know that we do not have the people to do it. During the committee hearings I asked a former professor of mine how much money he needed for cancer research. He replied, "We don't need the money. We need people with new ideas; we need people with a different attitude. That is our difficulty." I would say to the government, "That is your difficulty. You can lay aside so many millions, but do you have the people qualified to do the research, the exploration and so on? You haven't. Who are you going to send out? Are you going to send Plumptres and Naders to certain areas of Saskatchewan or the Grand Banks of Newfoundland to ask, 'Have you got an oil well here?' You can't do that. You are going about it the wrong way."

The Science Policy Committee recommended that 60 per cent of the research and development, so-called in-house research and development, should be done by the companies. Here we find the federal government laying aside millions, indeed billions, of dollars without any indication of who is to do the research and development.

Last evening it was stated on the CBC news that the National Research Council was under somewhat of a cloud because they were involved with the CIA. I do not believe it. However, that is really immaterial. Who are you going to pass it over to? Are you going to pass it to the National Research Council? When the National Research Council makes a recommendation they do so to the Cabinet. Is that what you intend, honourable senators, that any research and development that could be involved has to go back to the Cabinet, to the House of Commons, and perhaps to the Senate? I do not believe you really want that.

In closing, may I point out the importance of this measure to the Atlantic provinces. Let us assume a 5-cent, 10-cent or 15-cent price difference per gallon on gasoline, crude oil, petroleum products in the Maritime provinces. If you were developing an industry, and looking for a new site, would you do so in one of the Maritime provinces where you will have to pay 10 cents or 15 cents a gallon more? I do not know a board of directors that would recommend that. I think it is time we considered this aspect. The whole idea of DREE is completely destroyed by this price difference of 10 or 15 cents per gallon for petroleum products. No one will develop a plant in the Atlantic provinces knowing of that differential. In addition, no one will open a plant until they are sure of a new supply of petroleum products. We can talk about Shaheen. Shaheen is there not by the grace of God but by the grace of the sheik, and his supply can be cut off at any moment.

By this bill I feel that everything east of Ottawa has been eliminated—blacked-out, as they say on TV. I find it rather strange that a government representing all of Canada would wish to black-out the area east of Ottawa. To quote the Honourable Mr. Turner, the Minister of Finance, on a CBC radio broadcast, "If we, the Liberal Party, handle this situation correctly we could win the next election."

The Liberals feel they have to destroy Mr. Lougheed. We in the East are not interested in destroying Mr. Lougheed. He, like most Canadians in Western Canada, has made an outstanding contribution to Canada. Regardless of the province in which we originated, we have no desire to destroy that individual. We do not understand the argument between the Prime Minister of Canada and the Premier of Alberta. It is totally irrelevant and stupid. Let us get back to the problem that is facing us; let us face it as Canadians, and never mind the attempt to destroy any individual, whether it be the Prime Minister of Canada or the Premier of Alberta.

● (1540)

Hon. Alan A. Macnaughton: Honourable senators—

The Hon. the Speaker: I should inform the Senate that if the honourable Senator Macnaughton speaks now his speech will have the effect of closing the debate on the motion for second reading of this bill.

Hon. Mr. Macnaughton: Honourable senators, in the volatile and emergency situation in which this bill has been introduced I want to take this opportunity to thank all honourable senators for their valuable contributions to the discussion of this matter. In particular, I wish to thank Senator Macdonald, Senator Laing, Senator van Roggen and Senator Phillips.

I have only a few words in summary.

This bill tries to strike a balance between the interests of the Canadian consumers and those of the oil-producing provinces. It tries to ensure a reasonable return for all Canadians from the export of our oil resources. I have already pointed out that this bill self-destructs on March 31 this year. I hope that by that time a more comprehensive, overall energy policy will be the product of the conference of first ministers which will be held later this month.

Keeping in mind the importance of the principles at stake and the major dimensions of pricing and taxation, as well as the considerable amount of revenues involved, may I plead with honourable senators to pass this legislation—I would call it emergency legislation—as soon as possible?

Motion agreed to and bill read second time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Martin: Now.

Hon. Mr. Choquette: At the next sitting.

Hon. Mr. Martin: Yes, at the next sitting.

Hon. Mr. Macnaughton moved that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Motion agreed to.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—MOTION FOR NON-INSISTENCE UPON SENATE AMENDMENT

The Senate proceeded to consideration of the message from the House of Commons disagreeing with the amendment made by the Senate to Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

Hon. H. Carl Goldenberg: Honourable senators, in rising to give my views on this message from the other place, I realize that I am treading on sensitive ground. We are all human beings and I sometimes wish that the critics of the Senate would realize that senators are human too.

We have before us, once again, the Protection of Privacy Bill which we considered some weeks ago and which we sent back to the other place with an amendment.

Let me remind honourable senators that this bill is one on the principle of which all parties were in agreement in this house and in the other place. We all agreed as to its desirability and as to its necessity. It is, I believe, the first legislative attempt to restrict wiretapping to cases where judicial authorization is given.

The bill carefully prescribes the conditions for authorization. It provides that violations of privacy are an indictable offence and that aggrieved persons are entitled to claim damages.

The bill, I think it has been generally agreed, is a genuine attempt to reconcile the rights of individuals to privacy with the right of society to be protected against organized criminal groups.

After consideration of the bill by the Standing Senate Committee on Legal and Constitutional Affairs, the Senate rejected one clause in the bill. It rejected section 178.23, requiring written notification to the person who was the object of the interception, the notification to be given within 90 days after the period for which the authorization was given.

It has been suggested that the Senate committee did not give adequate consideration to the measure. We heard the representatives of one association as witnesses. They were the only witnesses. They were the only group to apply,

because they had not been heard by the committee in the other place.

I know that honourable senators will understand that certainly some members of the committee read the evidence which was submitted to the committee in the other place, and that to have heard the same group of witnesses on the same matters would have been unnecessary duplication.

● (1550)

We gave the measure careful consideration and, as we all know, we rejected this one clause because the committee and the Senate concluded that the clause might have the effect of hampering the administration of justice, inasmuch as it could advise criminals of the location and strategy of police operations.

The Senate has been very severely criticized for its action. You know, I have only been in this house for just a little more than two years, and I am always amazed at the type of criticism we have to face. If we enact legislation speedily, we are called rubber stamps. If we exercise the constitutional authority which the Senate possesses under the British North America Act, we are told that we are doing something that we have no right to do. I do not know how to satisfy our critics.

Hon. Mr. Martin: You cannot.

Hon. Mr. Goldenberg: After all, we have to face the fact that the Senate is here and that it has constitutional powers to legislate.

The British North America Act has been amended a number of times with respect to the Senate, but only by way of increasing the membership when additional provinces were created, or by way of providing for the retirement at the age of 75 of senators appointed after a certain date. There has been no attempt to modify the Constitution in any way so as to affect the powers of the Senate. The Senate, therefore, exercised a constitutional power, which it possesses, in sending the measure back, not because we disapproved of the bill but because we disapproved of one clause.

In the other place the Minister of Justice introduced an amendment which, in my opinion, would have met the criticism and the concern of the Senate. The proposed amendment was introduced and debated yesterday. I was in the gallery during most of the debate. I must say that I regretted the absence of discussion on the merits of our amendment or on the clause in question. There was a great deal of political discussion, but there was, as far as I could note, no discussion on the particular measure.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Choquette: Hear, hear. We all agree.

Hon. Mr. Goldenberg: What was the end result? When this clause was first adopted in the other place it was adopted by a majority of five, and our committee gave consideration to that fact—that is, that it had been adopted by a narrow majority. Yesterday, honourable senators, it was adopted by a majority of 20.

Now we have this bill again before us in its original form. What is the duty of the Senate at this stage? I suggest that our first concern should be, not the Senate, but the public interest.

[Hon. Mr. Goldenberg.]

What is the public interest? I submit to you that the public interest is the enactment of legislation which will control wiretapping and electronic eavesdropping. That is our first concern.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Goldenberg: If that is our primary concern—and I hope that the public interest is our primary concern—do we feel that by sending this bill back to the other place with the same amendment we will be promoting the public interest? I am sure that if we did that, that is what we would be aiming at, but I submit that we would not be promoting the public interest, because the suggested change, in the light of the attitude in the other place yesterday, would not be adopted and the bill would be dropped from the Order Paper. In those circumstances it would be the Senate that would be blamed for preventing the enactment of legislation safeguarding the right of privacy. I hope you will consider this very carefully.

I should point out at this stage that, while we rejected the measure for the reasons I have set out, we had as a witness before our committee the Minister of Justice. The minister said that while he did not like the clause himself, "we ought to try the bill in its present form".

Hon. Mr. Asselin: What is the reference, please?

Hon. Mr. Goldenberg: This is the report of the meeting of our committee, at page 9. On page 10 the minister said:

> ... but, again, I really suggest that we can live with this situation.
>
> I put it that way, because the House of Commons has very thoroughly argued this issue and, knowing where we are in the session, I am concerned that if we do not go along with the bill as it stands, we will not have a bill at all. And, of course, the bill is extremely important because it creates offences of wiretapping by private persons having in their possession electronic intrusion devices, and I very much want to see it become law.

He added, and this is important:

> I take the position that I will want to watch very closely, with the provincial Attorneys General, the manner in which the bill operates in practice, and I will be prepared at an early date to bring back an amendment to the bill, if there is an indication from them that in their experience that is required.

● (1600)

I repeat that I believe this to be an important statement by the Minister of Justice, in the light of what I propose to recommend to honourable senators.

I have another question. We may be told that this is an opportunity for a confrontation with the other place. In principle, I do not like confrontations. Perhaps that is because by profession I am a mediator. Perhaps I am prejudiced.

However, I say to honourable senators that if we want a confrontation—and I hope that we do not—let us pick an issue that warrants a confrontation but not one clause in an important bill, a clause which the Minister of Justice, responsible for its administration, tells us that he can live with. Therefore I suggest that we forget about a confrontation.

If honourable senators accept the recommendation that I propose to make, I have no doubt that some will say that we are surrendering—"The Senate is caving in"! I do not admit that.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Goldenberg: I cannot admit that. We have rendered a public service. We studied the bill. We examined this clause which was brought to our attention. We exercised our right, and we sent it back to give the other place an opportunity to restudy the measure.

The subject has now become a matter of public concern. In my opinion, by our action on the bill we rendered a public service. We exercised, in effect, a suspensive veto.

I know that I shall be told that there is no such thing as a suspensive veto in the British North America Act. But I say to honourable senators who raise the constitutional argument that those of us who have studied constitutional law are impressed by the fact that the law of the Constitution is not necessarily the main part of the Constitution. Usages, customs, conventions of the Constitution are often more important than the law.

If we establish the suspensive veto by convention, by usage, we will have changed the Constitution, without amending it formally. If the Senate were to do this, I suggest we could become more effective because we would be less hesitant, in those circumstances, to amend legislation.

In any event, I am not suggesting that at this stage. I am saying that in effect we have exercised a suspensive veto. We have given the other place an opportunity to reconsider a measure on which we differ.

The other house having chosen to reaffirm its stand, should we disregard that? Can we disregard that? Can we face the Canadian public and say that we disregard the decision taken twice by the elected house on the same bill, particularly in light of the fact that the majority on this clause rose from five to 20?

I am not saying that we should never amend a measure. I am not saying that at all. Nor am I saying that whenever we amend a measure we should agree with the other place if they send the measure back to us. I am saying that it depends on the measure. I can see that in the case of a measure which affects the fundamental liberties of the citizen, a measure which we might consider damaging to those liberties, we would assert ourselves and insist on our amendment. I can envisage a constitutional change affecting something which has concerned us over the years, namely, the unity of this nation, where the Senate could and would rightly assert itself. But let us choose our ground. Let us not disregard the wishes of the elected representatives of the people on an issue such as this.

I think I have expressed my feelings as far as I can go. I say again that we have not exercised a right that we do not possess. We exercised a right which we do possess. But the Senate should, as it has done over the years, exercise its right judiciously and with discretion. In my opinion, we can be a far more effective body if we do that.

Accordingly, honourable senators, I move, seconded by Senator Forsey:

> That the Senate do not insist upon its amendment to Bill C-176, intituled: "An Act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act", and that a Message be sent to the House of Commons to acquaint that House accordingly.

The Hon. the Speaker: It is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Forsey:

> That the Senate do not insist upon its amendment to Bill C-176, intituled: "An Act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act", and that a Message be sent to the House of Commons to acquaint that House accordingly.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Hon. Mr. Lang: Honourable senators, I would like to speak on the motion.

Hon. Lionel Choquette: I want to reply, and we usually alternate.

Hon. Mr. Lang: I noticed that the honourable senator hesitated.

Hon. Mr. Choquette: No. It is because I knew that you were going to damn the government. I was hesitant in letting you go ahead and do it before me.

Before I commence my remarks, honourable senators, I would like to hasten to congratulate Senator Goldenberg for his presentation on a most difficult problem. As usual, he was fair and honest in his presentation on this question.

Also, I wish to point out the fallacy that was repeated in editorials throughout the country during the course of the past 15 or 20 days. One which particularly deserves our notice is that which appeared in this morning's issue of the *Globe and Mail*. I shall not read the whole article; I shall just read an excerpt. At the end of the article it says:

> The Senate has no choice in the matter. If it rejects the bill a second time, it will call into question the whole constitutional position of the Senate. This is a question which certainly should be debated, but not in the present time of passion and emergency. The elected representatives of Canada have spoken; the Senate must bow to their judgment.

This, to my mind, honourable senators, is an absolute fallacy, and I propose to deal with it in the course of my remarks.

When we have a situation such as now exists in the other place, where the tail is wagging the dog, this institution must be alert, must study legislation enacted and make the changes we deem necessary.

● (1610)

Another editorial which was most insulting to one of our most able senators, Senator George McIlraith, appeared in the Montreal *Gazette* of today's date. Senator McIlraith had a notable political career in the other place before coming to the Senate, and I know he is quite capable of defending himself. The editorial, in part, states:

> Further grounds for PC and NDP opposition to the amendment is the truculent attitude of the likes of Liberal Senator George McIlraith, who has indicated that the Liberal Senate would again reject the bill should the House of Commons again pass it in the form it originally went to the Senate.
>
> The appointed senators must either flout the will of the elected members or accept the original bill. Senator McIlraith's statement reflects on the supremacy of the Commons and was reason enough for the Tories to join the NDP in holding out the original bill.

I leave it to my former classmate at Osgoode Hall and long-time friend, Senator McIlraith, to answer this editorial, together with other accusations of like manner.

Hon. Mr. McIlraith: May I have a copy of the editorial?

Hon. Mr. Choquette: Yes. I am sure you have not seen it; you cannot read all the editorials.

Hon. Mr. Molson: Fortunately.

An Hon. Senator: Especially in the *Gazette*.

Hon. Mr. Choquette: Honourable senators, the first thing I want to say with regard to what happened in the other place yesterday is that it is a good argument in favour of having a second chamber, an appointed legislative body. The behaviour of the other place yesterday was that of juvenile irresponsibility. We have already heard that they did not go into the merits of the bill at all.

The NDP, who are obsessed with the idea of abolishing the Senate, saw an opportunity to humiliate us. They obviously tried to take a good, hefty swing at us to, as they would have it, put us back in our place. What disappoints me—and this was thrown at us a minute ago—is that so many Conservatives supported the NDP in this respect.

Hon. Mr. Buckwold: All of them.

Hon. Mr. Choquette: I am going to be fair in my presentation—just as fair as Senator Goldenberg was. I think the Conservatives supported the NDP not so much out of any desire to humiliate the Senate, but rather to embarrass the government, to see the government defeated in the Commons. That is my opinion. Those who believed that defeat of the government on a matter such as this would lead it to resign were not thinking too clearly.

What seems to have figured least in all that went on in the other place yesterday was our amendment. Very little serious consideration was given either to our amendment or to the compromise offered by the minister. The minister suggested that a judge be entitled to decide whether a person who has been bugged should be made aware of it within 90 days of the bug being removed. That is a sensible compromise. However, a sensible compromise was not what the elected chamber was after. The three opposition parties were out to make political gains. That is unfortunate, but it serves admirably to point out the value of an appointed body such as the Senate that can consider legislation coolly and calmly, without being forever subject to intense political pressures.

Our amendment was not given serious consideration, and I cannot repeat that often enough. I resent that. I resent the fact that no effort was made, of which I am aware, to consult with the Senate before sending this bill back to us in its original form. We were ignored completely. There was not a phone call, that I know of. There was no communication by the representative of this chamber in the Cabinet, who happens to be the Leader of the Government in this chamber. I do not know of any communication. I was the Acting Leader of the Opposition. I never even received a phone call saying that these people might get together with us. Nothing at all. We were not even given the courtesy of consultation. I do not think we should take that lying down. The attitude that we should back down as soon as an amendment is sent back because we are not an elected body is utter nonsense.

The Senate of Canada is part of Parliament. It is a legislative body equal in power and authority to the other place. Our prime responsibility is to review legislation. This body was constituted to watch out for what might be done by that other body.

We were in good company, honourable senators, when we sent this bill back with amendment. We were in the company of the minister, whose motion along this line had been defeated by only four or five votes. We were in good company when we were in the company of all the Attorneys General of all the provinces of this country. We were in good company with the RCMP at large. We asked Mr. Adamson, who represented all of the Chiefs of Police in Canada, whether we had the RCMP in our favour in considering this amendment, and his answer was that we did.

Those senators on the committee who decided this question were qualified to do so. If we look at the Minutes of Proceedings we see that the Honourable Senators Buckwold, Croll, Eudes, Hastings, Laird, Lapointe, McIlraith, Neiman, Quart and myself were present. Also present, but not members of the committee, were the Honourable Senators Argue, Cameron, Carter, Godfrey, O'Leary and Sparrow. All of these honourable senators, even though they did not have the right to vote, were in favour of the amendment which has now been rejected by the other place.

Honourable senators, I do not intend to belabour the matter further, except to point out to you certain questions asked and answers given on the morning before this bill was sent back to the other place with amendment. On page 14:9 of the committee proceedings on this bill Senator Croll said this:

> Let us get the two objections; let us put them this way. We realize you are dead against the notification.

That is the clause in question. And a little further on, again, Senator Croll said:

> May I put a question to the Minister of Justice, Mr. Chairman? He is a witness today.
>
> What is your reaction, sir, to the 90-day provision and the immediate tap? How do you meet the arguments put forward by the chief?

And the minister replied:

> Well, Mr. Chairman and senators, my position here is an intriguing one today, because on the question of the notice I myself moved an amendment in the House of Commons to delete that particular section and it lost on a fairly close vote.

So we were in good company when we were in the company of the Minister of Justice.

Further on in the committee proceedings at page 14:10, Mr. Adamson had this to say:

> As a Canadian, Senator Croll, I am more concerned with the far-reaching effects of this bill than I am with whether this bill passes the house or not. That is the way I feel. I don't think it is right and I don't think it is fair to the citizens of Canada to pass the bill as it stands.

● (1620)

Further on Senator McIlraith had this to say:

> As I understand the operations of criminals—and I have observed them a bit—I do not understand the purpose of notifying them, because, using a much narrower version of organized crime than Mr. Adamson does, it is perfectly obvious that if this kind of surveillance was being used on them, whether or not it resulted in an arrest and a conviction, and the notification were given, two things would happen. One is that they would eliminate that person, or change the personnel; and when I say "eliminate," I mean, literally, in some areas of the country, eliminate that person totally, or they would remove him from the activity he is engaged in in the crime web. So why are we assisting criminals by this provision?

This chief of police gave us about ten cases where criminals were apprehended, in which thousands of dollars worth of heroin and all sorts of money regarding crime were involved. He said he did not have the opportunity to give this type of evidence in the other place in committee. I asked whether in the ten or twelve cases that he had mentioned would he have failed if this clause that we were trying to delete had then been in existence. He said they would not have succeeded in one of them because these people would have been alerted. It took the police more than 90 days to find out who the criminals were, where their phones were installed, and he said that none of these cases, involving millions of dollars, would have been solved by the police.

I then made a few remarks. I do not like quoting myself, but this occurred just a few minutes before Senator Croll decided that we should vote and that we should delete this clause. These are my remarks at page 14:13:

> Senator Choquette: Chief Adamson, do I understand that all the examples contained in your brief were presented to the committee of the House of Commons?
>
> Mr. Adamson: No, sir, they were not. These are recent examples. The last time we appeared the 90-day disclosure rule was not evident and the emergency permit problem did not exist, so we did not present these types of examples.

Surely, honourable senators, this alone was enough for the committee not to reject what the chief of police, representing all the chiefs in Canada, was asking us to do?

Then I continued:

> Senator Choquette: Mr. Minister, how close was the result of the vote on the 90-day notification in the house? I believe you indicated that it nearly disappeared during the debate.
>
> Hon. Mr. Lang: I believe it was 118 to 113, but that is from my memory.

We have since checked and those figures were about correct.

> Senator Choquette: Would you be averse to the Senate removing this clause altogether? I do not see any necessity for it. We are losing a great deal of time on it, and I think the consensus of the senators present would be to get rid of that clause altogether. That would please our police. I have been engaged in a great deal of criminal law work for 40 years and, in my opinion, we are pampering criminals. It is difficult to obtain a conviction today, and I would say that more than 50 per cent of accused are found not guilty, either on appeal or otherwise, and I do not like to facilitate their operations. The function of the police being to protect society, we should assist them, and I am all in favour of deleting this 90-day notification clause altogether.

I thus played some part in suggesting that this clause be deleted. I am today repeating what was then said.

With respect to Senator Carter, I want to point out to the house that I have already commended him for his conduct in the committee, and I should like to put on record today what Senator Carter said at that time:

> Senator Carter: I am not a member of the committee, but I would like to ask the minister one question with respect to the statement he just made.
>
> The Senate is often criticized by the public and your house. Do you think that the statement you just made, that the Senate should abandon its responsibility with respect to this legislation just because it will facilitate something that the House of Commons wishes to do, is justified? It is something which cannot be defended. You have not defended it and no one has defended it. The police have told us they are better off without it. How can you expect the Senate, as a body, to take an action such as this and make themselves ridiculous in the eyes of the public, when there is no defence for it?

Senator Carter concluded in this manner:

> Our responsibility, based on the evidence we have heard and our own intelligence, is to throw this clause out. If we do that, then it is your responsibility and that of the house to do something about it.
>
> You are asking us to abandon our responsibility here in the Senate so that you in the Commons do not have to face up to yours. It is your responsibility when we send it back to you; the ball is in your court. It is your responsibility to deal with it. If you do not want to pass it, throw it out. That is the responsibility of the House of Commons. You should not come here, to the Senate, and ask us to compromise our responsibility so that you people over there do not have to face up to yours.

Again I want to commend Senator Carter for the words he expressed on that day.

Honourable senators, the Fathers of Confederation were worried, and rightly so, that political pressures might at

times force them to take positions dangerous for the welfare of some citizens, so they created the Senate, an appointed body that does not have to worry about pandering to the electorate. We are here to counteract the excesses politicians can indulge in to acquire power or maintain themselves in power. That is exactly what has happened with regard to this bill in the other place—exactly; politics and nothing else. We are the very people who would stop any abuses if a certain party came into power. That is why every year they present a motion to abolish the Senate. Why? Because if ever they attained power we would be here, this chamber would be here to say, "No, you are not going to go any further than you have gone now!"

We have every right to review legislation. We have every right to amend legislation. Any attempt on the part of any group to diminish those rights is an affront to the Senate and to Parliament. To adopt the attitude enunciated by Senator Goldenberg, that we should automatically capitulate because we were not elected, is fundamentally to alter the role of the Senate. This reduces the Senate to being a mere consultative body, and I will have no part of that. I have seen that coming for a while.

Senator Hayden's Standing Senate Committee on Banking, Trade and Commerce has on a few occasions studied bills simultaneously with the other place; we made recommendations before the bills got through the other place in the hope that the minister would accept them and amend his own bill before sending it over here. Well, that was a notably unsuccessful venture; most of our suggestions were ignored. But even if they had been accepted, I still think it is a cowardly way for us to carry out our tasks. We were not facing up to our responsibility. Our responsibility is to look into legislation when it gets here and to amend it if it is deficient. We have no reason to fear arousing the ire of the other place. We have a constitutional right and a moral obligation to improve legislation when necessary.

● (1630)

Our amendment was a necessary one. It improved the legislation. That is what I thought then, and that is what I think now. That is what the Standing Senate Committee on Legal and Constitutional Affairs thought, and that is what this chamber approved.

Nothing has transpired that could lead us to change our minds on the value of the amendment. So the question revolves around whether or not the Senate has the right to insist. I am convinced it not only has the right but the obligation. If we fail to stand by our amendment, we lose all credibility.

Hon. Senators: Hear, hear.

Hon. Mr. Choquette: We, in effect, end up admitting our own impotence and uselessness. This I am certainly not prepared to do. I will not stand by and see the Senate trampled under foot. I will not see Parliament raped. I insist that we should advise the other place that we are still convinced of the value of this amendment.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Will Senator Choquette permit me to ask him two questions?

Hon. Mr. Choquette: Not embarrassing, I hope.

[Hon. Mr. Choquette.]

Hon. Mr. Martin: First of all, does he agree that it is desirable that this wiretapping bill should be operative?

Hon. Mr. Choquette: Well, I am going to tell you something: no bill is better than a bad bill, and the police—

Hon. Mr. Martin: Can the honourable senator—

Hon. Mr. Choquette: Just a moment. The police have used their discretion up until now, and I do not know of any abuses that have occurred. If this is rejected, I am still hopeful and confident that the police chiefs and the police throughout this country, including the RCMP, will do their duty and will not create any abuses.

Hon. Mr. Martin: I am grateful to Senator Choquette for that answer. Can he say to the Senate now that, if it insists on its amendment, the attitude of the party to which he belongs in the other place—

Hon. Mr. Choquette: That is politics.

Hon. Mr. O'Leary: Come on!

Hon. Mr. Martin: No, this is not politics.

Hon. Mr. Choquette: I have already condemned that.

Hon. Mr. Martin: It is not politics.

Hon. Mr. Choquette: Go ahead!

Hon. Mr. Martin: If, as Senator Choquette has admitted, the bill is desirable as an operative measure and we now send it back to the other place, is there not a danger that the bill will be killed in the other place, as it was yesterday?

Hon. Mr. Choquette: Why not?

Hon. Mr. Martin: I am asking the question.

Hon. Mr. Choquette: I gave you my answer at first: no bill is better than a bad bill! I have all confidence in the police throughout this country that they will carry out their duties as honourable men.

Hon. Mr. Martin: I am not asking for confidence in the police. I am asking if the honourable gentleman can assure us that he has confidence in the party to which he belongs in the other place—

Hon. Mr. O'Leary: Oh, come on now!

Hon. Mr. Choquette: That is ridiculous!

Hon. Mr. Martin: —and that it will not stand in the way of this amendment's being accepted and not being rejected as it was yesterday.

An Hon. Senator: Sit down!

Hon. Mr. Choquette: That is too ridiculous to answer.

Hon. Mr. Martin: No, that is not ridiculous.

Hon. Mr. O'Leary: That is not worthy of the Senate.

The Hon. the Speaker: I regret to interrupt this important debate, honourable senators, but I must inform honourable senators that a message has been received from the House of Commons.

ENERGY SUPPLIES EMERGENCY BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-236, to provide a means to conserve the supplies of petroleum products within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, and to amend the National Energy Board Act.

Bill read first time.

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. Mr. Martin: Later this day.

Hon. Mr. Choquette: At the next sitting.

Hon. Mr. Martin: No, later this day. It all depends on the progress we make.

Hon. Mr. Choquette: At the next sitting!

Hon. Mr. Martin: That will likely be on Monday.

Hon. Mr. Choquette: Don't push us!

The Hon. the Speaker: Senator Martin, are you moving that the bill be given second reading later this day?

Hon. Mr. Martin: I am making the usual observation that, if we finish the matter before us now—and I do not think we will—then we will proceed to the next item of business, which will be the measure to which Your Honour has directed our attention. But it may be that we will not be dealing with that measure until some time next week, perhaps as late as the end of next week.

The Hon. the Speaker: But you are moving that it be read the second time later this day.

It is moved by the Honourable Senator Martin, P.C., seconded by the Honourable Senator Langlois, that this bill be read the second time later this day. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Macdonald: No.

Motion agreed to, on division.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—MOTION FOR NON-INSISTENCE UPON SENATE AMENDMENT—DEBATE ADJOURNED

The Senate resumed consideration of the message from the House of Commons disagreeing with the amendment made by the Senate to Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

Hon. Hartland de M. Molson: Honourable senators, today, as usual, when we came into the chamber we started with our prayers. Amongst those prayers there is one for the Senate in its legislative capacity. I think that today may be one of those days on which we need a little guidance from above, because certainly the problem we have at the moment is a difficult one and does require wisdom and patience to solve it in the best interests of Parliament and of the country.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Molson: In the first place, in looking at the reason why we have this bill back today, it becomes obvious that the concern of those who sent it back to us was not the protection of privacy for the ordinary, hard-working Canadian. The bill is here for political reasons only.

Hon. Senators: Hear, hear.

Hon. Mr. Molson: Very simply, it is here for political reasons.

The socialist party, in their continuing endeavour to eliminate the Senate and to make a one-house Parliament where there would be no brakes or checks on any socialistic measures, put it forward. Unfortunately, the Tories' desire for power, the desire to govern at almost any cost, put them into bed with the NDP. Those parties have completely different motives, completely different ideals, completely different principles. They have only one common factor, and that is frustration. I hate to think what such a misalliance caused by frustration might produce in the way of progeny.

As is generally known, I am not a member of Senator Goldenberg's committee, but I have followed the proceedings in detail. I believe that the amendment which was proposed by our committee is in the best interests of the public.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Molson: Why do I say this? In the first place, it is not the ordinary man or woman in Canada who is frightened of being bugged. They will not be bugged. They are not concerned about this. It is limited to only a small layer of people who have the concern that electronic eavesdropping may be used to get information about them.

Second, under the bill as proposed, the protection of privacy is already being achieved, except that the authorities can wiretap, and that is under judicial supervision, as my friend said.

● (1640)

Third, there is no wiretapping without judicial authority.

Fourth, wiretapping is only possible, or certainly only worthwhile, against major criminals. It is not being used, nor is it proposed to be used, for petty thieves or people who steal a loaf of bread, and so on. It is designed for use against a very limited group, namely, major criminals and organized criminals.

Fifth, most of the people in this country, like those everywhere else in the world, have nothing to hide.

Sixth, this bill actually helps most organized criminals and the few—it is unfortunate that there are any—criminal lawyers who live and move in criminal circles. There is no use denying the fact that those types exist. Every now and again they come up out of the froth, and we see them. We know they are there.

Last, and most important, the clause that was amended operates to hinder only one group, and that is the police—nobody else. This requirement of the 90-day notice to the

person being tapped makes, as the evidence heard in committee shows, the work of the police more difficult. They are the only people being hindered.

We all agree that the public should be protected in every possible way, but at this moment I am convinced that it needs to be protected more from criminals who destroy our liberty by violence, dope, gambling and prostitution, than from our police forces. I agree with Senator Choquette when he says that we have very fine police forces in Canada. Every police force has the odd poor type, but certainly in Canada we have every reason to have great confidence and pride in our police forces. I think they should be the last people from whom we should take steps to protect the public

I do not want to go on at length on this, honourable senators, but, to me, the issue comes back to the committee's initial consideration. Was the committee right, or was it wrong? Was it acting on principle, or was it acting on expediency?

The *Globe and Mail*, which is called Canada's national newspaper—although I think some of my friends of Quebec might disagree with that—for Thursday, January 10, 1974 contains something that I would like to read:

> The compromise was wrong on two grounds. The new clause is wrong in itself. The New Democratic Party has been right in rejecting it from the first. It would permit intolerable invasion of privacy; it would negate most of the protections against excessive police use of electronic eavesdropping.

Now, that, honourable senators, on the record, is false.

Further on in the same editorial we read the following:

> The clause was rejected by a Senate in a fit of petulance. Some senators have themselves admitted that their quarrel was not with this bill but with another bill, which they felt they had been given insufficient time to assess.

What utter nonsense! What sheer poppycock!

Hon. Senators: Hear, hear.

Hon. Mr. Molson: The Senate has often received inconsiderate treatment from the House of Commons. In fact, it does every year; it does on every adjournment. That, however, does not mean that the members of this chamber can have it said that they acted in a fit of petulance, or did something that is embarrassing and awkward to Parliament, just because they feel themselves offended.

The editorial goes on to state:

> It was a childish and irresponsible action, and seen to be so.

I assume that means that it was seen to be so by the writer.

Honourable senators, it has been suggested in some of the media, and in the other place, that we have chosen a confrontation with the House of Commons. I think this is completely wrong.

Hon. Mr. Martin: Of course.

Hon. Mr. Molson: I have been here 18 years, and I do not remember the Senate ever adopting an attitude where they were seeking a reason to have a confrontation with the House of Commons. I think the attitude has always been that we are one of the three parts of Parliament. We have our duties, and we try to carry them out. We certainly do not intend to be told by the other house what to do, but I do not remember a single time when we have deliberately gone out of our way to seek a confrontation.

I think, therefore, that this suggestion, this attitude, is completely wrong. It carries me on to Senator Goldenberg's remarks about not making this amendment a confrontation; that if we wish a confrontation, we should seize on a good issue. Well, again, I simply cannot agree with that. The bill came to the Senate and the Senate has, as has been mentioned several times, a right and a duty to review legislation. It reviews it; it does what it thinks is necessary with the legislation. In this case it suggested an amendment. I believe that it was the right thing to do, and I believe that if we are convinced that the committee acted in the right way, we should stand behind it.

I would go a little further, and say that if in the Senate we are not permitted to amend a bill for reasons which we consider to be valid or good, we simply should not be here. As far as I am concerned, the political pressures that exist generally, or frequently, among members of the two houses, do not exist. I am not a member of any of the parties concerned. As far as I am personally concerned, that is the issue. We are here, and if we cannot amend legislation that is put before us for consideration then we should not be here. That is the way the issue appears to me. As far as I am concerned, I shall govern myself in the light of developments.

Hon. Mr. Martin: I think we are all in agreement with that.

Hon. George McIlraith: Honourable senators, the message coming from the other place seems to be quite a simple one. It rejects our amendment deleting a clause in a bill, the clause itself containing no question of principle whatsoever, but being very significant in its implications as to the administration of law and justice in this country. There are other implications in the message from the House of Commons that I think we are compelled to deal with.

The House of Commons has rejected our amendment to a very important bill. Our amendment deleting that clause, as I said, does not involve a question of principle relating to the bill, but it is a clause, nonetheless, that is very harmful, and we will have to consider all the facts relating to it.

Those facts are these: All parties in the other house, as I understand the matter, desire legislation protecting the privacy of individuals against electronic surveillance and intrusion. That is very commendable. All honourable senators, so far as I know, desire exactly the same thing.

● (1650)

Here we are in an extraordinary situation. It is the only case that I can recall where all members of the House of Commons—certainly all parties in the House of Commons—and all members of the Senate desire legislation making what we popularly call wiretapping—although that is a somewhat inaccurate term—illegal. Everyone desires that. Everyone agrees with that principle. There is no question about that. I think everyone also agrees with the principle that the realities of life make it necessary

that we should provide that those charged with the administration of justice—the police, and the attorneys general of the provinces, who have constitutional jurisdiction over the administration of justice—should have a limited right to wiretap.

A secondary principle is that the exception to the general principle, about which I have spoken, should be carefully safeguarded by the judicial process. The exception granted to police authorities should be granted only when they are able to convince an appropriate judge that it is necessary. The limitations on a judge's ability to grant such an exception to the general rule are prescribed in the bill. The bill provides adequate penalties for an illegal wiretap. That is all to the good. There is no difficulty about that.

Then, for some reason that remains obscure, there were two other characteristics involved. One is that no one can figure out how section 178.23, which we deleted by our amendment and which the House of Commons put back in, relates to the protection of privacy of the individual—which is something that everyone, in both houses, has agreed should be protected. The provisions of the section apply after the wiretap has taken place. The section does not protect the privacy of individuals. Their privacy has already been invaded. The protection of an individual's privacy lies in making it a criminal offence to wiretap, to possess wiretapping equipment, and in the judicial process limiting and preceding any wiretap by the police. That is where the protection of an individual's privacy lies, and that is the only place in the bill where it can lie.

The section with which we are concerned today merely provides notice to certain persons after the event, and that has nothing to do with the protection of privacy.

I should perhaps add here a qualification. At one time I was a law officer for the Crown, one of several, and I had the responsibility with others of preparing the first drafts of legislation which has now become Bill C-176. We took the usual steps to process the kind of legislation that we thought suitable. We worked very hard on this. Our bill was not completed. The bill with which I was concerned was not brought forward, but it was essentially the same type as this. Having had that responsibility, I followed the debates with great interest. In addition, I discussed the subject with people whose opinion on matters of law I respect.

The bill with which we are now dealing was presented in the other place many months ago. The committee of the other place dealt with it over a long period, and I obtained a copy of the report of each sitting of that committee as it was printed.

I gained the impression that the motives of the member of the House of Commons who presented what became the particular section with which we are today concerned were good. It was his desire that it would make more complete, perfect and desirable the legislation, which is what we all want.

If honourable senators refer to the House of Commons committee proceedings on this subject, they will find it is quite clear that the members did not address themselves to the draftsmanship of the clause—to exactly what it did and meant. Mr. Atkey put what he wished to achieve by the clause very well. He was speaking on a supplementary—

Hon. Mr. Martin: Which page?

Hon. Mr. McIlraith: On page 28:10 of the report of the committee proceedings, issue No. 28. He said:

> I think this amendment is here to serve as an assistance to a person who discovers that he has been the victim or an object of a tap or electronic surveillance.

He made it quite clear. That is very laudable. I agree with his motives. He goes on in that theme. But the members of the other place did not address themselves to the draftsmanship of the clause they put in to accomplish this, and with great deference I hope to show honourable senators that the clause itself does not do what the honourable member intended it to do.

I am one of those who yield to no one in expressing respect and admiration for the institution of the House of Commons. I make no apology for saying that, and I will repeat it as often as I need to. However, if honourable senators read the debates on this subject in the other place, they will see, under the curious procedure followed because of the most recent amendments to the rules, that amendments are voted on by number. If they look at *Hansard*, when this section was originally voted on in the House of Commons, they will find there was a problem in deciphering the number of the amendment being voted on. They will see from the discussion and debate that the precise wording of what was being voted on was not put before the house.

If one looks at yesterday's *House of Commons Debates* one finds that again the precise words in the section and its meaning were not discussed.

I am saying that there was no discussion of the precise wording of the section that they put back into the bill, and which they have sent back to us. It is regrettable, but it is so. I genuinely believe—I shall have more to say about this later on—that if the members of the other place had read the clause itself, in a particular and specific way, they would not for one moment have sent back the message in the way they did, and without giving the clause the consideration it should have received.

● (1700)

Having said that, I think it is only fair to say that in dealing with this bill in committee perhaps we made a mistake in not putting on the record a whole lot of repetition. Instead, we dealt with the one point rather quickly, and let it go. Also, when the report came back to the house we did not spell out in lengthy fashion exactly why we deleted the clause. Had we done that I am sure this subsequent difficulty might not have arisen.

But there is one other interesting thing, that being the way in which the media has handled this piece of legislation. I have not seen any matter so misrepresented to the public by the press as has this amendment by the Senate, and everything subsequent to it. We have the Toronto *Globe and Mail*, a great newspaper with quality news coverage, running a continuous barrage of editorials against the Senate throughout discussion on this point. I do not intend to bore honourable senators by going through them. Senator Molson has already drawn the attention of the Senate to one. It is sad. It is perfectly

obvious that the editorial writer had not read the bill. Indeed, it would have been quite impossible for him to have done so at the time he wrote the first item regarding the Senate amendment. It is quite clear to anyone who is interested in the responsibility of Parliament, and, in particular, interested in the amendment to this bill, that all his writings have been quite uncontaminated by the facts.

I do not make any such allusion regarding the news columns of that newspaper, but only to the factual references in its editorials which contain news instead of viewpoints and comments on the news. That is an interesting distinction and one which should be borne in mind.

I would point out that there are responsible reporters, such as Arthur Blakely of the Montreal *Gazette*, and one of the reporters of the Ottawa *Journal*. The *Journal* has been the most responsible newspaper in dealing with this amendment of any of the papers I have read, and I commend it. But even that newspaper, in dealing with this subject in its news columns, said that the clause we are concerned with provided for notifying the subject of the wiretap. It does nothing of the sort. Mr. Blakely, who wrote a very good and responsible article on this subject, made the same mistake. The Canadian Broadcasting Corporation, in its news broadcast of this morning, made the same error. Again it said that the clause provided that the subject of the wiretap be notified. That is a gross error all the way through.

I shall not labour this point any further, except to say that Senator Choquette, just before he began his remarks on this subject, drew my attention to the editorial in the Montreal *Gazette* of this morning headed, "Determination of House." Regrettably, I had not seen it up to that point, but I have now read it. All I can say about that editorial is that the writer is totally uncontaminated by the facts relating to this bill. I do not think that editorial deserves any further comment from me. It should be treated as it deserves. As far as I am concerned, I do not care what opinion that editorial writer holds of me so long as he is so completely uncontaminated by the facts, as is shown in that editorial. Any opinion he may hold of me is a matter of complete indifference to me. That editorial is, of course, as all honourable senators are aware, and as all members of the other place are aware, quite contrary to the facts.

Hon. Mr. Forsey: I wonder if the honourable senator would permit just one question. Would he perhaps enlarge a little on the point he just made about the subject of the interception which, from conversations I have had with him, I understand he contrasts with the object of the interception, which I think is the language used in the bill?

Hon. Mr. McIlraith: I shall be coming to that in a few moments.

Hon. Mr. Forsey: That is a very important point.

Hon. Mr. McIlraith: I shall deal with it specifically.

Here, then, we have a message from the other place, and a situation where we believe the members there did not address themselves specifically to the point of concern to the Senate. I shall have something more to say about that later. We have also the curious coincidence that the media, for one reason or another, equally have not addressed themselves to the subject matter.

I must say that I was very much impressed with the quality of the speeches made here this afternoon. It indicates to me that honourable senators have addressed themselves with great thoroughness and particularity to the point at issue.

I think it is important, so that we will not have this misrepresentation to the public assiduously going on as it has been, that we put on record exactly what it is we are dealing with here. The subject is the proposed new section 178.23 of the Criminal Code. With the permission of honourable senators, I should like to have that section printed at this point in *Hansard* exactly as it appears in the bill.

The Hon. the Speaker: Is it agreed, honourable senators?

Hon. Senators: Agreed.

The proposed new section follows:

178.23 (1) The Attorney General of the province in which the application was made or the Solicitor General of Canada, as the case may be, shall notify in writing within ninety days next following the period for which the authorization was given the person who was the object of the interception pursuant to the authorization and shall, in a manner prescribed by regulation, certify to the court that issued the authorization that such person has been notified.

(2) Subsection (1) does not apply

(a) in the case of a warrant issued under subsection 16(2) of the *Official Secrets Act*, or

(b) where the Attorney General of the province in which the application is made or the Solicitor General of Canada, as the case may be, certifies within the said ninety days in a manner prescribed by regulations to the judge who granted the authorization that the investigation is continuing and the judge is of the opinion that the interests of justice require that a delay of a determinate reasonable length be granted, in which case the judge may grant a determinate reasonable delay."

Hon. Mr. McIlraith: It will be noted that the essence of the section is very simple. It is that the attorney general of the province concerned or the Solicitor General of Canada, as the case may be, shall notify in writing the person who was the object of the interception. That is the only requirement of that provision. There are other subsidiary points, but that is the absolute requirement. There are no exceptions. It must be done. The person who is the object of the interception must be notified.

Yesterday the Minister of Justice for Canada, having been questioned by senators when he appeared before our committee, and having almost embarrassingly begged and cajoled us publicly, as appears from the record, and privately to the point of almost humiliating himself in an effort to have us pass this clause notwithstanding its defects, prepared and moved a comprehensive amendment. I think it also should be part of the record of this place so that persons who want to examine this subject—particularly students who I hope will study it in due course—may do so. It simply substitutes a new section 178.23.

Hon. Mr. Phillips: Who was humiliated?

Hon. Mr. McIlraith: It is quite lengthy, and I do not think I need read it. I would ask that the motion the Minister of Justice put in the House of Commons be printed in the record at this point in my remarks. It was a rather different approach to this problem, and was meant to meet the wishes of the members of the House of Commons who originated the section. It required notification only if required by a decision of the judge; that the judge determined whether persons should be notified at all. There is a rather interesting improvement here, one part of which I will read:

● (1710)

> —the judge . . . shall consider if it is in the interests of justice and the protection of privacy that any person—

Notice this.

> —whose private communications have been intercepted be notified of such interception.

The requirement was that the person whose telephone was tapped be notified, and not the person who was the object of the interception. If I have permission, I would like the whole motion to be printed at this point.

Hon. Mr. Molson: Honourable senators, I think it would be desirable if the honourable senator were to read it in, because there is a custom here not to take extracts from the proceedings in the other place, although it has gone on for a great many years.

Hon. Mr. McIlraith: I shall gladly read it, although I apologize for its length. The motion the Minister of Justice made yesterday in the House of Commons, appearing at page 9232 of yesterday's *Hansard*, was:

> That this House does not concur in the amendment made by the Senate to Bill C-176, An act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act, but that instead of the said amendment the said Bill be amended by striking out lines 16 to 44 on page 18 and substituting the following:
>
> 178.23(1) Subject to subsection (4), within ninety days next following the period for which an authorization or any renewal thereof was given, a person specially designated in writing for the purposes of this section by the Attorney General of the province in which the application for the authorization was made or the Solicitor General of Canada, as the case may be, shall make a report, in writing, to the judge who gave the authorization or any renewal thereof or, if such judge is unable to act, a judge of the same jurisdiction, specifying the progress of the investigation in relation to which the authorization or any renewal thereof was given.
>
> (2) Upon receipt of the report referred to in subsection (1), the judge to whom the report was made shall consider if it is in the interests of justice and the protection of privacy that any person whose private communications have been intercepted be notified of such interception.
>
> (3) Where the judge to whom a report referred in subsection (1) was made is of the opinion that it is in the interests of justice and the protection of privacy that any person referred to in subsection (2) be notified that his private communications have been intercepted, he shall inform the Attorney General of the province or the Solicitor General of Canada, as the case may be, who shall thereupon notify such person, in writing, of the interception, and deliver to him a copy of the authorization.
>
> (4) Subsection (1) does not apply where the authorization was obtained for the purpose of an interception in relation to the prevention or detection of subversive activity as defined by subsection 16(3) of the *Official Secrets Act*.
>
> (5) Nothing in this section shall be construed as giving a person who has received a notice referred to in subsection (3) a right of access to the application for the authorization or any renewal thereof or to the report described in subsection (1) or to any material in support of or in relation to such applications or report.
>
> (6) The report referred to in subsection (1) and any documents related thereto are confidential and shall be dealt with in the manner provided in section 178.14 in respect of documents relating to an application made pursuant to section 178.12 or subsection 178.13(3) with such modifications as the circumstances require.

Honourable senators, I hope I have read that clearly and with accuracy.

It will be noted that that proposal deals with one of the main points of the reason for our rejection. It does provide for notification being made to the person whose telephones have been wiretapped, rather than the person who was the object of the wiretapping. The other clause, which we are now asked to accept and leave in, is of a quite different nature. It does not provide for notification of that person. It provides for notification of what in a great many cases will not be the person whose telephone has been wiretapped; it may or may not be the person whose telephone has been wiretapped. It may, on the other hand, be the alleged criminal, or the one in respect of whom the judge has already found enough evidence to warrant this method of obtaining further evidence to prove the charges, or ascertaining if there has been a crime. Indeed, it may be a convicted criminal in respect of whom the wiretap has been successful, a criminal who has been arrested and convicted. Even if he has pleaded guilty he may be the one required to be notified. It is a most extraordinary provision.

I think I must say out of fairness that it is also perfectly clear that Mr. Knowles, who was for many years my colleague in the House of Commons—I was going to say for decades, but I do not want to put it in that way.

Hon. Mr. Choquette: Why not?

Hon. Mr. McIlraith: Let me say for many years.

Hon. Mr. Phillips: That is all right. You are getting old, and so am I.

Hon. Mr. McIlraith: He is a man with excellent standards, and no one would suggest for one minute that it is his objective to aid and assist criminals. However, it is regrettable that he, in his desire to carry on the continuing objective he has—which he is perfectly entitled to hold if

he so wishes—of changing the jurisdiction of the Senate, or indeed to eliminate or restrict its powers, should willingly aid and assist criminals in their work as criminals merely to further indirectly his attacks on the Senate. I can only speculate on what caused him to fail to look at the section itself to see what it in fact did. It is regrettable that, for that or some other reason, he decided that they must, without examination, send the section back and so confront the Senate. That is his way of business. I do not know what his motive was, but I do know his publicly repeated attitude towards the Senate.

Hon. Mr. Phillips: Honourable senators—

Hon. Mr. McIlraith: Just a moment, please. I do know that he is a very conscientious member of the House of Commons, and I am wondering if this results from the fatigue caused by the incredibly heavy demands made on members of the House of Commons in this present session of Parliament, which has continued since last January 4. During that time he and most other members have attended for incredibly long hours every day. Perhaps for that reason there was a slip somewhere. I do not know, but there it is.

Hon. Mr. Phillips: Pardon me, honourable senators. I rise—

The Hon. the Speaker: Order. Senator McIlraith has the floor. Unless he gives permission for a question then, under the rules, I do not think he should be interrupted.

Hon. Mr. Phillips: Madam Speaker, I rise on a question of privilege, because Senator McIlraith was referring to a particular member of the other place.

● (1720)

I do not think our rules provide that a senator can refer to a member in the other place, because that gives him a certain privilege. However, more particularly, on a question of privilege I ask the honourable senator to let us have the name of that individual he was quoting. Let us have the point which he was supposed to be making.

Hon. Mr. Molson: That is not a question of privilege.

Hon. Mr. Phillips: Let us have the point he was supposed to be making, Senator McIlraith, and which you were attempting to interpolate in your remarks here. Of course, you will never do that, but let us have the name of the imaginary member of the other place—

Hon. Mr. Molson: Order.

Hon. Mr. Buckwold: Order.

Hon. Mr. Phillips: And let us have—

Hon. Mr. Buckwold: Madam Speaker, I would submit that this is not a question of privilege in the way it is being put.

Hon. Mr. Phillips: It is a question of privilege, Senator Buckwold.

Hon. Mr. Buckwold: Order. Madam Speaker has risen.

The Hon. the Speaker: I do not think the speech being made by the honourable senator involves a question of privilege at this time.

[Hon. Mr. McIlraith.]

Hon. Mr. McIlraith: Honourable senators, if I may continue, since I did not grant permission for a question, I noted that the honourable member who was the author of this particular clause in the bill, and who was trying to do something desirable with the bill when he put it forward, tried to co-operate—and this I cannot substantiate, although I believe it—in getting an amendment which would achieve the objectives he was seeking and meet the objections we had taken to the clause. I commend him for that. There is a part of this that I find difficult to understand, however, and I can only take the official record of the House of Commons of yesterday on the matter. I find in *House of Commons Debates* the Leader of the Official Opposition for some reason not clearly set out in his remarks seems to have departed from what publicly—at least so we were led to believe—was the reasonable and proper position of two or three of the members in his party who were dealing with this subject matter. I think their attitude was very reasonable in what they were trying to achieve. The amendments they were proposing were good. I do not know that I would have offered them in quite the same way, but they were really an honest attempt to deal with the subject.

For some reason which remains obscure the Leader of the Opposition let himself get sidetracked, and he repudiated his own members and supported the NDP. He did give as his reason the fact that the minister would not give an undertaking that he obviously should not have been asked to give, and could not give. Any parliamentarian should know at once that the minister could not give the undertaking asked. He has no authority to do so. Anyone who has had responsibility in a minority Parliament, of all Parliaments, should know such an undertaking would be meaningless if given, because in a minority House of Commons one thing is clear, namely, that neither the government, nor an individual minister in the government can give a commitment of the kind asked by the Leader of the Official Opposition. That is something determined by the members themselves—not just the members of any one party, whether it be the government party or any other.

In any event, all I can say on that is to suggest that honourable senators read those debates carefully. Although I do not have the reference at the moment, he makes it clear that he supports the principle of the bill and is quite keen to get it through. That is clear.

Hon. Mr. Phillips: But who is "he"?

Hon. Mr. McIlraith: Mr. Stanfield is his name. The other leader of that party is sitting in the gallery now.

Hon. Mr. Phillips: You have always had difficulty in differentiating between your "hes" and "shes".

Some Hon. Senators: Order.

Hon. Mr. McIlraith: I am always respectful of the Leader of the Official Opposition, in both this place and the other place. Let there be no confusion about that.

Hon. Mr. Phillips: Confusion in what regard?

Hon. Mr. McIlraith: If I may continue with my remarks—

Hon. Mr. Phillips: I think you should sit down. Her Honour has risen.

The Hon. the Speaker: Honourable senators, this is an important debate. We want to have all the information we possibly can, but I must remind honourable senators that one of our rules says that allusions to debates in the other house in the current session are out of order. It is usually understood that we really do not know what has taken place in the other house. Therefore, I ask the speakers in this debate to follow that rule more closely.

Hon. Mr. Phillips: Honourable senators—

Hon. Mr. McIlraith: Madam Speaker, I readily accept your ruling and I apologize for having forgotten that rule. I shall make no further reference to the subject. I apologize if I violated the rule. I certainly had no intention of doing so.

Hon. Mr. Phillips: Honourable senators, I have been attempting to rise on a point of order. Surely I have that right, and the right to be recognized by Madam Speaker.

The point of order on which I rise is really not that important, but I should like to point out that I, as one of those poor, unfortunate individuals who are on the wrong side of the dialogue—

Hon. Mr. Buckwold: I rise on the same point of order that I rose on before. We are not listening to a question of privilege now; we are hearing another speech. I suggest that Senator McIlraith be allowed to proceed.

Hon. Mr. McIlraith: Honourable senators, I have dealt with that point sufficiently. Since the rules prevent me from dealing with it further in any event—and I am most anxious to follow the rules meticulously—I shall proceed to another point that confronts us, a point we have to consider quite apart from the substance of the matter.

I have dealt with the substance, and I believe I have pointed out part of the defect in the section about which we are speaking. Part of the defect is that it requires the person who is the object of the wiretap to be notified. It does not require the notification to go to the person whose telephone is being tapped. Since most of the criminals do not have telephones of their own, and since the wiretaps are usually made on a friend or some other person, notification should be to the person whose telephone is tapped. For example, in stock fraud cases the notification should be to persons whose telephones have been tapped—persons who are on the sucker list of the alleged criminals—instead of to the criminals. In the drug cases, likewise, it is not the drug importer but some other person—it might be the airline agency—whose telephone is tapped.

It is the criminal in all those cases who is required to be notified, and I am quite sure that anyone would desire that notification should be to the person whose telephone is tapped, whether he be the criminal or not. I am also certain that no one, had he really thought about the section and examined it, would have put the authorities in the position of having no escape whatever from the requirement to notify, although a time delay provision in respect of notifying the criminal in some cases is provided. It is a legal point, and it is upsetting that it was not spotted and dealt with. Anyway, so much for the merits of the section.

● (1730)

We are now confronted by a practical situation. It has been admirably set out by Senator Goldenberg, and, I must say, by most of the others. We have a bad section being put back in a piece of legislation by the enactment of another place, and sent to us in this message, and we have to decide what to do in the circumstance?

I must say that I am unaware of any discussions having taken place regarding, or of anybody having considered or thought about, a conference. There are provisions in the rules of the other house, as there are provisions in our rules, for a conference, and nobody has explored that. I am sorry the government leader in the Senate is not in the house at the moment. I would like to ask him—

Hon. Mr. Bourget: Call 6 o'clock.

Hon. Mr. McIlraith: There is a demand that we call 6 o'clock, Madam Speaker.

The Hon. the Speaker: Pursuant to Rule 12, it being 6 o'clock, I now leave the Chair until 8 o'clock this evening, unless the Senate, by a manifest consent, decides to complete the day's business at once.

The Senate adjourned until 8 p.m.

At 8 p.m. the sitting was resumed.

Hon. Mr. McIlraith: Honourable senators, prior to the recess at 6 o'clock I was starting to develop a line of argument as to what we should do in the present situation, knowing that the clause that was restored is defective and will not achieve what its proponents sought to achieve, knowing that the members of the other place did not address themselves to the draftsmanship of the clause they intended to put in, either in committee or when the bill came before the house and an amendment was considered, or again yesterday when they were dealing with our amendment removing the clause from the bill.

The clause as drafted—not as intended but as drafted—will aid and assist criminals or suspected criminals and will not provide for the notification in all cases of persons whose telephones or properties are wiretapped. Curiously enough, it is linked to legal wiretaps made by the police authorities only, but is not applicable to illegal wiretaps that they discover and where the criminal who did the wiretapping is prosecuted. In those cases, the clause does not require that the person be notified.

There is a good deal more that I could say about the clause and its draftsmanship. However, there is no question of principle in it. It is merely the expression of a genuine desire to improve the bill but regrettably has very serious consequences in the results it achieves. It comes after the wiretap and not before, and therefore does not protect the individual from any invasion of privacy.

Knowing that, what are the alternatives for us to consider? As I see it, a simple rejection of the message from the House of Commons is not good or realistic, because it must be apparent to everyone that the leader in sending the matter back to us was Mr. Knowles.

Hon. Senators: Hear, hear.

Hon. Mr. McIlraith: His purpose was to create a confrontation with the Senate in order, as he has often repeated, to reform the Senate by restricting or taking away its

power to legislate as one of the Houses of Parliament. That is an objective which he has asserted openly many times in debate; indeed he has many times asserted his desire to abolish the Senate. That obviously is his purpose. If you read yesterday's *Hansard* of the House of Commons, you will see that he was successful, by some device in the heat and fatigue of this final stage of the session, in making the Leader of the Official Opposition his accomplice—perhaps "accomplice" is not fair, but the Leader of the Official Opposition was made an assistant, probably unwittingly. I am not accusing him of bad motives, but he was put in the position, probably unwittingly, of contributing to the defeat of the government amendment. He was successful in bringing the Leader of the Opposition in the other place into a position where he supported the reinstating of the defective clause. I am absolutely sure that had Mr. Stanfield read this section carefully he would have agreed, as would his supporters who take the main interest in this subject in the other place, with the amendment put forward by the Honourable Mr. Lang. Had they appreciated the situation they would have accepted that amendment, or at least proposed some amendment to improve the clause.

I am absolutely certain that the last thing they would want to do would be to assist criminals or would-be or suspected criminals in the achievement of their criminal activity. I am absolutely certain of that. In any event, they were enticed into the false position they took yesterday.

If we simply reject it and send it back they will be in an embarrassing position. They proposed the clause in good faith in the first instance.

Hon. Mr. Asselin: Why don't we propose a conference between the two chambers?

Hon. Mr. McIlraith: I will be coming to that. I mentioned that just before 6 o'clock. To me, simply returning the matter to the House of Commons is out of the question. It would not be a responsible step. It would mean that Mr. Knowles would simply filibuster and prevent the House of Commons from dealing with it. That is the predicament we would be in. It would make for an impossible situation for an already tired House of Commons which, because of the exigencies of a minority government, has carried on under almost impossible conditions. Bringing them back to meet a filibuster would not be reasonable and sensible in the circumstances.

There is another thing bothering me. I know I am taking long, Senator O'Leary, but I believe the subject matter with which we are confronted is of such vital importance that we have to explain and put on the record—because of the unfortunate failure of the media to report fairly and accurately what happened—everything in connection with this matter. I must take the time, at the risk of boring you, to get accurately and fully on the record every facet of this subject.

Hon. Mr. O'Leary: They don't believe the record.

Hon. Mr. McIlraith: If we simply adopt it we are in danger—and I hope other senators will address themselves to this point—of having helped Mr. Knowles achieve what he wants, the restriction of the right of the Senate to legislate. This clause involves no principle. It is just a nuisance clause with bad consequences. As I say, if we simply adopt it we are in danger of having helped Mr. Knowles achieve reform of the Senate by cutting down its right to legislate in the ordinary way, as it traditionally has.

We should consider whether there is any real danger in that. I cannot believe that it is really the desire of the members of the other place, other than the NDP, to do that. I believe that the Official Opposition would not, for a moment, have acquiesced in what was done in the other place yesterday had they thought that that was the situation. I think everyone here would agree that we must not amend the Constitution to take away, impair or cut down sharply the power of the Senate as a legislative body by this indirect means. The Senate, among other functions, certainly has some obligation or responsibility in important constitutional matters. We must protect, among other things, the rights of the provinces. To impair or cut down the right of the Senate in the legislative field without consulting with the provinces is, to me, offensive.

That is the view I hold on the matter, so if we simply accept the message from the house expressing our acceptance of the clause being put back in the bill we must be very careful that we are not achieving the objective that some may have had, which I have stated. It should be looked at, and I would like to hear the views of other senators on that point. I am quite certain that that was not the position of the Official Opposition in their vote last night.

That leaves us to consider what we do. I frankly and bluntly admit that for me it is a great conundrum, a great problem. I was very much taken with the reasoned and calm speech made by Senator Goldenberg in opening the debate this afternoon. I must say, I envied him his ability to speak clearly and with great accuracy, but I do not think the matter is quite as simple as he put it. I should like to hear my colleagues here discuss some of the other aspects that have been raised, which were raised so eloquently by Senator Choquette and others, before we adopt the course suggested by Senator Goldenberg.

What course should we adopt? I would ask the Leader of the Government in the Senate if he has considered, with his colleagues, the possibility of working out a conference. There are procedures in the rules of both houses for holding a conference, and they are relatively simple. In essence, it means that one house sets up a committee of three to hold a conference with the other house, and if the other house agrees, it sets up a committee of three. They then consider whether they can work out some compromise, and if they cannot the houses take action. I would like to know from the Leader of the Government whether he has considered that, whether he has taken any exploratory steps, and whether he considers it would have any possibility of success if we were to do that.

I am not prepared to make a motion for a conference at the moment, for the simple reason that I believe the nature of the debate and what has been indicated through the press by Mr. Knowles in the last few days would render such a conference with the House of Commons useless, no matter how willing the vast majority of the members of the House of Commons were to seek to work out some amendment that would improve the clause they

have put in the bill, or would vary the clause suggested by the Minister of Justice to make it palatable to them.

Hon. Mr. Choquette: Is it not a little late to talk about a conference? I understand that the House of Commons has adjourned until February 26.

Hon. Mr. McIlraith: Yes, that poses a real problem, I quite agree. I must say, I share the abhorrence of honourable senators about this business of always being thrust against a deadline here and expected to deal in one day with what the House of Commons took eight or ten months to deal with, and expected to deal with it competently. I find it offensive. It does pose a problem and we will have to consider that carefully. Quite frankly, it is very much on my mind. I doubt if a conference is the right method. I wish it had been considered earlier, because it is conceivable we might have to adopt Senator Goldenberg's motion. Distasteful as I find that to be in the circumstances, it may well be the best solution.

● (2010)

Certainly, there is no will here on this matter to have a confrontation with the House of Commons. If we are going to have a confrontation with the House of Commons, which I certainly do not ever want or ever hope to have, it has to be on some question of principle, and this involves no principle whatever.

Hon. Mr. Langlois: But this conference could not have taken place before today. We had to wait until the other house had returned the bill because it had to deal with our amendment.

Hon. Mr. McIlraith: I realize that, but there could have been some gesture somewhere in the remarks made in the other place yesterday which would have shown some willingness to reach a reasoned solution to an embarrassing problem which had arisen through the circumstances I have described at some length today.

Honourable senators, I have spoken at greater length than I intended, but I did feel it was necessary to put on record what I thought needed to be put on record.

[*Translation*]

Hon. Martial Asselin: Honourable senators, I believe that the Senate is now attending an extremely important debate. We have heard this afternoon and tonight also the opinions of many of our colleagues on the question being dealt with and on the motion introduced at the start of the sitting by Senator Goldenberg.

I shall be brief for I support entirely the ideas expressed this afternoon by Senator Choquette. I am a member of the Senate since only recently, but I believe, Senator Choquette, that you have made your best contribution in a long time. You have stated frankly your ideas which I think reflect the opinion of the opposition group you are now leading.

We are now faced with a test of credibility, credibility of the Senate towards the population. Yet, I would not go so far as to endorse completely the arguments put forward by Senator Goldenberg when he proposed his motion this afternoon. I respect Senator Goldenberg's constitutional knowledge. But I do believe he had an extremely difficult case to plead this afternoon. That is why—and I shall say so later—I do not agree totally with the reasons he gave the Senate to convince it of accepting his motion.

Senator Goldenberg was right in saying that the rights of the Senate are recognized by the Canadian Constitution. There is no doubt about that assertion. But when Senator Goldenberg tells us we should beware of provoking a confrontation with the House of Commons, because the stakes are not high enough, I balk at that argument.

As Senator McIlraith said, we are not discussing a fundamental principle. Still, the fact remains that the attitude of Senate towards the matter will determine whether or not the Senate must still exercise the legislative powers vested in it by the Constitution.

I am not prepared to fall for the New Democratic Party's blackmail. Neither do I agree, as Senator Choquette put it, with the action of our party when they voted with the socialists. Quite possibly, this was due to an oversight on the part of our party or, if this is some kind of strategy, it is not the most successful that they have used so far in the House of Commons.

When NDP representatives say in the House of Commons that the Senate must pass this or else, I have the feeling that no senator who is aware of his responsibilities as a legislator ought to put up with such a statement and such provocation from the New Democratic Party. If it was the intention of the New Democratic Party to turn this into a political football in an attempt to convince the people, as they have been doing for several years, that the Senate is useless, that we do not do anything here, that we spend the taxpayers' money without giving due consideration to legislation, I do not think that we ought to follow the NDP in this campaign that they have been waging for several years against the Senate.

If the Senate agreed to the motion introduced today, it would mean that we would give in to the New Democratic Party's blackmail.

By the way, I must say at once that I am one of those who, precisely for that reason, will oppose the motion.

If we want to see the Senate abolished, we just have to continue to accept motions such as the one before us tonight. We are going to create a precedent because whenever the House of Commons returns a bill which we have amended, for fear of preventing a confrontation or an argument with the House of Commons we shall say: Well, it is just too bad, we may have made a mistake, but here is your bill, do what you want with it and we are not going to insist on our amendment. But, honourable senators, what would be the use of the Senate? Are we not going to ask this very question: should the Senate continue to exist? In my opinion, the question cannot be clearer.

Hon. Mr. Langlois: We shall come back to it some other time.

Hon. Mr. Asselin: I beg your pardon!

Hon. Mr. Langlois: When the question is asked, we shall answer it.

Hon. Mr. Asselin: In my opinion, the essential question is the one I have just asked.

The committee made a good study of this subject, and I would like to congratulate Senator Goldenberg on the way in which he conducted this study. He has my wholeheart-

ed support. Moreover, all the members of the committee did their duty according to their oath and their responsibilities as senators. The senators who sat on this committee simply voted for an amendment that would serve society in general, since it does not affect all society, as was mentioned during the debate, but simply a group of people who organize crime. The amendment concerned only those people and provided that a report be made to the victim of wiretapping 90 days after his telephone was tapped or that this person be advised that his phone was tapped.

As a senator told us—I do not remember his name, one of those who spoke today, Senator Molson—it is not all society that will be under police surveillance. What the chiefs of police who appeared before the Committee on Legal and Constitutional Affairs wanted was that they be left the tools, the necessary means to fight organized crime. By accepting the stand taken by the Senate, the decision made in the Committee on Legal and Constitutional Affairs, we have protected the society's interest against people who are not afraid to resort to all kinds of means in order to commit crimes. Let us give the tools to the police, to the organized police corps, to enable them to fight against those who give way to crime.

Senator McIlraith was perfectly right when he said this afternoon that possibly, like those who were against the amendment, my leader had not read the wording of the law, he had not read the wording of the amendment or had not read the proceedings in the Committee on Legal and Constitutional Affairs.

Therefore, honourable senators, we do not have here a major confrontation. I do not want any confrontation with the House of Commons. I have too much respect for the House of Commons, since I spent 12 years there, and I know the value of the person elected by the people, who represents the interests of the people within the Parliament of Canada. This is not a confrontation. It is a matter of reaffirming the principle whereby the Senate is here to consider once more the pieces of legislation coming from the House of Commons, to amend them, modify them, in the best interests of the people. Having been appointed should not be reason to give up our responsibilities.

Sending back the bill to the House of Commons now would not prove anything.

The Government Leader said today to the Acting Leader of the Opposition: Do you want to have any legislation? Do you want legislation or no legislation at all? I think the answer has now been given: the House of Commons stands adjourned until February 26. If the legislation is sent back, the bill is not killed in any way, but I think, as Senator McIlraith said, it might be possible in the meantime to set up a conference between the House of Commons and the Senate to find a solution to the problem.

I hope that if a vote is taken on the issue it will be a free vote. And I call here upon my colleagues who belong to the majority.

It is not a question of voting against government legislation. It is only and simply a matter of reasserting a basic principle, namely, that the Senate is an institution which is

[Hon. Mr. Asselin.]

part of the Parliament of Canada, and that institution when it considers legislation can amend it, send it back to the House of Commons. It is as simple as that and I hope knowing the broadness of mind of the government leader, that he will let his colleagues sitting with him vote freely.

Hon. Mr. Côté: We are all free.

Hon. Mr. Asselin: Those were the comments I had to make, honourable senators. I know there are others who wish to speak, so in conclusion I will repeat: It is not a question of basic principle but if, every time we take a certain position, bills are returned to the Senate because they are not acceptable to the House of Commons, that is not to say that the existence of the Senate is not justified. If abolition of the Senate is sought, let them say so frankly and we will have our word to say when this bill will come to the Senate. But I think that the decision we shall take tonight will be exceedingly important. I ask all my colleagues to think it over before voting for this motion.

Hon. Mr. Côté: Would the honourable senator permit a question?

Does this last request mean that each time the Senate will return an amended bill to the Commons they should always accept this amendment or whether this is the only one they should accept?

Hon. Mr. Asselin: If I said so I did not express myself as I intended.

Of course the Commons are entitled to reject any amendment we send them. It is seldom that we have amended bills which we sent back to the Commons.

Today is a test. It is a credibility test, as I just said. Ask the Canadian people, confrontation is useless. We have often been told that we are here to assert ourselves. This is an opportunity to do so. If it has been understood that I said that each time we return amended bills to the Commons they should be accepted by them, it is not what I meant.

[*English*]

● (2020)

Hon. Mr. Martin: Honourable senators, I want first to say to the Acting Leader of the Opposition that I generally agree with his assessment of the situation in the contribution that he made to this debate. We differ on method, as to what we should do.

There is no doubt that all of us in this chamber, firm protagonists of this institution, have been troubled by this matter. Regardless of where we sit, anxious to further the integrity of our parliamentary system and to maintain the integrity of the Senate, each of us in our own way is endeavoring to find a solution to a problem that has been laid in our lap by the other house.

Much has been said about the Senate during the past few days, in newspaper articles and in other sections of the media. Our opportunity for response is not always as easy in this chamber as it is in the other place, and our position has not been as fully exposed to the public as I think vigilant media should endeavour to assist us in doing.

But this is not new. It is a weakness that not only attends us, but it is something that in recent days has been attending the institution of Parliament itself.

No one could speak more eloquently and precisely on this point than Senator O'Leary, himself one of the great journalists of our country. However, we have to take the facts in our society as they are.

One thing is clear. Whatever may be said about the merits of the view taken by the Legal and Constitutional Affairs Committee of this house with regard to our proposed amendment, it was a sincere amendment. It reflected the view of the Senate.

● (2030)

Some have argued that we had no right to put forward such an amendment. I need not spend much time arguing that point. Under the British North America Act, an act of Parliament can become such only after it has passed both Houses of Parliament, and then it must be sanctioned by the Crown. The Fathers of Confederation would not have put that provision into the written portion of our Constitution in 1867, vicariously through Westminster, had it not been that it was intended clearly that enactments, as distinguished from some other instruments, have to involve the consideration of both the House of Commons and the Senate.

So we in this chamber respond now in this debate and say that we have the right to make amendments which we believe in. That is the course that was followed in this chamber when it proposed the amendment, which was partially recognized in the modified proposal put forward by the Minister of Justice in the other place yesterday, notice of which had been given before Christmas.

It has been suggested that the Senate had no right to dispute, in this particular, the views of the other place. That is answered by what I have already said and by the provision in the BNA Act itself as to the two necessary parliamentary vehicles that must be employed if an act is to become the law of the land—participation of the Senate and of the House of Commons. And so we say that for what we have done we do not apologize. It was our right, and if it was our conviction, it was our duty.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Every participant in this debate, on both sides, has sought at the outset to put forward the point of view that all of us in this chamber have regarding this matter. That, in itself, is of significance. We speak tonight, despite different emphasis, as a united body. We are asserting the duty of the Senate, as upholders of the Constitution. If others want to change this function, there is a process open, a process that has often been challenged in the past, often been threatened, almost from the very first year after Canada became a Confederation.

Senator Goldenberg, the Chairman of the Legal and Constitutional Affairs Committee, as Senator McIlraith has said and as Senator Asselin has observed, made a lucid, moderate and responsible statement. He was one of those who, in the initial period, supported the amendment which was sent by this house to the other place. He is no less convinced now about the merits of that amendment, as is the case with all of us, than he was when it was first projected just before Christmas. But that is not the situation he tells us today, as he sees it. It is in the light of the limitations of time before us, having in mind our desire to see a regulated form of wiretapping, a fully legalized system of wiretapping with restraints and checks, that we say that we wish this bill to become law, and we do not want any action of ours to make that impossible.

In the light of what happened yesterday, that is exactly what we must know to be the case. With his experience as a former Solicitor General and long experience as a cabinet minister and as a Privy Councillor, Senator McIlraith, in his speech has made some important points which only he could make because of his knowledge of the administrative process involved in the office of the Solicitor General. I can tell him, as he well knows because of our discussions during the past few days, that I share fully his concern about this matter, not only because of the merit of the amendment itself but because of the challenges that are being flung at the Senate. We are agreed on this. These challenges we answer by this open and full expression of our prerogatives and constitutional responsibilities.

Senator Asselin spoke of his experience in the House of Commons. Senator McIlraith, rightly, can speak of his, as could many others. I can speak of mine over a period of 33 years. I think I have some understanding of the House of Commons, of which I was proud to be a member, as I am proud to be a member of the Senate.

The debate yesterday clearly indicated that there was no close examination of the merits of the Senate's amendment. It was clear, long before this amendment was conceived, what the intentions of some in the other place were. The intention of some in the other place was not to make this bill a better one; it was not to recognize the obligations and the rights of this house to offer suggestions regarding this legislation; it was, as Senator Asselin has said, and others have likewise observed, to try to put a spike into the continued existence of the Senate.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Well, that is not going to succeed.

Hon. Senators: Hear, hear.

Hon. Mr. Martin: Anyone who knows of the nature of the modern state, and particularly a confederation, knows that the unicameral parliamentary system does not meet the requirements of that kind of state. No federal country in the world like ours has a unicameral legislative body. While there are those who complain about our productivity, oftentimes we find among such persons people like Professor MacKay, who wrote *The Unreformed Senate of Canada*, or Professor Kunz, the author of *The Modern Senate of Canada 1925-63*. These gentlemen have recognized the indispensable character of a Senate, particularly in the kind of state that we have, with two legislative operations. They note that there are occasions when the public conscience and the interests of the state, particularly, where the people have not had an opportunity of expressing themselves, require the existence of a body like this, not only to provide a pause or a reconsideration of legislative proposals, but to act as arbiter in the rare but fundamental situations which emerge in many societies.

● (2040)

There are situations in the kind of world in which we live that could conceivably make it universally desirable

that there be, in addition to the elected house, a place where a body like this would be enabled to assert a prudence of action and restraint. We know of country after country, in the last decade, in which the existence of an upper house has proved essential.

We do not say here that our procedures are perfect. We have been debating ways and means of making them better. In that process we are not saying that we are the only imperfect legislative body. Any of us who have been in the House of Commons know that changes have had to be made there to meet modern conditions. When we talk of the need for reform, let it not be addressed only to the Senate of Canada. I believe that the chaos—if that is not too strong a word—the confusion, which I think is perhaps more apt, which flowed from the quick debate and decision of yesterday reveals the hopelessness at this particular stage, with the limitations of time, of getting necessary rectification.

I am sure that to send this bill back in the form in which it went to the House of Commons with our amendment would not only meet with a quick rebuff, if that opportunity were open to it—and I do not think it is—

Hon. Mr. Phillips: That opportunity is there.

Hon. Mr. Martin: I believe Senator Goldenberg was right when he said that we want to see this legislation on the statute books, for the reasons I mentioned earlier. We do not want to do anything here that will negate that. We do not want to be responsible for the death of this bill. We want this bill to become law, even without the amendment which we think would strengthen it.

I would remind the house that yesterday the Minister of Justice gave an undertaking that he would bring in amendments if the Attorneys General of the provinces felt them necessary. He said that if in the course of practice there was evidence that the bill needed amendment or change, he would press for amendments at the next session of Parliament. I regard that as a hopeful opportunity that lies ahead for the ultimate realization of the kind of amendment put forward by the Standing Senate Committee on Legal and Constitutional Affairs.

Hon. Mr. Choquette: May I be permitted a question on that? Have you ever seen a cabinet minister not make such rash promises in our committees since you have been in the Senate?

Hon. Mr. Martin: The only assurances I know of were with regard to the Tax Act, and I am pleased that the government lived up to the commitments. I am sure that commitments made by the present Minister of Industry, Trade and Commerce on the scrutiny bill will be faithfully observed by Mr. Gillespie. Of course, governments cannot be expected to accept all submissions made by the public or by members of both houses. However, I am sure that no government would make a commitment to a legislative body such as ours, or to the House of Commons, and not endeavour to live up to it. That has been my experience over the years as a minister.

I have given careful thought to the suggestion of Senator McIlraith at the conclusion of his speech. I have thought of one aspect of it myself. I am satisfied, having canvassed this matter to the extent that has been open to me, that I see no way of giving effect to his proposal, as a result of the soundings I have made. However, I will say this. If Senator Goldenberg's proposal is accepted—as I strongly urge it should be, not because we relent on our position, not because we do not think this amendment should not be in the bill, because I think it should be—I do not believe we abdicate our position. There is nothing to prevent any senator at the next session from introducing a bill in this chamber, embodying the proposals covered in our amendment.

Hon. Mr. Phillips: That is a weak argument.

Hon. Mr. Martin: That is a safeguard for the preservation of this very bill. The argument of Senator Goldenberg today was that, reluctant as he was to see this amendment not accepted by the other place, he did not want this chamber to be responsible for the bill not becoming law. He wanted to legalize the process embodied in the bill. He wanted some regulation to cover wiretapping authorized under this bill. He wanted this measure to become law, and he did not want any act of ours to prevent that, which would clearly result from a decision by this body to send the bill back in the form in which we originally sent it to the House of Commons.

In the light of yesterday's vote, when admittedly the government received a firm defeat in the House of Commons, no senator can seriously argue that, in the context of that situation, there is any hope of the parties in opposition in the other place accepting our amendment at this stage. But we do not need to wait for the Minister of Justice and the Attorneys General when we come back here at the end of February or in March. There is nothing to prevent any senator, or any member of Parliament for that matter, from introducing an amendment consistent with the amendment initially offered by the Standing Senate Committee on Legal and Constitutional Affairs.

● (2050)

I thank Senator McIlraith for this suggestion. I share his concern, as we all do. If I knew of any way by which at this stage it would be possible for us to get concurrence, to get an undoing of yesterday's procedure, no one would be happier than I. I am sure all of us would want that.

And so, if we do not want this bill to die—and we don't—we cannot take any action that would mean its not becoming operative.

I believe that the formula put forward yesterday by the Minister of Justice was a satisfactory accomodation. It was not our full amendment. It was designed, undoubtedly, to capture a maximum of support and consensus in the other place. It did not succeed.

That amendment meets the concerns of those anxious to protect the rights of the subject and those who desire to enable the police—municipal, provincial and federal—to meet the challenge of organized crime.

This much I think must be said—and I do not want to be partisan in anything I say, but these are the facts—that yesterday the position taken by the government was the same as that represented by our common concern and conviction here, to the extent that the amendment offered represented substantially the position we took. We must remember this. Regarding the position taken by the Senate, we had the government on our side.

The Minister of Justice, anxious that the bill should not die on the Order Paper, has urged the Senate to accept the decision of the Commons, not because, as he said over the television last night, he feels that we have capitulated or that we are less convinced of the position we took, but because he too, like Senator Goldenberg, like all of us, wants to see this bill become law. He does not want to see it die; he does not want to have to go through all the machinery and processes that would have to be undertaken if the bill were reintroduced. It would not in that event be a matter of days.

Hon. Mr. Choquette: How about the private member's bill that you suggested?

Hon. Mr. Martin: It would take weeks, it would take months—

Hon. Mr. Choquette: Sure!

Hon. Mr. Martin: —as we know from the situation and the timetable in the other place.

Senator Choquette has asked a perfectly proper question: What about the private bill? It too, of course, has to go through the process; and the private members' hours, limited as they are in the other place, undoubtedly make the problem a difficult one. There is no denying this. But if a senator were to take that course in the next session it would be an answer to those who say that we are reluctant to re-assert our views; it would be an answer to those who say we have no right to make an amendment at all; it would be an answer to those who say that it is not the function of the Senate to make amendments of this kind.

Of all the lack of understanding of the Constitution of this country, for anyone to say that the Senate has not the prerogative, the legal right, the constitutional obligation, where its convictions are sound, to support its acts is difficult for me to understand.

What we did was not to veto any legislation, although we are free to do so. This is not the first time that the Senate has amended a bill. I ask those who have been criticizing the Senate to look at the record, to look at the bills that have been amended by the Senate. Certainly, even in the time I have been here the number of amendments clearly indicates that the Senate has not rested on its oars. It has accepted its constitutional responsibility. It has made many amendments to many bills. Some it has rejected.

Some allege surprise that we would dare make an amendment because of the confrontation initiated by those who would like to impair the Senate. As I say, there have been all kinds of amendments, and since 1961 no amendments have been returned from the other place. I believe this is the first one since 1961, and, as Senator Asselin said for the reason that he mentioned, it is because a minority in the other place has taken the position, through one or two of its members, that the other place alone should have the legislative responsibility in respect of affairs concerning Canada.

The Minister of Justice said, "Now let us see how this act will work out."

As I said, at the earliest possible moment if we feel that the operations of this act show the need, none of us is precluded from presenting a bill that would embody our amendment or any other that is thought desirable.

As I said earlier, it has been suggested that the Senate cannot make amendments. We are answering that now. We are answering those in the media who have criticized us, who have been surprised at our "assumption" that we have the right to make an amendment to a bill. We are answering those criticisms now. I am answering them now. As Leader of the Government and as a senator in this house I say we are here for that purpose, we are here to improve on legislation and we are not in any way abdicating our responsibility.

At page 347 of his book, *The Modern Senate of Canada*, Professor Kunz said:

> The power of veto over legislation sponsored by the Government and passed by the House of Commons is only the most extreme form of the exercise of the legally unrestrained powers enjoyed by the Senate.

That is a correct statement of the constitutional position so far as this body is concerned.

> In view of this unique constitutional position the Senate would seem to be eminently able to perform what the report of the Bryce Conference, qualified by the Churchillian concept of the "deepening of the shadow," considered the most important function of a modern second chamber, . . .

That is the true position.

● (2100)

The situation before us, honourable senators, is a practical one. I can very well understand the feelings that honourable senators had—I shared them myself—when this present situation was first projected. I can well understand how senators feel about the criticisms that have been levelled at us during these past few days; although we are used to them, because they are continuous, we must note that we are not the only objects of criticism. The parliamentary institution itself is alleged by many to be meaningless. Many argue that it is irrelevant. This criticism is levelled not only at the parliamentary institution in Canada, but at the Congress of the United States. Reflect on what is said about the Parliament of Britain and its two houses. We need not feel that we are unique regarding these criticisms.

I am satisfied that this Senate, and the senators in it, are dedicated to Canada, dedicated to the promulgation of good and satisfactory laws. Our adversary system does not mean that anyone has a monopoly on legislative sincerity. I recognize at once that those who sit immediately opposite are no less interested in making this institution work, and are no less interested in seeing that this country's best interests are furthered by what we do, than those of us on this side. That is not the point. The point is that we are given now the opportunity of asserting, to those who seek to discredit us, that we are doing our utmost, as they are in the other place.

I can well understand Senator Choquette today urging us to insist on the amendment; but as I pointed out to him today, in the friendliest way, he took a different position, when the situation, admittedly, was not easy, in 1961, when he urged those in the Opposition then not to insist on their amendment. If the argument that he made today is relevant, if it is persuasive, it would apply then.

Honourable senators, I do not see any way out of this matter other than to do what Senator Goldenberg has proposed. The result will be that this bill will become law. There will be regulation of wiretapping. There will be proper checks and balances, and we will be given the opportunity, every one of us, here and elsewhere, to give teeth to a law which we regard as essential if we are to meet the challenge of crime.

Senator Molson spoke earlier. I did not disagree with one word that he uttered. I do not think any of us would disagree with anything he said. What he said represents the convictions of all of us. Each of us has to ask himself honestly, what other course can we take? Those who say, "Well, the Senate has been affronted and we must respond to the news media and we must respond to the charges made in the other place, and the way to do that is to take courage and send the bill back with amendments."

Hon. Senators: Hear, hear.

Hon. Mr. Martin: The result of that, however, will be that we will certainly have responded and shown some determination, but it will be an empty gesture because the bill will die.

Hon. Mr. Molson: Why?

Hon. Mr. Martin: It will die because the Opposition yesterday decided that they would not accept even the modified proposal of the Minister of Justice.

Hon. Mr. Everett: Is not that their responsibility?

Hon. Mr. Martin: That is why it would die, and there is no one who, having examined the situation, can come to any other conclusion.

So, honourable senators, I believe that we are not abdicating our views, that we are not abdicating our position. We believed that the amendment we offered was desirable. We accept—I accept—the modified proposal made by the Minister of Justice, which I thought met the concerns of those who were anxious about civil liberties, or for strict law enforcement; but again I say that if we are not satisfied with that modified form, we are not precluded from again asserting, within a short time, if we feel that we should, and if we feel that the operation of the act warrants it, the very provision that we put in in the first instance at the suggestion of the Constitutional and Legal Affairs Committee.

If one examines the debates of the Senate in *Hansard*, one will find that there have not been many occasions like this. There have been some occasions. I know of at least six that I have read very carefully in *Hansard*, and I do not think that the solutions offered by Senator Goldenberg are basically different, when one takes into account this stage of the session and the minority government position in the other place. There is not any other course open to us that is going to be effective, and we are not, I repeat again, we are not in any way giving in on a principle.

Honourable senators, those are my views on this matter. I speak with conviction and with force because I share the common concern. I have been aroused by the unjust criticisms of the Senate.

The action of the House of Commons does not in any way affect our authority or powers. It does not mean that we cannot bring in amendments to bills; it does not mean that we cannot veto bills; it does not mean that we cannot continue to initiate legislation. Our powers have not been circumscribed in any way whatsoever. We are, however, the victims, for the moment—and only for the moment—of a situation which I believe is not in the interests of our parliamentary form of government. This is a situation in which the government in the other place finds itself in a minority position. I have served in many governments over a long period, and for a good part of that time there was a minority government. I have been able to contrast that with the advantages of majority government, as I am sure other Privy Councillors in this chamber have, and there is not any doubt about the shortcomings of a minority government situation. I am not making any plea now as to which should be the government. Naturally I have my convictions, as Senator Choquette has. Each of us will fight for particular programs and principles to the extent of our energy and conviction. These are the facts. They cannot be altered. The facts are before us. If we want to see the wiretapping measure stay on the statute books following royal assent, and if we want to be true to our convictions, we will have the opportunity—and it will not be long—when any one of us may initiate a bill incorporating the amendment, or one like it, that was rejected yesterday.

[Hon. Mr. Martin.]

● (2110)

For those reasons I support the proposal made by Senator Goldenberg, and in doing so I am not retreating. I am not bowing to the challenges of those who do not have the same faith in this institution that I have.

This is the only course that we can take. I strongly commend it to the Senate.

Hon. Mr. Asselin: I should like the Leader of the Government to explain to the house how he can say that the bill would be killed if it is returned to the other house. If I recall the rules of the house correctly, if the bill is sent back to the other place and is accepted by the other place, it becomes law. The bill would not be killed if it is returned to the House of Commons. I would like the Leader of the Government to explain.

Hon. Mr. Martin: I thought I had explained that. The other house has adjourned, and will be coming back only for royal assent. Is there any reasonable ground for thinking, in the light of yesterday's events, that the party to which my honourable friend belongs, that the NDP or the Social Credit Party, will reverse their positions, when they overwhelmingly turned down the more modified form of amendment put forward by the Minister of Justice?

In my judgment, there is no reasonable ground for arguing that there is any hope of the House of Commons at this time accepting our amendment. That is the fact. Surely no one can seriously take issue with this. Since we want to make this bill law, there is no course open to us other than to accept the suggestion of Senator Goldenberg. In doing so, I repeat, we are not denying ourselves the opportunity later, if that course is not taken in the other place, of initiating changes in the law that will respect our convictions, and which we believe should be in the bill.

Hon. M. Grattan O'Leary: Honourable senators, with the indulgence and grace of our Speaker, and the indul-

gence also of Senator Molson, who is an authority on the rules, I feel bound to say that the situation in which this house finds itself was spawned in the petulance and fanaticism of the house leader of one party in the Commons. That is why this bill is before us in its present state. Mr. Stanley Knowles is here tonight. He has put us in the position we are in, and I must add in all frankness that he was aided and abetted by what I consider to be the mistaken tactics of the Official Opposition in the Commons, plus the political illiteracy of the backbenchers of both major parties.

The honourable Leader of the Government in the Senate, in the course of his speech a few moments ago, said that those who were intent on destroying this chamber would not succeed; and that brought cheers from the house.

Honourable senators, I am not so sure that it will not succeed. I am not so sure, because the truth of the matter is that throughout this country there is pitiful ignorance of the true function of this house. You read it in the press, and the press especially has a particular illiteracy about the Senate. In reading the press in the last few days—and I speak as an old member of the press; as an honorary life member of the press and of the press gallery—I must confess that I am sometimes appalled at the ignorance of the media, of the press and of television, about the true functions and position of the Senate.

Only the other evening, in a television program by Mr. Patrick Watson called "Some Honourable Members," there were interviews with three members of the House of Commons, one of whom actually said, in the course of the discussion, that he did not consider that senators were members of Parliament. As a matter of fact, he is not alone in taking that position. I have heard the Prime Minister himself speak of members of Parliament and senators. Tonight, in going back to my office, I found a notice from the president of my party in which he speaks of federal PC members of Parliament and then PC senators.

Honourable senators, my friend, the Leader of the Government, tonight quoted from the professor of McGill University who wrote the book *The Modern Senate of Canada*. As the Leader of the Government spoke, I wondered how many members of this house had studied that book; how many members of the other place had read that book; how many editors in Canada had read that book; and how many members of the Parliamentary Press Gallery had read that book. If they have read it, they surely would not write the nonsense that they usually write again and again and again.

They speak, for example, of the dissolution of Parliament. I submit, honourable senators, that this is what Mr. Churchill once called a terminological inexactitude. Parliament is not dissolved when you dissolve the House of Commons. That is all you do. Do you dissolve the Queen? Do you dissolve the Senate? We continue to exist. The Queen continues to exist. So what is the sense of talking about dissolution of Parliament when the British North America Act—that British statute which is our only Constitution—says that Parliament shall consist, does consist, of the Queen, the Senate and the House of Commons.

Hon. Senators: Hear, hear.

Hon. Mr. O'Leary: That is the position, and every schoolboy and schoolgirl in this country should be made aware of it.

I say to you, honourable senators, that unless something is done, whether by this house or by somebody else, to make the people of Canada acquainted with the true functions of the Senate, with the simple fact that it is an integral part of Parliament, then I am not so sure that a man like the leader of the NDP in the other house will not eventually succeed in abolishing this chamber.

What nonsense it is to say, "Take this bill back, or else." Honourable senators, I was a member of the parliamentary press gallery in 1913 when the Senate not only amended a bill, but threw out a money bill, a $35 million money bill, Sir Robert Borden's naval aid bill, and I remember seeing Sir George Ross, the former Premier of Ontario, wheeled into this chamber in a wheel chair and making a powerful speech against that bill which was rejected. I know we had some broncos in our party, who exist in all parties, who said, "Let us abolish the damn place." Great pressure was placed on Sir Robert Borden to take that action, and he certainly had more provocation than has Mr. Stanley Knowles. But Sir Robert Borden, a man of uncommon commonsense, a man of great wisdom, said "Nonsense." He accepted the verdict of the Senate and I, as a Conservative, say tonight that I am not so sure that in the light of history the Senate was not right at that time.

● (2120)

Ever since then—and this is shown in the book which the Leader of the Government quoted here tonight—again and again the Senate has amended and improved bills that came before it. It has sent them back to the other place, had conferences with them, and in more cases than naught the Senate's recommendations were accepted.

This is our business. It is not the business of the Senate to put bills on the statute books. It is the business of the Senate to keep bad bills from going on the statute books. That is our function.

I have always disagreed with the Leader of the Government when I thought he seemed to be trying to make this chamber an investigative body. That is not our business either. We may have standing committees, but this business of setting up special committees to investigate this, that and the other thing is not the business of the Senate at all. Our business here is to review legislation. That is our business, and that is enough business. We have no other business under the Constitution.

I could go on and make other criticisms about what has happened to the Senate, this tinkering with the Senate. People say we should reform it, and I think they are right, but we do not reform it by making it a one-party chamber. The Leader of the Government, over the last two or three years, has been trying to make this chamber a one-party chamber. We know what happens when the serried ranks of the Liberal Party on the other side come to vote. Their rhetoric never matches their actions—never! I have been in this house, a very humble member of it, for 12 years. Again and again over that time I have voted against my party. I recall proposing an amendment during the flag debate, and the first man to get up and vote against me was Senator Flynn, the leader of my party. That was his right.

When one accepts a senatorship he is like the judge who accepts a judgeship. He may have been a Liberal or a Conservative, or a member of some other party, but once he sits on the court he forgets his party and gives his judgments in the light of reason. That is the business of members of the Senate.

This house was constituted, was structured, as a two-party house. That does not mean that we must always vote with our party, but I do not think we can safely get away from being a two-party structured chamber. We cannot make it into a one-party house, and that is what has been attempted over the last five years.

To get back to the bill before us, I read very carefully yesterday's *Hansard* of the other place. There was no discussion on the amendment made in our committee. I sat in that committee. I heard the argument made by Senator McIlraith. Incidentally, I listened tonight with great admiration to the fairness and sincerity of Senator McIlraith's speech. It is true, I do not know quite clearly where he is going, but at least he put his case, I thought, beautifully. I hope the press comes here more often, because this debate here today far surpasses anything that took place in the House of Commons. There is no question about that. The debate here today is a credit to this house. Senator Molson started it off admirably. Even the Leader of the Government tonight, I thought, was fairer and better than usual. The acting leader of my party, Senator Choquette, distinguished himself today with his speech. This is a great thing for the Senate. The only way we will get this house reported—and I hear complaints all the time that we are not getting reported by the press—is by having good debates. The press goes where the action is, and if we have good debates, if we have real fighting debates, the press will come here, even though they may often murder us in the reports that they make.

I cannot accept at all the suggestion made by Senator McIlraith that we should have a conference with the other place. With whom would we confer? They have all gone home. There is no one with whom we could confer. If they were here, any conference we would have with the other place would have to include Mr. Stanley Knowles, and Mr. Stanley Knowles is not accepting anything that will give any prestige, or any position, to the Senate.

This does not mean that I reject the motion put by my friend, Senator Goldenberg. I agree with what he said, and said truly, that the Fathers of Confederation, the Founding Fathers, said, "You are a chamber of second sober thought." Very well, we accept that. Now what has happened is that we have given the best of what we thought was second sober thought, and we sent the bill back to the other place. They did not accept our sober second thought, however. So what do we do? Surely what we do is say, "All right, we have tried our best. We have tried to make this bill a better bill; we have tried to make it a better law. You will not accept that, so you take the responsibility; you take the consequences."

Hon. Senators: Hear, hear.

Hon. Mr. O'Leary: There is a speech in *Hansard* by Arthur Meighen on this question. Arthur Meighen was a partisan, and a very good one, but read that speech of Meighen's. In that speech Meighen said—and he laid it down—that, of course, our job here is to review legislation, to try to improve legislation, but if when we try to improve it and the other house will not accept what we try to improve, there is nothing we can do. They are, rightly or wrongly, the representative chamber and their will, if they insist on it, must prevail. They may be wrong, but if they insist on being wrong, our business, our only recourse, is to accept it. They are the elected, responsible chamber.

By the way, I want to say a word about that. What in the name of heaven is all this antagonism against people who are appointed? They say we must have no say in the Government of Canada because we are appointed. Well, what is the Supreme Court of Canada? Is it elected? What is the Federal Court of Canada, which deals with the lives and property of people? Is it elected? Is our Governor General elected? Are our deputy ministers, who have more control over us than does Parliament itself, elected? They are appointed by the Prime Minister.

Hon. Mr. Molson: What about editors?

Hon. Mr. O'Leary: That is right. There are all sorts of situations where people are appointed—school boards, and so forth. So this talk indulged in by people like Mr. Stanley Knowles, that as people who are appointed we must have no say in the governing of the country, is utter nonsense.

Honourable senators, taking that view—that rightly or wrongly we must have regard for the other place, the elected house—I will support the motion moved by Senator Goldenberg.

Hon. Daniel Lang: Honourable senators, I had certainly hoped to be on my feet before this today. I certainly never expected to have to follow two such difficult acts as those of my leader and Senator O'Leary. So I start from a position of great disadvantage.

I know honourable senators will recollect that this bill was explained by me in this chamber on second reading. For personal reasons I had to leave immediately after that. I was not present at the proceedings of the committee, nor thereafter. I did, of course, at first opportunity, read the minutes of those proceedings, and having done so I completely concur, for the reasons given there, in the action that the committee took. I certainly would have voted with the committee on that issue.

● (2130)

To some extent I feel that I owe an explanation, almost an apology, to this chamber, because when I introduced this bill on second reading I did not comprehend the ramifications of the clause that was deleted by the committee. I had no idea how serious an imposition this was placing on our police. I had no idea how it could manacle our crime detection organization to the great and serious detriment of the public.

Honourable senators, I would like to draw your attention again to what I consider to be the kernel of the problem. It may be all very well for somebody living in Meadow Lake, Saskatchewan, or in Chedabucto, to consider that the clause we deleted was a trivial one. Tonight several senators have said that this is a trivial clause, an inconsequential clause, one that does not concern the principle of the bill. It might not affect the principle of the bill, but I can assure you that it is not a trivial clause. It is particularly not a trivial clause for a person like myself

who lives in the City of Toronto, or somebody who lives in Montreal or in Vancouver, where crime is serious. This is not a trivial clause those people.

Senator Goldenberg said that our first responsibility was the public concern. I would say that when this chamber first considered this bill it dedicated itself accurately and correctly to the public concern. Yesterday public concern was flouted in the other place. The clause we are considering is not a clause to protect the police. It is a clause to protect the public. I think that the failure of the press to recognize the seriousness of the action we took, to recognize that it was no ill-conceived or ill-thought out action, but one that evolved from a real personal concern for the public, is absolutely reprehensible.

Let me read two passages from Mr. Adamson's testimony before our committee. Let me say first that in Toronto we have one of the finest police forces in the world bar none, and Chief Adamson is one of the finest police chiefs ever known, not only in this country but in North America. Speaking of the clause that was deleted by us he said this:

> An effect of that section of the bill, as presently drafted, would be that in the next twelve months Canada's top criminals would receive such notification—

That is of being wiretapped.

> —enabling them to take necessary evasive measures to avoid further detection and so escape law and order.

A little later he said:

> So the whole thing, in effect, is going to put us out of business in fighting crime in that way.

But it certainly will not put out of business the criminals, who themselves are going to use these bugging devices. I quote that merely to underscore how seriously I regard the effect of yesterday's action in the House of Commons on what I consider public security and order in Canada.

The Minister of Justice said he could live with this bill. What I want to know is: Can the Canadian public live with this bill?

Some Hon. Senators: Hear, hear.

Hon. Mr. Lang: I think the actions taken yesterday by the Conservative Party and the New Democratic Party were public irresponsibility of the first magnitude, and I hope they have to answer to the Canadian public for it.

Hon. Mr. Phillips: May I, as a Conservative, say that I support you in that view.

Hon. Mr. Lang: Honourable senators, I know I am in the same quandary as you all are about where we go from here. I am not satisfied that Senator Goldenberg's answer is the right one. I am not satisfied of that at all. I think there may be another one. This Parliament is not prorogued; it is adjourned. I do not know what this chamber will do with this motion. When this debate opened today I did not know what I was going to do on the motion, but I think I am beginning to understand what I will do. I was flattered that my leader picked up an idea of mine, that we could bring in a private member's public bill to amend this measure. At noon today I spoke to the Law Clerk, and such a bill is already in the printing stage. At the first opportunity I will bring in that bill as a private member's public bill if this legislation goes into law in its present form. I have no idea of what hope I have of getting a private member's public bill through the House of Commons, but I am going to have a damn good go at it.

Some Hon. Senators: Hear, hear.

Hon. Mr. Lang: There has been a lot of talk about our having no alternative but to either accept the bill in its present form, dangerous as it is, or lose the bill. I do not want to lose the bill. I like the blanket prohibition against wiretapping as far as non-police activities are concerned; I think it is necessary and desirable. But how important is it to retain the bill weighed against placing the public in jeopardy. I am not satisfied that keeping the bill is that important.

I do not want any more crime in Toronto than we now have. I do not want any more heroin hauls, muggings on the street, or to start importing all the problems of Detroit. How important is it to keep the bill weighed against the public interest in retaining effective protection by the police? I am not satisfied it is that important a bill. But I am concerned for the public. I think what we are considering tonight is whether the bill is so important that we are prepared to manacle our police to the extent that is provided in this clause now, our rejection of it having been amended.

I do not think it matters to the constitutionalists of the Senate. I do not think it really matters what happens in the other place, although I am disturbed about it. What matters is whether we are placing the public in jeopardy by proceeding in this way. I am going to have to be far more persuaded about the importance of the balance of this bill to the public of Canada than I am at the moment before I support this motion.

● (2140)

Honourable senators, I did not accept my appointment to this chamber merely to abrogate my judgment in these matters on the ground of expediency. I could not live with myself if I had to be in this chamber under those conditions.

I think the Senate has a great role to play and I think the public appreciates that far more than we know. At least, they know we are always there as a backstop. They certainly have not been well informed in this case, but perhaps if we can find some other avenue than that of accepting this motion we will be able to get across to them that we are performing a valuable function, particularly in terms of the preservation of law and order in our large cities.

Hon. Raymond J. Perrault: Honourable senators, I rise tonight with some trepidation because the speeches this afternoon have been of a very high order.

I have served in three assemblies in this country and I have quickly discovered this about the Senate, that it stands second to none in its concern for the problems of Canadians wherever they live, and it certainly stands second to none with respect to the abilities which exist here.

In both this chamber and in the other place Bill C-176 has been described as a most important measure. No one will dispute that. As honourable senators are aware, the

bill makes it an offence to intrude upon individuals in this country, or to possess electronic devices. I shall endeavour not to be repetitious, but I do intend to introduce one or two new considerations.

The majority of the Senate and of the other place are in basic agreement with the measure before us. However, in light of today's debate it is really an understatement to say that differences have arisen. The Senate suggests that defects exist in one important section of this bill. It is felt by certain members of this chamber and, I suspect, by a majority of the other chamber, that these defects exist; that under certain circumstances the retention of certain features of the bill—features which have been discussed so eloquently today by so many speakers that they need hardly be repeated—would give undue advantage to certain individuals engaging in possible criminal activity in Canada. This has been spoken of at great length, of course, but the relevant section would provide:

> 178.23 (1) The Attorney General of the province in which the application was made or the Solicitor General of Canada, as the case may be, shall notify in writing within ninety days next following the period for which the authorization was given the person who was the object of the interception—

Subsection (2)(b) of Section 178.23 provides as well:

> (b) where the Attorney General of the province in which the application is made or the Solicitor General of Canada, as the case may be, certifies within the said ninety days in a manner prescribed by regulations to the judge who granted the authorization that the investigation is continuing and the judge is of the opinion that the interests of justice require that a delay of a determinate reasonable length be granted, in which case the judge may grant a determinate reasonable delay.

Ideally, of course, the balance could be restored in this whole situation by requiring that all criminals who are engaging in illicit wiretapping activities, criminals intent on committing violence, fraud, mayhem and murder, give similar notice of their illicit wiretapping activities and their intentions. Of course, the idea is facetious. Such a requirement would be impossible to enforce, and would be ludicrous. But the suggestion does point up one of the concerns confronting conscientious members of both this chamber and the other place—and no chamber has a monopoly on virtue or good ideas or on concern about the safety of the Canadian people—and that is that the section as it stands is inadequate. And in their hearts the majority of the members of the other place know it to be inadequate.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Perrault: It is ineffectual because while it provides power for any judge to grant a delay of notification for "a determinate reasonable length of time," it does not empower any judge to grant extensions on any continuing basis should that be necessary, and it has been necessary in several instances which have been cited in parliamentary debate and committee consideration over the past few weeks.

Nowhere in the section do the words "from time to time" appear—words which I point out to the honourable members of this assembly are invariably in common statutory usage where such an intent exists.

I would ask members of this chamber, and our associates in the other place, to refer to section 465 of the Criminal Code of Canada where, when it is proposed that a continuing basis does exist, the words appear:

> A justice acting under this Part may . . . adjourn the inquiry from time to time—

Section 501:

> A judge or magistrate acting under this Part may from time to time adjourn a trial.

Section 756 says:

> The appeal court may adjourn the hearing of the appeal from time to time as may be necessary.

Competent legal authorities in this country suggest that this is a serious defect in this proposed legislation. Words of this type "from time to time" found in the Criminal Code invariably are interpreted by the courts to empower a continuation. But the words do not appear in the measure before us. Despite the off-the-cuff legal opinions which have surfaced in some publications across the country, this, I suggest, is one more demonstrable flaw in the wording as it exists.

The *Globe and Mail* has been mentioned today. May I say rather bitterly that its editorial opinions on this matter, and indeed on the Senate itself, appear to be guided by a failed and shattered lawyer who took his law course by mail order. The suggestion that the present measure, if maintained, will permit law enforcement authorities to go back to a judge again and again is completely ludicrous. The *Globe and Mail* is wrong, and the critics who have suggested this are wrong. The Senate is right. These critics are wrong just as the critics in the NDP who have advanced their specious arguments in the other place are wrong.

Well, what problem arises? It means that police investigations, including the use of certain electronic intrusion devices over long periods of time, would, according to competent legal and judicial authorities, require at some point that notice be given—if not after 90 days, then at some specific, determinate time—and the right to continuation does not, in fact, exist. Is this really what the Leader of the Conservative Party voted for when he leapt up to support the NDP yesterday afternoon? Is this what the Official Opposition really wants Parliament to do?

Hon. Mr. Phillips: No.

Hon. Mr. Perrault: Or was it sheer political expediency which led him to betray all of his previously professed beliefs in effective law enforcement, and his desire, professed so often, to protect society? There was this action, despite the fact that members of his own party in a commendable display of all party solidarity aided the government in correcting the flaw; aided it in the drafting of an amendment which would correct the flaw?

● (2150)

The Conservative Party wants to form the government. This is a legitimate and worthwhile ambition, but does it really require a total abandonment of principle in order to achieve that goal? The position of Her Majesty's Loyal Opposition is rendered even more regrettable and deplor-

able because, as I said, members of that party in the other place in fact co-operated to help repair the defect in the original section. They worked in harmony to develop a new section which would protect the public interest while providing adequate safeguards for human rights. It was a first-rate example of party co-operation. However, when the time of testing came, yesterday afternoon, the Official Opposition was tried, and, regrettably, found wanting.

Even those Opposition members who assisted in the drafting of the new section were driven like abject sheep to support their leader in his act of political irresponsibility and folly. They can be none other than unhappy and disillusioned men today as they review the implications of their position, and the notable disservice which they have done the Canadian people. They acted as they did certainly not with any intention of protecting society, for they will make the task of our beleaguered law enforcement officers even more difficult, as will be the case in British Columbia. I hope the Tories are able to explain to the people of my home province why they acted as they did. Together with other provinces, British Columbia has been plagued by the importation of dope and narcotics, and violence and crime.

Hon. Mr. Phillips: You helped them, did you not? I asked: Did you not agree with them?

Hon. Mr. Perrault: Honourable senators, I regret to say that I think the Official Opposition took the action they did because of their extreme frustration and their unseemly anxiety for power, which has apparently rendered at least their leadership insensitive to the need to assist in the development of sound legislation in the area of law reform before all other political considerations.

And what can be said for the NDP? In their long vendetta against the Senate they long ago abandoned their sense of fair play or objectivity with respect to this body. Again, yesterday, that party demonstrated its irresponsibility and indifference to the efforts of this body, and many members in the other place, to repair the defects in the bill. In an act of moral bankruptcy, not once did any one of their spokesmen even make the slightest pretence to analyze the merits of yesterday's government amendment. Rather, in their frantic efforts to discredit this body they resorted to innuendo and distortion of the worst kind, and it is there in *Hansard* to see. The NDP regard this so-called confrontation as another opportunity to attack the Senate—and the public interest be damned.

You know, we are in a sorry state indeed when political manoeuvring and expediency are given precedence over the development of sound legislation and the public interest. The suggestion is advanced from some sources, which should know better, that in effect the Senate has no right to advance proposals, suggestions, or amendments with respect to legislation originating in the other place, and that somehow members of this assembly have a moral obligation and a staunch duty to accede to every proposal from the other place, whether those proposals constitute folly, or whether they carry adverse implications for the public weal.

The theory has it that the Senate must maintain an acquiescent and decent silence on all occasions. The Fathers of Confederation would turn over in their graves if they knew what was going on.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Perrault: They never, at any time, had that concept in mind. They saw in this body—and the eloquence of Senator Eugene Forsey in this chamber tonight was very moving—they saw in this body, among other things—

Hon. Mr. Choquette: Are you referring to Senator O'Leary?

Hon. Mr. Perrault: Yes, Senator O'Leary. What did I say?

Hon. Mr. Forsey: The honourable senator must have extrasensory perception.

Hon. Mr. Perrault: Well, both senators are always eloquent. The Fathers of Confederation saw in this body, among other things, one which would represent regional interests, made up of those who would be able to contribute in a very real way to the construction of good and sound legislation.

During a period of time when he served as leader of the post-war British Opposition, Churchill was upbraided for opposing certain activities of the socialist party of that day. The quotation I am about to make is not exact, but as I recall it he said, "I have not assumed my responsibilities to remain supine and silent while all of the principles that our people have fought for and worked for and died for, down through the years, are frittered away." I think we can take something from that post-war Churchill speech.

Similarly, in Canada in 1974, the Senate of Canada cannot, and must not, remain supine and silent because a small minority, exercising a power totally disproportionate to their numbers in that other place, are making a concerted attempt to silence this body, to truncate it, and to eventually make it disappear. We are here, together with those who serve in the other place, as Laurier said, to form part of the people's jury, and it is our duty to render a conscientious verdict, regardless of person or party.

I have served, as I say, in other chambers, and no one chamber has a monopoly on virtue, good ideas, capacity, or a concern for the public interest. The members of this chamber are no less concerned about the betterment of Canada and its laws than are members of the other place. To suggest otherwise is to advance a totally false and mischievous concept.

In conclusion, the fact is that if legislation can be improved, bettered, made more effective, for the Canadian people, it does not matter where the proposals originate. Whether they originate in the other place, in this chamber, in a citizens' group in some other part of Canada, or even in the *Globe and Mail*, does not matter. If it is a good idea it should be incorporated in the laws of Canada. No one should be so small-minded that he will deliberately, for his own narrow purposes, block good legislation which will help the Canadian people. To send back to this house, without a debate on certain proposed amendments, a piece of legislation, is flawed, wrong, irresponsible and totally lacking in principle. Additionally, it is an act that dramatizes, I think, for the Canadian people, the fact that those who aspire to replace this government are neither qualified by their sense of responsibility, nor are they to be trusted with power.

Hon. Chesley W. Carter: Honourable senators, as Senator Choquette has pointed out, in his excellent and very eloquent speech on this motion, the long expected moment of truth for the Senate has finally arrived. We are faced with a situation which involves two separate issues. One issue is the nature and subject matter of an amendment to Bill C-176. The second, and larger issue, is the functions, responsibilities, rights and duties of the Senate itself.

● (2200)

It is very important that we keep these two issues separate in our minds. It is very easy to focus on one issue to the exclusion of the other. If we do that, we will only muddy the waters and confuse both ourselves and the public.

To put the first issue in its proper perspective, we must first look at Parliament as a whole. What is the Canadian Parliament? Is it the House of Commons alone? No. Is it the Senate alone? Certainly not.

As Senator O'Leary so eloquently pointed out a short while ago, the Canadian Constitution says that the Parliament of Canada is composed of three elements: the Crown, the Senate and the House of Commons—all three together, not any one of them singly.

Unfortunately, however, the House of Commons, with the connivance of the press and other media, has propagated the idea that the House of Commons alone constitutes Parliament, that the Senate does not count. With the connivance of the same allies, the NDP has propagated the theory that the House of Commons is a somewhat superior body because it is an elected body.

That, however, is contrary to the Constitution. The Canadian Constitution gives equal powers and responsibilities to both houses, with the possible exception of money bills, about which there is some controversy.

It is common knowledge that the NDP, and some members of other parties, do not like this, and for that reason they want to abolish the Senate. But for the reasons so eloquently pointed out by Senator Choquette and Senator Molson, it is essential that it be this way in order to safeguard the public interest.

Some parties, notably the NDP, are prejudiced against the police, the judiciary, and against law enforcement authorities generally. They incorporate their bias and prejudices in legislation, and the only safeguard against this is a body like the Senate. So they hate the Senate and are out to destroy it.

To rationalize their actions, they propagate the theory of the superiority of the elected body. They carefully ignore the fact that the Constitution makes both houses equal.

But the theory itself will not stand up to examination. Our concept of democracy is based on representation of the will of the majority. To represent the will of the majority, an elected member must have over 50 per cent of the votes, and preferably over 50 per cent of the population of his constituency.

How many members in the other place are elected with over 50 per cent of the votes cast, or with votes equal to 50 per cent of their constituency?

In the few minutes available to me this evening, I have done a little research. I have confined my research to NDP candidates, because they have been the most assiduous and the most vociferous in propagating this myth. I have had time only to look at about a dozen candidates, but I wish to give the house one or two examples.

The member for Meadow Lake was elected with 7,194 votes out of 20,298 votes cast, as against 27,433 people qualified to vote. That is 7,000 out of 20,000, or a little over 30 per cent of voters, but only 22 per cent of eligible constituents.

For the member for Burnaby-Seymour, there was a total of 18,274 votes out of 48,567 votes cast, as against 64,363 people qualified to vote. That represents less than 30 per cent.

Most of the dozen candidates that I looked at this afternoon fall within that category. We use the term that they are elected, but do they represent the will of the majority? I submit that a better term than "elected" would be to say that they are appointed. They are appointed by our electoral system, and they have no more claim to represent the will of the majority of the Canadian people than have we who sit in this chamber as appointed members.

I would think that probably 75 per cent of the members of the House of Commons would fall in that category. Therefore I do not see where they have any grounds for appropriating for themselves any sense of superiority, on the grounds of being elected by a very small minority of the votes and of being rejected, in most cases, by two-thirds of their constituents.

What is the function of Parliament? And by "Parliament" I mean both houses. One of our main functions is to pass legislation. The passage of legislation should be a co-operative effort, with both houses working together to try to provide the best legislation possible for Canadians.

It is in this spirit that the Senate approached Bill C-176. When the bill was being considered by the Standing Senate Committee on Legal and Constitutional Affairs, evidence was adduced which showed that Bill C-176 was defective in certain respects, and the Senate, in good faith, had, in the course of discharging its responsibilities to the Canadian people, deleted those parts that were defective, and by so doing provided a much better piece of legislation.

● (2210)

Why did the Senate delete certain parts of the bill? The title of the bill, certain portions of the bill, and the principle of the bill were all aimed at safeguarding privacy in relation to wiretapping. Our committee found that the 90-day clause, which was deleted by the Senate, had nothing whatsoever to do with safeguarding the privacy of the public. That privacy was safeguarded by another clause in the bill which required the police to get permission from a judge, or other person appointed by the Attorney General of the province concerned, before installing any wiretapping device. That was the safeguard of public privacy. The 90-day clause that the Senate deleted was one that compelled the police to notify the object of the wiretapping, and, as Senator McIlraith has pointed out, the object of the wiretap is not always the person whose phone is tapped. That clause added nothing to the bill. It provided no safeguard. That is another reason why the Senate took it out.

Also, it applied to legal wiretapping only. There are hundreds of illegal wiretappings going on, but there is no way of compelling those people to report. Nor do we, as a matter of judicial process, notify or inform anybody else who is under investigation that they have been investigated.

These three things add up to a very serious handicap to the police and the law enforcement authorities. In fact, they tip the scale in favour of organized crime and against law enforcement. By removing that clause, the Senate was acting in the public interest.

Honourable senators, what is going to happen if we pass Senator Goldenberg's motion? I think we should give very careful consideration to what is going to happen if that motion is carried. The first thing that is going to happen is that any wiretapping that is presently being carried out immediately becomes illegal and the taps must be removed. That is the first effect of the bill as it is now.

The second thing that has to happen is that the police will have to set about preparing a case to present to a judge in order to obtain permission to install another wiretapping device, and honourable senators do not have to stretch their imagination very far to realize that this could take a considerable period of time.

Also, a number of wiretaps would never be installed again. Because many of our wiretaps are carried out in conjunction with the police of other countries by international arrangement, we must ask ourselves what country is going to risk having its efforts to catch criminals jeopardized and betrayed by Canada through this process of having to report wiretapping back to the object of the wiretap, the criminal who has been the object of the wiretapping? A lot of wiretaps would never again be installed because the co-operation necessary to get them installed would no longer be forthcoming.

Many of these wiretaps can only be installed through the co-operation of janitors, secretaries, and other people who give the police access to buildings and offices. These individuals have an understanding with the police that they will remain anonymous. However, this bill in its present form is going to compel criminals to be notified and, as a consequence, the criminal will immediately know that he could not have been wiretapped unless somebody in his office, in his organization, co-operated with the police, and that person's life would be in jeopardy, as Chief Adamson pointed out to the committee.

Some people have put forth the idea that the amendment in question is a rather trivial matter and not something over which we should fight to the last ditch and dig in our heels over. They have suggested that it really does not matter. Senator Goldenberg said that we should consider what is in the public interest. I submit to you, honourable senators, that it is in the public interest to co-operate with law enforcement authorities rather than to handicap them. I submit to you that some of these wiretaps will never be installed again. Others will be installed only after a long period of time, probably several months, because the proper information would have to be compiled and submitted to a judge in order to secure permission for the wiretap. And what is going to happen during that period of time? Canada is going to be flooded with narcotics of all kinds, as well as other illicit goods. Organized crime is going to have a field day. There would be no way of stopping them. It would be a bonanza for them. And we say that this is a trivial matter? We say that it is not in the public interest to do something about it?

Hon. Mr. McElman: Would the honourable senator permit a question?

Hon. Mr. Carter: Yes, certainly.

Hon. Mr. McElman: Surely you are not suggesting that the only means of catching people who are peddling drugs is by means of a wiretap? Surely you are not suggesting, are you, that our police forces are so insecure and so unable to handle law enforcement that this is the only course they have?

Hon. Mr. Carter: I am suggesting, Senator McElman, that the only way you can get the kingpin is through a wiretap. Sure, you can go down to the corner and pick up the pedlar, the pusher, the little fellow, but you will not get the big guy who lives in a penthouse in a wealthy locale unless you have the wiretapping devices that are essential for it, as Chief Adamson pointed out to our committee. He listed a number of people like that, whom I think Senator Choquette enumerated this evening, who were caught but who would never have been caught without the use of the wiretapping device. Is that not right?

● (2220)

Hon. Mr. Choquette: Yes. Even if the 90-day period had been in force, Chief Adamson said that in the ten cases he gave us the culprits would not have been apprehended. I have been asked a question, so perhaps I might clear up the point. When a thug has his own telephone and the police say, "We did not get him in 90 days, but we are very close to getting him if we have another three weeks to a month," the minute he is told his wire is tapped he is either liquidated or abandoned by the mafia or the crowd of gangsters, who then change to another city with another phone and contact man. That is the importance of this. We were begged by the police to delete this clause, which we did, so as not to hamper those who are protecting society. I hope I have made myself clear.

Hon. Mr. McElman: I think my question has been misunderstood. The honourable senator has said that unless this particular provision is there this country will immediately be flooded with drugs. I suggest that is sheer nonsense.

Hon. Mr. Carter: You are entitled to your opinion and I am entitled to mine. Not only that, but my opinion is backed up by the police forces and I would like you to state your authority to back up your opinion.

Hon. Mr. McElman: You made the statement.

Hon. Mr. Carter: I make my statement and I quote my authority. You made your statement. Now you quote your authority.

Hon. Mr. Phillips: You have only Louis to quote, Charlie. Can't you get a better authority than that?

Hon. Mr. McElman: John Barleycorn.

Hon. Mr. Carter: Honourable senators, if we pass this bill, let us be clear in our minds exactly what it is we are doing. In the first place, we are tipping the scales in

favour of crime and against law and order; there is no doubt about that. Secondly, we are seriously handicapping law enforcement authorities, making them operate with one hand tied behind their backs, and making it impossible to catch the kingpins of organized crime. That is what we are doing.

With respect to the other issue, the functions and powers of the Senate, we are setting a precedent and participating in what amounts to an amendment of the Canadian Constitution, as Senator McIlraith so ably pointed out this evening. We are ourselves admitting that the Senate is an inferior body; that the Senate can amend legislation only when the House of Commons condescends to give us permission to exercise our rights and responsibilities. That is the principle involved in this motion now before us. If the House of Commons were interested in good legislation, if they were putting the public interest first, they would have accepted the amendment of the Minister of Justice, which was a fair amendment and which went to extreme lengths to meet any objection that anybody could make with regard to the violation of privacy. He went as far as he possibly could have gone while still being consonant with the public interest and the maintenance of law and order.

These people are not interested in privacy from wiretapping. They are interested in the abolition of the Senate, and that is the only reason we have this motion before us. Let us be clear on that; let us not fool ourselves. If we pass this motion we will be effectively destroying the Senate as a legislative body; we will be destroying our credibility for ever. At the same time we will be downgrading the Senate to the status of a purely advisory body. Honourable senators, I cannot be a party to any of these things.

I belong to the Liberal Party, and I am prepared to support the Liberal Party and the Liberal Government, but there comes a time when my loyalty to the people of Canada, to the Constitution of Canada and to this body, the Senate, transcends any loyalty I may have to a government, a minister or a party, and I am not prepared to compromise my integrity.

Some Hon. Senators: Hear, hear.

MOTION IN AMENDMENT—DEBATE ADJOURNED

Hon. Mr. Carter: I supported the committee's action in deleting the clause. I believed it was the right thing to do. I still believe it is the right thing to do, and I am not going to compromise myself and say I now think it is better to do something else. I submit that no bill at all is better than the present bill and is more in the public interest than passing the bill that will become law if we accept this motion. However, if it can be avoided, I am not prepared to throw out the baby with the bathwater. I agree with the principle of the bill. I agree with every part of the bill except that one clause we deleted. I am therefore going to move an amendment to the motion before us.

I move:

That the Senate do not insist upon its amendment to Bill C-176, intituled: "An Act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act", but that instead of the said amendment the said bill be amended by striking out lines 16 to 44 on page 18 and substituting the following:

[Hon. Mr. Carter.]

178.23(1) Subject to subsection (4), within ninety days next following the period for which an authorisation or any renewal thereof was given, a person specially designated in writing for the purposes of this section by the Attorney General of the province in which the application for the authorization was made or the Solicitor General of Canada, as the case may be, shall make a report, in writing, to the judge who gave the authorization or any renewal thereof or, if such judge is unable to act, a judge of the same jurisdiction, specifying the progress of the investigation in relation to which the authorization or any renewal thereof was given.

(2) Upon receipt of the report referred to in subsection (1), the judge to whom the report was made shall consider if it is in the interests of justice and the protection of privacy that any person whose private communications have been intercepted—

I stress "whose private communications have been intercepted".

—be notified of such interception.

That does not include notifying the criminal.

(3) Where the judge to whom a report referred in subsection (1) was made is of the opinion that it is in the interests of justice and the protection of privacy that any person referred to in subsection (2) be notified that his private communications have been intercepted, he shall inform the Attorney General of the province or the Solicitor General of Canada, as the case may be, who shall thereupon notify such person, in writing, of the interception, and deliver to him a copy of the authorization.

(4) Subsection (1) does not apply where the authorization was obtained for the purpose of an interception in relation to the prevention or detection of subversive activity as defined by subsection 16(3) of the *Official Secrets Act*.

(5) Nothing in this section shall be construed as giving a person who has received a notice referred to in subsection (3) a right of access to the application for the authorization or any renewal thereof or to the report described in subsection (1) or to any material in support of or in relation to such applications or report.

(6) The report referred to in subsection (1) and any documents related thereto are confidential and shall be dealt with in the manner provided in section 178.14 in respect of documents relating to an application made pursuant to section 178.12 or subsection 178.13(3) with such modifications as the circumstances require.

● (2230)

Hon. Mr. Choquette: That is clear enough, but it sounds more complicated than the one we just turned down.

Hon. Mr. Carter: You probably recognize that as exactly the same amendment moved in the other place by the Minister of Justice.

Hon. Mr. Choquette: Yes.

Hon. Mr. Carter: My seconder is Honourable Senator Lang. I move this amendment, because I think it is the

best course at the moment. I am not saying that it is absolutely the best course, because I really think the best course would be to defeat the bill altogether—kill it. Some people have been saying that, if we do this, the bill is going to die because there is no one over there. Well, that is none of my business. It is none of our business. It is their business to be over there to look after legislation when it comes from us, and we should not provide excuses for them.

Hon. Mr. Choquette: That is right.

Hon. Mr. Carter: It may well die. If it dies, in my mind no catastrophe will have occurred, because we are as well off or better off without it. But there is some merit in the bill and I agree with the arguments put forward by the leader and others that, if we can institute some control over wiretapping, all to the good.

All this amendment does is test the sincerity of the other place. If they are truly interested in the good of the people of Canada, they will accept this and act accordingly. If they do not want to accept it, well, then, that is not our business. The responsibility for killing the bill belongs to them.

Hon. Mr. Phillips: Senator Forsey, are you going to speak or are you going to just stand there?

Hon. Mr. Forsey: I am waiting for Her Honour to say what she has to say.

The Hon. the Speaker: I am going to put the amendment.

It is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Forsey, that the Senate do not insist upon its amendment to Bill C-176 intituled an act—

Some Hon. Senators: Dispense.

Hon. Mr. Phillips: No. I would like to know what it is.

The Hon. the Speaker: I am sorry. May I continue with the amendment?

Hon. Mr. Phillips: Yes, please continue, Madam Speaker.

The Hon. the Speaker: In amendment it is moved by the Honourable Senator Carter, seconded by the Honourable Senator Lang, that the Senate do not insist upon—

Hon. Mr. Langlois: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Mr. Phillips: What motion? I have heard so many "dispenses" and so on that I am not sure.

Hon. Mr. Laird: Order!

Hon. Eugene A. Forsey: Honourable senators, I am in somewhat of a quandary because it is very late and I do not wish to make myself obnoxious to the house by prolonging the proceedings beyond what honourable senators wish. I should be grateful for any guidance I may have on this. I am afraid I shall not be able to be quite as brief as I should like, although I do not intend to be very long. I should think it is perfectly possible that I might speak for 20 minutes, and I do not know if the house is prepared to tolerate a speech of that length now.

Hon. Senators: Hear, hear.

Hon. Mr. Forsey: I do not absolutely guarantee not to run over the 20 minutes, but I hope I shan't.

First of all—

Hon. Mr. Phillips: Move the adjournment!

Hon. Mr. Forsey: I think, if I may say so, that that last suggestion is not in accordance with what seemed to be the wish of the house as indicated by certain demonstrations which I saw just now. However, as I say, I am in the hands of the house.

Hon. Mr. Phillips: Move the adjournment!

Hon. Mr. Forsey: I am perfectly prepared to put it off until tomorrow morning.

Hon. Senators: Carry on.

Hon. Mr. Phillips: Move the adjournment.

Hon. Senators: Carry on now.

Hon. Mr. Forsey: I want to address myself first of all to the amendment which has been moved by Senator Carter. That amendment is, of course, identical with the amendment moved in the other place yesterday by the Minister of Justice and might, therefore, be assumed in the abstract to have my support. I am not prepared to support it now. If I had been in the other house yesterday, yes, of course, I should have supported it. I am not prepared to support it in this house now because I think it is an exercise in complete futility. I cannot imagine for one moment that there is the slightest prospect of such a motion being accepted in the other house. Therefore. I think it is really a complete waste of time to go in for any detailed examination of this particular amendment here tonight.

Some Hon. Senators: Hear, hear.

Hon. Mr. Forsey: I was a little puzzled by a great deal of Senator Carter's speech, because it seemed to me that the main thrust of what he had to say was that no bill at all on wiretapping would be the best possible solution to this problem. I may have misunderstood him. I admit that he finally said that he was in favour of some kind of control over wiretapping, but a great deal of his speech seemed to me to be a lamentation of Jeremiah on the subject of having a wiretapping bill at all.

Of course, I cannot share that point of view and I do not think that most of the members of this house do.

To address myself now, if I may without violating the rules, to the main motion to which Senator Carter proposed his amendment—and I think this is in order, because it is necessary to explain why I believe the main motion is desirable rather than the amendment—first of all I think there can be no question at all that this house has a right to amend any legislation from the other house that it sees fit to amend. It has even a duty to amend, if it sees what it considers good reason to do so. And it has a right and even a duty to insist on the amendments, if there is in the judgment of the members of this house, due reason to do so.

This, I think, should go without saying. Any contention to the contrary seems to me to be devoid of sense.

Now, I think the amendment which we made to this bill was a good amendment. I thought so at the time. I have

seen no reason to change my position. Someone said this afternoon that if it was a good amendment then we should stick to it. I think that is rather too simple. I should have thought that anybody with even my limited political experience—and I cannot remember whether the honourable senator who made this remark had more or less political experience than I, although he could scarcely perhaps have less—I should have thought that anybody even with a minimum of political experience would have realized that there are many occasions when you cannot get what you regard as the ideal solution, the ideal bill, the ideal clause; and when you are faced with the question, "Is it so important to have that particular clause, that particular section of the bill, that it is worthwhile sticking to my original position, come what may?" Surely there are many occasions when we are obliged to say, if we are practical politicians at all—and I use the word "politician" in its better sense—if we are reasonable and pragmatic practitioners of the art of politics, surely there are many occasions when we are obliged to say to ourselves, "Well, I do not altogether like this, I should have preferred to see that last amendment carried; I do not altogether like that; but on the whole, I think that even with this imperfection the bill is worth supporting."

● (2240)

My view on this is that what I might call the "Atkey clause," clause 178.23, is a blemish on this legislation—and I do not think it is a trivial blemish. I should not subscribe to that word "trivial." However, I think it is only a blemish on this legislation, and my reason for saying that is that the Minister of Justice said, more than once, that while he would have preferred not to have this clause, nevertheless he could live with it.

Some people prefer the view of the police chiefs to the view of the Minister of Justice. I do not know that I am prepared to accept that view wholeheartedly. I remember on occasion in my perhaps somewhat chequered past, having to encounter certain actions of the Royal Canadian Mounted Police. They never picked me up—I do not mean anything like that. They may even never have had a dossier on me, although perhaps they have. I do not know. But in some cases I thought they showed remarkably poor judgment, and not very much knowledge, in their activities in regard to certain civil liberties of the subject. I am not prepared to accept the infallibility of police chiefs. I am not prepared, of course, to accept the infallibility of a Minister of Justice, either; but I am rather inclined to think that the Minister of Justice may be in a position to take a broader view, and a somewhat less biased view—a view less affected by "déformation professionnelle," as we say in French—than the police chiefs; and therefore I attach great weight to what the Minister of Justice said on this subject.

[*Translation*]

Hon. Mr. Langlois: Honourable senator, please allow me one question. What about the provincial Attorneys General who have their say in this?

Hon. Mr. Forsey: Please excuse me.

Hon. Mr. Langlois: The same goes for them: they have their responsibilities.

[Hon. Mr. Forsey.]

[*English*]

Hon. Mr. Choquette: What do you say? He asked you about the Attorneys General, and he said "Attorney Generals," but it's "Attorneys General." What do you say as to their opinions?

Hon. Mr. Forsey: I have no access to the opinions of the Attorneys General. Perhaps my honourable friends who have just spoken—both of them—have. I cannot say. I should think, however, that that point is covered by what has already been said about the undertaking of the Minister of Justice to keep in touch with the Attorneys General of the provinces and to introduce legislation to meet their difficulties if it turns out that these difficulties really exist. However, that is a side issue, for the moment, for me. I am not in possession of the opinions of the Attorneys General.

Senator Choquette said this afternoon, "Better no bill than a bad bill." My answer to that is, "Better a blemished bill than no bill." It is really a question, here, of judgment. In the judgment of Senator Choquette, and of Senator Carter, and of various others, this bill, with this clause in it, is a bad bill. In my judgment it is a good bill with a blemish, which I am prepared to accept, "faute de mieux", because I think we cannot get anything better at the present time. I do not want to see the bill die. I am absolutely convinced that if we send this measure back to the House of Commons with the amendment proposed by Senator Carter, or if we just send it back with the original amendment which this house passed, the bill will die. I do not think there is the faintest prospect of the obdurate majority which we saw yesterday—the increased majority which we saw yesterday—eating humble pie, eating crow, or backing down. I cannot conceive of this.

Hon. Mr. Molson: What are we doing?

Hon. Mr. Forsey: Wait a minute. I have great respect for my friend, Senator Molson, and I listened with great respect this afternoon to the speech which he made, as I always do, and to the speeches of other people who oppose this motion. I was greatly impressed by Senator Lang's speech, and by Senator Perrault's. I am not entirely convinced by them, for reasons which I shall try to make clear, however.

A good deal has been said about the constitutional position of the Senate in this matter, and mention has been made of the clauses of the British North America Act, under which the Senate, except for its inability to introduce money bills, or to increase the amount involved in money bills, is completely the equal of the House of Commons. That goes very far. This house, if it wants to, can pass any amendment other than those I have just mentioned. It can reject any bill whatsoever, and it can go on doing it from now until Doomsday. There is no restriction whatever, and in some instances it has thrown out a bill five times in succession.

If you look simply at the law of our Constitution, you can be very gravely misled about its essence. If you go through the British North America Act from end to end you will not find the faintest, most oblique reference to responsible government except in the preamble—the words "similar in principle," "a constitution similar in principle to that of the United Kingdom."

The politically illiterate person—the politically illiterate foreigner—looking at the British North America Act, would get the impression that we were governed by an almost complete monarchical despotism. We all know that this is simply not true. The practice, the usage, the conventions, the understandings and the accepted views of what should be done politically and constitutionally are an enormously important and vital part of our Constitution, and we all know that the practice changes from time to time, that it develops, that it adjusts itself to new circumstances. I suggest that in fact, over recent decades, the Senate has been less ready, either to reject bills outright or to pass amendments upon which it insisted in the teeth of the Opposition of the other place, than it formerly was, and I think the practice has now grown up that in general the Senate will reject a bill from the other house, or insist on an amendment of a bill from the other house, only in rather unusual circumstances—circumstances of great seriousness. Of course, what constitutes a circumstance of great seriousness is a matter of opinion.

Hon. Mr. Phillips: If you follow Senator Martin—

Hon. Mr. Forsey: I am sorry. My infirmity prevents me from hearing all the interventions of other honcurable senators, but I think I shall probably come to the point Senator Phillips was mentioning in a moment or two.

Hon. Mr. Phillips: Senator Martin has—

Hon. Mr. Forsey: I am tired of Senator Phillips talking about Senator Martin. If he wants to talk about Senator Martin, let him get up and make a speech about him. I am not talking about Senator Martin, or any other personality in this house, and I am expressing my opinions, which I arrived at without having the faintest idea what Senator Martin's opinion was, or Senator Goldenberg's, or anyone else's. I have the floor, Senator Phillips, and I am going to keep it for the moment.

Hon. Mr. Phillips: Honourable senators—

Hon. Senators: Order, order.

Hon. Mr. Forsey: I will yield the floor to you, Senator Phillips, when you ask a proper question in the proper way. I have the floor, Senator Phillips, and I am going to keep it for the moment. I will yield the floor to you when you ask a proper question in the proper way, but I am not yielding the floor at this point.

● (2250)

I want to make it perfectly clear that I arrived at my opinion that I am expressing on this matter before discussing it with anyone. Senator Goldenberg came to me and said, "What do you think about this?" I said, "I should be interested in knowing what you think, but I will tell you what I think." I told him, and it turned out that our opinions coincided. I said, "If I found that your opinion was opposed to mine, such is my respect for you that I should have gone and thought again, although I don't know that I should have changed it." But my opinion, good, bad or indifferent, has nothing to do with Senator Martin, Senator Langlois, Senator Buckwold, Senator Goldenberg, or anybody else in this house. I am expressing my own personal opinion based on my conviction about this legislation. I may be 100 per cent wrong, but if so, I am 100 per cent wrong on my own responsibility.

Hon. Mr. Langlois: I am sure the honourable senator is not suggesting that we were all agreed?

Hon. Mr. Forsey: No, certainly not.

Hon. Mr. Phillips: Were you at the Liberal caucus this morning?

Hon. Mr. Forsey: I do not know if that question is in order, and I do not think it makes one particle of difference one way or the other. I am not going to answer a perfectly irrelevant question. I do not know whether you were at the Conservative caucus or not, but I do not care two hoots in Hades.

Hon. Mr. Phillips: That is our fault. We never had a caucus.

Hon. Mr. Forsey: Really, honourable senators, I think the interruptions to which I am being subjected are not altogether in the nature of legitimate interruptions.

The Hon. the Speaker: Senator Forsey has the floor. Unless he wishes to have questions asked of him, he should not have to interrupt his speech.

Hon. Mr. Forsey: I want to refer specifically, honourable senators, to the practice which I think has been followed here for nearly 40 years now. I think, if you go back to 1935, you will find that the occasions upon which the Senate has either rejected any measure or has insisted on amendments are very few indeed and very unusual, if not extraordinary.

In 1936 a proposal to amend the Constitution came up to this house from the House of Commons. When it got here, the then Conservative leader, the Right Honourable Arthur Meighen, pointed out that it would have given the provinces power to erect tariffs against each other. This statement, which was not I think seriously challenged, was received with horror from all sides. Practically everybody said, "Oh, we never meant that". The Senate threw out the proposed amendment, and that was the last we ever heard of it. It died unwept, unhonoured and unsung, and deserved so to die.

There was a very extraordinary proposal brought before this house, one that would have menaced, threatened the national existence of this country; and there was a case where the Senate, I think, was fully justified in saying, "We will not pass it".

The next occasion when the Senate asserted itself in a somewhat similar way, as I recall it, was when a proposal came before this house, passed by the other house, to confer on the Minister of National Revenue certain arbitrary powers which, in the opinion of this house, were altogether unwarranted and dangerous; and the Senate chucked out, rejected, threw out, that particular part of the bill. The House of Commons refused to accept the Senate amendment. The Senate insisted on its amendment, and the bill died—and in my judgment, although I was at that time a supporter of the government then in power, it deserved to die. The third occasion—I may have got these last two out of their chronological order—was when a bill passed the House of Commons for the removal of Mr. Coyne as Governor of the Bank of Canada. Mr. Coyne felt he was entitled to a hearing before a parliamentary committee. He could not get it before the relevant committee of the House of Commons. He asked to

have a hearing before the relevant committee of this house. This house agreed, and he got his hearing; and when he had his hearing, he resigned. So the bill fell to the ground because, of course, the purpose had been achieved by the resignation of Mr. Coyne.

The suggestion that if we give in on this thing, if we do not insist on our amendment, we are committing suicide, that we are creating a fatal precedent, that never again shall we dare to amend anything, or at any rate dare to amend anything without the gracious permission of the House of Commons, dare to amend and insist on any amendment we may make—a suggestion that a single instance of this sort creates a fatal precedent is to my mind perfect nonsense.

I cannot see how that could be maintained for a moment. One swallow does not make a summer. One decision on one particular bill does not create a complete precedent binding on posterity to the end of time.

In my judgment, our right to amend anything we see fit to amend within our powers, barring what I have mentioned, raising of the amounts of the money bills, remains absolutely intact and unquestionable.

In my judgment, our right to insist on our amendments, our right to reject a bill outright, remains perfectly intact. But it is a question of when these rights should be exerted. What do we reject, and when and why? What do we insist on, and when and why? This is a matter where we have to use our heads and use our judgment. This is matter where we have to use that sober second thought celebrated in song and story and in countless eloquent speeches in this chamber. I emphasize sober and thought—not impulse, not something that hits us on the top of the head, but the intelligent use of our brains.

I would say that the Senate has a right to insist on an amendment or a right to throw out an amendment if the bill, or a clause in the bill, is really vicious; if it is, for example, a gross and flagrant invasion of the liberties of the subject, or a measure fatal or highly dangerous to the national existence.

I would say that there is a similar warrant for us to exercise our rights to throw out a bill or amend a bill and insist on our amendment if there is a tremendous, widespread, furious outcry from a large section of the country against the measure.

Those are, roughly speaking, the circumstances in which I think we are entitled to exercise these rights, and justified, warranted, amply so, in exercising these rights. I think that the example of 1936, our throwing out of that constitutional amendment, is one illustration of this—and the case that Senator O'Leary referred to, of the destructive amendment, as I think it was to the naval aid bill of 1913—is another.

There, there was very widespread, very strong, very deep opposition to the measure, notably I think in the province of Quebec.

I think the Senate said, "We will pass it only if you put it to the country in a general election," and Sir Robert Borden did not take the bet. I think he did not take the bet because he knew that there was such widespread opposition in the country, and such deep opposition.

I should like to point out that we got our way in the Senate on these various occasions. The House of Commons caved in.

Hon. Mr. Phillips: Were you there at that time?

Hon. Mr. Forsey: No, I was not. I am speaking now of the Senate as an institution. I am sorry if I transgressed in that way. Of course I was not there. I do not think the honourable senator was there either, for that matter. But that, again, is quite irrelevant. The Commons never tried again with those particular measures. We put the lid on, and I think rightly so.

The House of Commons gave in. Nobody suggested for one moment that it was committing suicide, or divesting itself of its rights and powers, or that it had lost the power to object to anything the Senate said.

I venture to say that our right to reject measures, or to insist on our amendments, is somewhat analogous on the one hand to the right of the House of Commons to engage in prolonged obstruction which it has done only relatively rarely in the history of this country. I think 1881, 1896, 1911, 1955 and 1956 are the only occasions that I can recall when there was really deep and prolonged and sustained obstruction. In all of those cases there was very sound warrant.

It is somewhat analogous to that, and also to certain reserve powers of the Crown which are rarely exercised, but which nevertheless remain there in the background for the protection of the functioning of parliamentary government.

Obstruction in the House of Commons, the use of the reserve powers of the Crown, the use of our undoubted right to reject bills or to amend them in any way we see fit, and insist on our amendment, I suggest, is a similar power; to use the language of the Anglican Prayer Book on the subject of marriage:

> Not by any to be enterprised or taken in hand lightly, unadvisedly, or wantonly, but reverently, soberly, discreetly, and in the fear of God.

● (2300)

I think we should undertake to insist on our amendments only if there is very, very grave and substantial reason for doing so. In the judgment of certain honourable senators, which I respect, there is such grave reason in this case. In my judgment, there is not. In my judgment it is not a bad bill. It is a good bill, somewhat blemished.

I should like to add one or two other things, notably that I fully share what Senator O'Leary said about appointed persons. This nonsense that merely because you are elected you are endowed with all the wisdom and virtue of the angels, and that merely because you are appointed you are devoid of intelligence, devoid of principle, devoid of any good quality, is perfect trash, and tripe, and rubbish, and I reject it completely.

If we were now faced with the kind of thing that I have been mentioning, the kind of extraordinary circumstances, the grave violation of our liberties, the threat to the national existence, in this measure, then I would say let us have a confrontation with the House of Commons, with all my heart, and I would support it. But this clause in question, good, bad or indifferent, is not, to my mind, of that character. It is not a grave invasion of the liberties of

the subject; it is not a threat to our national existence, and there is no serious, widespread outcry against it. So, to my mind, to insist on our original amendment, or to pass the amendment moved by Senator Carter, would be foolish and irresponsible.

Never mind what the media may say, or what the NDP or anybody else may say. Let our sober judgment be our guide, not the gibes of the press or the jeers of the NDP, and I am tempted to add, the taunts of the Tories. This is not an occasion for simply reacting emotionally to misrepresentation or abuse, or releasing pent-up feelings of anger or frustration, however justified, or giving ourselves the emotional satisfaction of sticking our tongues out at the majority in the other house. It is an occasion for exercising what Sir Robert Borden, too optimistically, I fear, called the "commonplace quality of common sense."

Hon. George van Roggen: Honourable senators, when Senator Lang rose a little earlier this evening he said he rose with some hesitation in following the excellent speeches of Senator Martin and Senator O'Leary, to say nothing of Senator Choquette's earlier speech. I rise with even more trepidation, because Senator Lang proceeded immediately to give an excellent speech, which was followed by equally good speeches from Senator Perrault and Senator Carter. Unfortunately, I missed part of Senator Carter's speech because I had to leave the chamber for a few minutes. Now we have heard Senator Forsey with his usual eloquence, fluency and decisiveness. So I shall not try to speak to you in the manner of these other honourable senators, whose eloquence I cannot match.

I have only one or two points to make, and I shall not take more than two or three minutes to make them. The first thing I should like to mention—and it has been mentioned already—is the extraordinarily stupid and inaccurate editorial in the *Globe and Mail*. It could only have been the product of an ignorant oaf. I do not know who the author of that editorial was, but somebody told me earlier today that he used to work for a newspaper in Vancouver. If that is true, I can only say that I am glad he is now in Toronto. We should not, however, dignify such nonsense by creating a confrontation with the Commons for the amusement of these rather irresponsible thrill-seekers in the media.

To answer the point the NDP and the media have been trying to make, that we must obey the will of the elected majority, and the response to that by some members of this chamber, and others, that if we accept this bill now and pass it we will somehow be subservient to the Commons, I should like to say that surely this coin must have two sides. We know that there have been a large number of amendments over the years passed by this house, which have been accepted by the House of Commons. In those instances the House of Commons has not said, because they accepted an amendment proposed here, that this made them inferior to us. I say that the other side of that coin is that we must not take the position that we cannot ever propose a single amendment that they must not accept; that the time can never come when we propose an amendment which they reject, because then we are saying that we are superior to them, rather than vice versa. We are two chambers trying to work in harness together, with equal authority under the Constitution, as has been pointed out. I reject the proposition that, having had many amendments to legislation accepted over the years by the House of Commons, we are now being insulted in some fashion by having one not accepted.

Having made that point, there is an unfortunate additional factor in this particular instance, and that is the irresponsibility of the House of Commons in not giving our amendment proper consideration. What does that leave us with? It leaves us with this state of affairs that we have done our duty; we have improved this bill; we have given it sober second thought, as is our duty. It is the other place that has not done its duty. It is the other place that is acting on pique and emotion; not us.

I can understand the actions of the NDP for two reasons. First, they wish to abolish this chamber. They have said this quite publicly in their platform, and they are entitled to that viewpoint. This is not the time to go into the problems that would arise in a parliamentary democracy, without a written Constitution and a Bill of Rights which can be enforced by the courts, if you do not have the protection of the Upper House in Canada. The Senate could not be abolished, I would suggest, without there being other safeguards for the Canadian public in its place. I will not go into that tonight, but that is one thing the NDP are known to support and, of course, they seize on any opportunity such as this to further that end.

There is a second reason why they supported the action of the Commons yesterday, that being that philosophically they probably agree with the bill as it now reads. That was disclosed in their vote in the other place earlier. So I do not have that much criticism of them, although I think they demonstrated typical irresponsibility in not considering seriously, and debating, our amendment.

The Tories, on the other hand, are a different story. There was shocking irresponsibility displayed yesterday in a thirst for power, regardless of the quality of the legislation coming out of the other place. But they, together with the NDP and the Creditistes, constitute the majority in the other place, and they had their way. They will have to answer for it to the electorate in the years to come. It is not our job in this chamber to go through hell and fire to pull the Tory chestnuts out of the fire for them. They perpetrated this, and they will have to live with it.

Personally, in spite of the rather unnecessary remarks by one of my fellow senators across the way about those on this side being "Martinized," I would say that I was in some doubt as to what the best course to follow tonight would be right up until the time I listened to the excellent speech of Senator O'Leary, since fortified by the speeches of other honourable senators and, lastly, by that of Senator Forsey. I will be opposing the amendment proposed by Senator Carter, and supporting the motion of Senator Goldenberg. This should not be construed as an embarrassment for the Senate, but only as an embarrassment for the Progressive Conservative Party of Canada.

● (2310)

[*Translation*]

Hon. Léopold Langlois: Honourable senators, I regret to rise at such a late hour, but I am ready to promise my colleagues that I will try to make the shortest speech possible.

First of all, I must make an important preliminary comment. As a result of the duties I have been fulfilling in this house for some time already, I must say that my comments tonight are made in my own name only.

Another preliminary remark I must also make is to emphasize the fact that today, January 11, 1974, will surely remain for the parliamentary history of this country a glorious day for the Senate. As a matter of fact, today, our chamber appeared in the country as a first quality deliberative assembly and the opponents to this chamber will surely recall for a long time, I am sure, the Senate reaction to this inconsiderate attack. As regards this attack, the Senate proved to be a strong opponent thanks to its vigorous response, the independence and the quality of its debates.

First, as a remark on what was said by previous speakers about the urgency to dispose of this bill—and this was mentioned in the House of Commons yesterday by the honourable Leader of the Opposition—I will point out at the outset that it is the fourth bill of the kind to be brought before the Canadian Parliament.

The first was introduced in 1969 by Mr. Orlikow.

The second was given first reading in 1971, on June 28 to be exact, and on February 21, 1972, a third such bill came into being in the House of Commons and because of lack of action in due time, these three bills died on the order paper of the House of Commons. That very house says to us today: hurry up, forget about your right to deal with this measure as you see fit.

I cannot accept such irresponsibility, from the House of Commons or from anywhere else.

Having made these few comments on the history of the bill before us, I should like to emphasize a few aspects of the excellent speeches we have heard today.

First of all, I will refer to Senator Goldenberg's remarks, although I do not agree with his allegations.

What I do not like about the statement of Senator Goldenberg, who is a well-known expert in constitutional law, is the point that he tried to make that customs and practices are more important than a written constitution.

I should like to remind him of the old Latin proverb:

verba volant, scripta manent

I think he must have forgotten this principle which is applicable not only to the constitutional point of view, but universally by all those who feel that a practice may change, customs may vary, and usages may be retained so long as the people who once adopted them remain constant in their attitude under certain circumstances.

What can prevent other legislators from counter-attacking later on and changing the established customs? They are not bound by doctrine, as are some of our Canadian courts.

In any case, this objection of Senator Goldenberg was contradicted by two eminent speakers, my own leader, and the senator who seconded the motion of Senator Goldenberg, Senator Forsey, when both senators stated that the fact of not using tonight our right to refer this bill to the House of Commons did not affect the Canadian Constitution.

This would have been a precedent, a first step towards the establishment of a tradition which, according to Senator Goldenberg, would have become more important than the written Constitution of this country. I cannot accept this position.

Senator Goldenberg's speech was followed by that of Senator Choquette, with whom I am in complete agreement. I congratulate him on the independence that he showed in his statement, even when he criticized his party. I believe that he will appreciate my attitude tonight since I shall withdraw the support that I have always given to my party in order to express a personal opinion.

Moreover, I think that the positions taken in this house tonight show the independence of the Senate. Mostly, they show its objectivity when it comes to the consideration of important bills. Senators are showing to the country that they can put aside their political affiliations in order to consider first of all the welfare of Canada. This is a rare example among Canadian legislatures. I am proud that the Senate of Canada gave this example tonight.

Hon. Mr. Bourget: Very well.

Hon. Mr. Langlois: This afternoon and tonight it was often repeated that a difference should exist in the mind of some people between the powers of the elected chamber and those of the appointed Senate.

When, in last June, I was participating in the debate of this house on Senate reform I thought I should point out first the tremendous difference which exists between the membership of this chamber and the House of Lords. I used this basis to say that too often the Senate situation is appreciated on the basis of the composition and the role of the British House of Lords which is totally different from ours. Suffice it to look briefly at the function of the British House of Lords to see the enormous difference which exists between the two chambers.

First, the British House of Lords is in principle composed of 1,034 lords, of which 265 spiritual lords representing the upper hierarchy of the British Anglican Church and 1,008 temporal lords, representing 272 hereditary lordships and 126 life lordships. We are far from our Canadian upper chamber. I am now in the same position as the Father of Confederation, the Right Honourable Sir John A. Macdonald who at page 37 of the Confederation Debates stated and I quote:

● (2320)

[*English*]

> In this country, we must remember, that the gentlemen who will be selected for the Legislative Council—

That is, the Senate.

> —stand on a very different footing from the peers of England. They have not like them any ancestral associations or position derived from history. They have not that direct influence on the people themselves, or on the popular branch of the legislature, which the peers of England exercise, from their great wealth, their vast territorial possessions, their numerous tenantry, and that prestige with which the exalted position of their class for centuries has invested them . . . The members of our Upper House will be like those of the Lower, men of the people, and from the

people. The man put into the Upper House is as much a man of the people the day after, as the day before his elevation. Springing from the people, and one of them, he takes his seat in the Council with all the sympathies and feelings of a man of the people, and when he returns home, at the end of the session, he mingles with them on equal terms, and is influenced by the same feelings and associations, and events, as those which affect the mass around him.

[*Translation*]

Further on Sir John A. Macdonald proceeded to say and I quote again:

[*English*]

And is it, then, to be supposed that the members of the upper branch of the legislature will set themselves deliberately at work to oppose what they know to be the settled opinions and wishes of the people of the country? They will not do it. There is no fear of a deadlock between the two houses. There is an infinitely greater chance of a dead lock between the two branches of the legislature, should the elective principle be adopted, than with a nominated chamber—chosen by the Crown, and having no mission from the people. The members of the Upper Chamber would then come from the people as well as those of the Lower House, and should any difference ever arise between both branches, the former could say to the members of the popular branch—"We as much represent the feelings of the people as you do, and even more so; we are not elected from small localities and for a short period; you as a body were elected at a particular time, when the public mind was running in a particular channel; you were returned to Parliament, not so much representing the general views of the country, on general questions, as upon the particular subjects which happened to engage the minds of the people when they went to the polls. We have as much right, or a better right, than you to be considered as representing the deliberate will of the people on general questions, and therefore we will not give way."

[*Translation*]

A comparable opinion about the Senate was expressed by none other than the Right Honourable Arthur Meighen in the *Queen's Quarterly*, volume 44, page 152 and I quote:

[*English*]

Some time ago a prominent and popular Canadian, a man of opposite political association to myself, said, "I am thankful in these days for the Senate! No matter what wild and extreme radicalism may sweep the country the Senate will stand firm; it will save the ship". This surely is worth saying and remembering. The forces of wild and extreme radicalism must be met right out among the ranks of our people, in their homes and meeting places; there the power of reason and common sense must be applied, the lesson of long experience must be taught, or nothing will save the ship. Surely we have learned from tragedies in other lands that the tide of a mad, militant and persistent majority never can be stemmed. It must not become a majority.

[*Translation*]

Following those two quotations, I think it is absolutely impossible to suggest that the House of Commons is on a higher step than the Senate simply because of the fact that one is elected and the other is appointed.

Coming back to the speeches made by my colleagues tonight, I say to Senator Asselin that I agree with him when he says that the test in the Senate tonight is one of credibility. I would add that it is also a test of respect for the Canadian public and even respect on the part of our own members. Indeed, if we downgraded this House to the level where some of its opponents, its adversaries would like to see it, soon our colleagues will lose respect for this House and interest in attending and participating in its debates.

I think the future of Canada, the future of the Senate, depends upon what we do here tonight. That is why I am opposed to the motion of my honourable friend, Senator Goldenberg. I have also appreciated enormously—as well as my colleagues I am sure—the comments of Senator O'Leary who tonight let us have one of his speeches that not only proved beneficial because of his parliamentary experience but also his journalistic experience. I find myself in complete agreement with his comments although his conclusion was contrary to the one I reached tonight.

I should also like to point out the speeches made tonight by my other colleagues such as my leader, Senator Martin,who as usual was excellent in his presentation although I regret to tell him he did not convince me. But I appreciate that he leaves me free, as it should be, to voice an opinion contrary to his own.

● (2330)

Senator Molson also showed an excellence to which we have long become accustomed, as well as Senator Laing, Senator Perrault, Senator Carter and Senator Forsey.

However, I would have preferred Senator Carter to take a stand other than the one he took tonight, although I would be ready to vote for his amendment. However I would have preferred Senator Carter—instead of proposing to send the bill back with the amendment which was defeated in the House yesterday and has very little chance of being accepted—to propose a conference as provided for in our rules, especially rule 59 of the Senate, on page 26, in paragraph 2, as follows:

(2) When the House of Commons disagrees with amendments made by the Senate to a bill originating in the House of Commons and has returned to the Senate such bill indicating the amendments disagreed with, if the Senate decides to insist on its amendments or any of them and to return the bill to the House of Commons, the message accompanying such bill shall state the reasons for the insistence by the Senate on its own amendments, and such reasons shall be drawn up by a committee of three senators appointed for such purpose by the Senate.

While commenting on the speeches delivered tonight, I may say to Senator Carter that any amendment for the sending back of a bill to the House of Commons must be accompanied by a message stating the reasons for the insistence by the Senate on its own amendments, and that

such reasons shall be drawn up by a committee of three senators appointed for such purpose by the Senate.

A motion on the amendment providing for such a conference would not have been a confrontation on the stand taken by the House of Commons, but would have provided an opportunity for compromise. We would not be exposing ourselves to receiving from the House of Commons a negative answer to our request that they swallow up, reject what they had decided yesterday. But by opening the door to compromise, I believe that we would have had the chance of at least holding a conference through Senate and House of Commons committees which would have tried to solve this problem.

I believe that was the most practical solution and the least offensive situation for the House of Commons which, as I have said, would have had more chances of being successful. In any event, in moving his amendment, Senator Carter is returning the bill to the House. I do not support those who say that in so doing we are killing the bill because the House has given us the opportunity today to maintain it and keep it alive by adjourning instead of proroguing.

The House of Commons adjourned until February 26 subject to be recalled on the Speaker's order at any moment. However, there will certainly be a recall for Royal Assent by the end of the week or early in the next one. Whenever the House is called back by the Speaker for Royal Assent, our message sent tonight or tomorrow will be received by the House which will have the opportunity to consider it immediately or at a later date.

When, a moment ago, I gave the sequence of introduction of the four bills similar to the one we are considering tonight, I wanted to indicate that there was no urgency. Even if we delay the consideration of this bill until February 26, the House could deal with it earlier, if it so wishes, but even if they do wait until February 26, the delay would be a month at the most, whereas the House took years to introduce the bill which was sent us some time ago and which we rejected with the introduction of an amendment to a clause.

I think there is no urgency. Now that the Honourable Minister of Justice has said before the Senate Committee on Legal and Constitutional Affairs that he could live with the bill in its present form, I will tell him that he still can go on living as we did for a century without any bill, because all that we would be doing in passing this bill tonight would be to give protection to criminals and organized crime. We would not provide any protection to the people; we would even expose them to the wrongdoings of those people because in so doing, we would be clipping the wings of our law-enforcement bodies which would not have the same powers to investigate the activities of organized crime.

I was surprised a moment ago to hear my honourable friend senator Forsey state that he could not rely too much on police officers who were subject to professional bias; but he forgot that the administration of justice falls not within the jurisdiction of the federal government but within that of the provinces. Has he forgotten that the main function of the Senate is to protect regional interests, provincial interests, to fight for the autonomy of the provinces? That is one of the principal functions of the Senate. That is exactly what we are doing when we object to a bill reducing the freedom of the provincial Attorneys General who have the last say in police matters in their respective provinces; and we reduce their freedom in the administration of justice, which is theirs alone and into which neither the Senate nor the House of Commons has the right to interfere. I feel that the Senate, in adopting the attitude I have suggested this evening, will assume an important function: that of protecting the autonomy of provincial administrations within the Canadian confederation.

[Hon. Mr. Langlois.]

● (2340)

[*English*]

Hon. Mr. Carter: Honourable senators, I rise on a question of privilege. I would like to explain to the house the remark which Senator Langlois just made with respect to the amendment that I proposed. I considered the amendment referred to by Senator Langlois, which involved asking for a conference under Rule 59(2), and I found that that is not possible. It is not possible because Rule 59(2) applies only when the Senate insists on its amendment; the motion before us says that we do not insist, and therefore it is impossible, under our procedure, our rules, to make that amendment. I would have preferred to make the amendment involving Rule 59(2), but my advice was that it is not possible, and that the only possible amendment is the one I proposed.

Hon. Mr. Langlois: My colleague apparently missed my point. I do not see how he could fail to be bound by the motion made by Senator Goldenberg, since he was moving a motion in amendment. True, Senator Goldenberg was suggesting that we were not insisting on the amendment, but he could, in the amendment, have said that we were insisting, and called for a conference, and thereby opened the door to a compromise, or discussions with the other place which might have resulted in a compromise.

Hon. Mr. Rowe: May I ask a question? Must we have a vote tonight? I want to speak on this matter. I understand there are several other honourable senators who want to speak on this matter also. My question to the Leader of the Government, or to whoever it concerns, is this: Must we have a vote tonight?

Hon. Mr. Buckwold: Honourable senators, I move the adjournment of the debate.

On motion of Senator Buckwold, debate adjourned.

ADJOURNMENT

Hon. Mr. Langlois: Honourable senators, I move that the Senate do now adjourn until tomorrow, Saturday, January 12, 1974, at 11 o'clock in the forenoon.

Hon. Mr. Molson: Honourable senators, I do not know whether that can be done under Rule 13.

Hon. Mrs. Norrie: Honourable senators, is there any way by which we can let the maintenance men put in the chairs and benches for the swearing-in ceremony on Monday? I do not think it would hurt us if we had to sit on the benches.

The Hon. the Speaker: Senator Norrie wants to know if the benches can be put in to the chamber for the ceremony on Monday. There is very little time over the weekend for that to be done. She would like to know if we could sit on the benches tomorrow.

Some Hon. Senators: No.

Hon. Mr. Langlois: I have discussed this matter with the Black Rod. I was informed this work would start at four or five o'clock tomorrow afternoon, and be finished in time for the investiture of the Governor General on Monday.

The Senate adjourned until tomorrow at 11 a.m.

THE SENATE

Saturday, January 12, 1974

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers.

AIR CANADA

ABORTED LANDING AT OTTAWA AIRPORT—FURTHER QUESTION OF PRIVILEGE RE ANSWER TO INQUIRY

Hon. Mr. McElman: Honourable senators, before the business of the house proceeds I should like to rise on a question of privilege. I suppose I should call it a "continuing question of privilege". Some honourable senators will recall that on December 6 last I rose on a question of privilege stating that misinformation had been provided the house in reply to a question which I had placed with the Leader of the Government in the Senate with respect to the aborted landing at Ottawa Airport of Air Canada, Flight No. 637 on November 13, 1973. At that time, of course, I absolved the Leader of the Government of any blame in that he was simply passing on information received by him.

At this point I thank the Leader of the Government in the Senate for assisting and supporting me in obtaining full and complete information in connection with this point. Let me say, very briefly, perhaps in repetition, that aboard that flight there were four senators, namely, Senators Inman, Blois, Burchill and myself. The flight landing was aborted after descending below a level of 300 feet at Ottawa Airport, and it was a rather hair-raising experience.

I have now received from the Ministry of Transport a detailed explanation of the incident, and because of what I have said on the record in the Senate I hope, in fairness to the ministry, to be permitted to read into the record their explanation and detailed reply. Have I your permission?

Hon. Senators: Agreed.

Hon. Mr. McElman: The letter is addressed to me, and is from Mr. Jean-Marc Favreau, executive assistant to the minister, and reads as follows:

> On December 6 you raised a question of privilege in the Senate stating that the answer to your question regarding Air Canada Flight 637 (Montreal-Ottawa, November 13), as provided to the Senate by Senator Martin on December 5, constituted "misinformation."
>
> While the answer may well have appeared to you, for good reasons, to have been misleading, it was in fact accurate. It seems that you should have been supplied with some further explanatory information along with the original answer, and I regret this oversight.
>
> The apparent contradiction here is that the captain of the aircraft did announce that there was a truck on the runway, yet the answer supplied to Senator Martin indicated that this was not the reason for the captain aborting his landing attempt, which is a fact. The captain did not, as has been suggested, break through the 300-ft. ceiling, see the truck on the runway and therefore abort his landing. The truck had been ordered off the runway before Flight 637 was cleared to land, and in fact left the runway promptly and well before the aircraft broke through the ceiling.
>
> What happened, in detail, was the following, partly described in the captain's own words. "For some minutes, (about five) prior to my final approach, a vehicle was operating on the runway looking for birds because of reports of bird strikes." The captain had been listening to the truck talking to ground control on its radio for the five-minute interval. He knew it was there and knew what it was doing.
>
> "I believe that this was causing oscillations on my ILS Localizer. As I broke through cloud for the final approach, the control tower told me the vehicle was no longer on the runway and that I was cleared to land." (The truck had pulled off the runway onto the grass.)
>
> "Because of the instrument oscillations and other factors, I was not satisfied with the general conditions and elected to make another approach. On breaking through cloud level I did not see the vehicle because I was not looking for it. My concern was to circle and approach the runway again." One of the "general conditions" the captain refers to was the ceiling, which left him insufficient time to safely correct for altitude and alignment of the aircraft with the runway.
>
> Here is how the captain recalls his public address statement after aborting the first landing attempt. "As you have probably noticed, I have decided not to land the aircraft at this time and we will make another approach. I did this for several reasons, one of which was that there was a truck on the runway which was a potential hazard to our approach."

As an aside, I might say that my recollection is something different. However, to go on:

> In fact, the truck was neither on the runway nor a hazard when the aircraft broke through the ceiling. It may have created an apparent interference with the instrument approach. The interference caused the captain to decide on a fresh approach for absolute safety. But it should be borne in mind that the truck was where it was, precisely to ensure that the aircraft would be safe in landing.
>
> The captain advises that announcements of this type are routine. In his words, "When anything unusual happens, such as this, I usually try to simplify my explanation to the passengers, and in this case a brief explanation about the truck being on the runway was the best and simplest way, particularly in French

and English, when you have only a few seconds to do it." Unfortunately, it appears that the captain may have oversimplified somewhat in this instance.

The tape transcription of the captain's announcement to the cabin is not available. These on-board tapes are kept only for one half hour after the plane lands unless there is some specific known reason for keeping them. They are erased simply by the re-recording process, in other words, the next flight recording is simply made on the same tape, automatically erasing the previous tape.

The control tower's tape of their conversation with the plane and the truck are also not available. Control tower tapes of this kind are erased for re-use after thirty days.

Finally, we cannot substantiate the allegation to the effect that the truck driver was disciplined. Both the Ottawa Airport Manager of Maintenance and Engineering Services and the Head of the Airport RCMP detachment, independently reported that there was no substance to any such report.

I hope this clarifies the matter, and I repeat my regret that any misunderstanding should have occurred.

That is the end of the letter.

My only comment, honourable senators, in explanation of the reference to tower tapes and deck tapes is that I asked specifically of the department that the tapes be kept and that transcriptions be obtained. Of course, as indicated, the deck tape is erased 30 minutes after the flight has landed, but I twice requested that the tower tapes be retained and transcribed, and I so requested within the 30-day period, but that was not done.

In any event, in fairness to the department after what I said here, I wished the Senate to have this full explanation. I, of course, accept the information given.

● (1110)

DOCUMENTS TABLED

Hon. Paul Martin tabled:

Copies of a contract between the Government of Canada and the Town of Wynyard, Saskatchewan, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the Royal Canadian Mounted Police Act, chapter R-9, R.S.C., 1970 (English Text).

PROTECTION OF PRIVACY BILL

POSSIBLE COMMUNICATIONS RE MOTION FOR NON-INSISTENCE UPON SENATE AMENDMENT—QUESTION

Hon. Mr. Carter: Honourable senators, I should like to ask the Leader of the Government whether he has received any communication from the attorneys general of the various provinces or the Minister of Justice, or whether the government has received any communications from the attorneys general, relative to the motion that is before this house and, if so, what is the attitude expressed in their communications?

Hon. Mr. Martin: I have not received any such communication from the attorneys general.

Hon. Mr. Carter: You do not know of any, from the government?

Hon. Mr. Martin: With regard to this motion? This motion was only made yesterday. I have none.

Hon. Mr. Carter: Well, maybe if I worded it differently: With respect to the action that the Senate should take on Bill C-176.

Hon. Mr. Martin: Well, I would be surprised if any attorneys general would really seek to direct the Senate as to what it should do. The member for Winnipeg North Centre, I thought unceremoniously and improperly, tried to do that in the other place, but I cannot conceive that any attorney general would direct a message to the Senate telling us what to do. If he did, I know what my reply would be.

BUSINESS OF THE SENATE

ROYAL ASSENT—QUESTION

Hon. Mr. Choquette: Could we have a vague idea as to when royal assent is to take place?

Hon. Mr. Martin: I would sooner not give a vague idea; I would like to be able to give a precise one. I think it depends on the progress that we make on the matter before us. As soon as I have some indication I will certainly make it known. However, I hope we will have royal assent quickly, once we have taken what we believe to be the time necessary for the consideration of these matters.

Hon. Mr. Phillips: Supplementary to Senator Choquette's question. Has the honourable Senator Martin ever given anything but a vague indication?

Hon. Mr. Martin: I was going to say something to the senator, but I do not want to provoke him, so I won't.

Hon. Mr. Phillips: I was trying to provoke you.

[*Translation*]

Hon. Mr. Asselin: Honourable senators, I should like to put a question to the Leader of the Government about some statements that were made last night.

In the leader's opinion, if the Senate were to send the bill before us back to the House of Commons, would this kill the bill, since the House of Commons has adjourned to February 26 and the session has not been prorogued?

I think that several senators are under the impression that if we vote to send the bill back to the House of Commons, we would in fact be killing it, according to the popular expression. I think that such is not the case. The Leader of the Government should clarify this point for some senators who will want to make a decision on the vote sometime.

Hon. Mr. Martin: I sincerely thank Senator Asselin for having asked this question.

Yesterday, in my speech, I tried to consider this question, and I repeat that I am convinced, after last Thursday's experience, that it is impossible to obtain any agreement or cooperation from the House of Commons. This is why I came to such a conclusion in my speech yesterday.

Hon. Mr. Asselin: I have a supplementary for the Leader of the Government.

Unless I do not have a very thorough understanding of the Standing Orders of the House of Commons and the Senate, I am under the impression that, if a bill is returned by the Senate to the House of Commons and the latter refuses to accept it, and then returns it to the Senate, the Standing Orders of the House of Commons stipulates that the bill having been sent a second time to the other place, the Commons then accept it and it becomes law.

Hon. Mr. Martin: Not here in Canada. That is the case in the United Kingdom but not in Canada.

If it were possible to have some assurance—and I referred to the matter yesterday when Senator McIlraith proposed the same thing in principle—I would be the first to act. But I am convinced that we cannot get the required co-operation from the three opposition parties in the other place.

Hon. Mr. Langlois: The House of Commons is being stubborn.

Hon. Mr. Asselin: Could the government withdraw the bill if it were returned to the Commons? The leader should know.

[*English*]

OIL EXPORT TAX BILL

THIRD READING

Hon. Alan A. Macnaughton moved the third reading of Bill C-245, to impose an oil export tax under the Excise Tax Act and to allocate certain of the revenue derived from the oil export tax.

He said: Honourable senators, I think we have discussed this bill thoroughly and fully. May I suggest, and ask for the co-operation of honourable senators, that we now move for third reading.

Motion agreed to and bill read third time and passed.

PROTECTION OF PRIVACY BILL

BILL TO AMEND CERTAIN ACTS—MOTION FOR NON-INSISTENCE UPON SENATE AMENDMENT—MOTION IN AMENDMENT NEGATIVED

The Senate resumed from yesterday the adjourned debate on the motion in amendment of Senator Carter to the motion of Senator Goldenberg that the Senate do not insist on the amendment made by the Senate to Bill C-176, to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

Hon. Henry D. Hicks: Honourable senators, I was a member of the Canadian delegation to the Twenty-Eighth General Assembly of the United Nations when the Senate considered this bill in December, and hence I have given my attention to it only during the past few days.

First, it seems to me that Bill C-176 is a relatively important bill, but in my view certainly not of the first order of importance.

It seems clear to me that the bill was improved by the Senate amendment which had the effect of deleting clause 178.23, and had I been here at that time I am sure that I would have agreed with the amendment and with the return of the amended bill to the House of Commons, as was done by this house.

Interestingly enough, such correspondence and communications as I have had from members of the general public, notwithstanding the gleeful attitude of the media, the press, radio and TV, who hoped to find a confrontation between the Senate and the House of Commons, or who hoped to find fuel for the fires that some people are always stoking to consume the Senate, have indicated without exception agreement with the attitude that the Senate took.

● (1120)

I even had one Nova Scotian telephone me long distance yesterday supporting the position which the Senate took and supporting the bill in the form in which we in this place would like to see it passed. Even so, the other place sent the bill back to us with the clause in question restored. They rejected the amendment proposed by the Minister of Justice which would have had an effect similar to the Senate's amendment, and which would have been acceptable to me and, I should think, to most other honourable senators.

Because others who have preceded me in this debate have done so, I need not dwell on the fact that it seems evident—very evident—that members of the other place did not deal with this piece of legislation on its merits as a piece of legislation in amendment of the Criminal Code and the other statutes to which it refers. Rather, they dealt with it on the basis of the well-known anti-Senate prejudice which Mr. Stanley Knowles has always felt, and upon Mr. Stanfield's equally anti-Liberal attitude and his desire to overthrow the Liberal government in the other place. The result is that we now find ourselves in a dispute about one clause in a bill which I do not regard as being in itself essential or of the first order of importance.

What, then, should the Senate do under the circumstances—or perhaps I should more modestly say, how should I, as one member of this house, vote in relation to the motion before us and in relation to the amendment proposed by Senator Carter? First of all, I am surprised at the number of senators who have said that they feel that our reaction at this stage in dealing with this piece of legislation will have the most far-reaching implications for the future of the Senate. Some have even suggested that the continuing existence of the Senate itself is at stake, or at least that our continuing right to amend bills, with or without the consent of the other place, is under severe criticism and review at this time.

Honourable senators, I reject these views as being entirely too extreme. I may say that I cannot see that this is at all a question involving the continuing existence of the Senate.

Hon. Mr. Martin: Hear, hear.

Hon. Mr. Hicks: I cannot see, no matter what we do at this stage in respect of this bill, that there will be any precedent to the effect that we can never insist on an amendment of a bill except with the permission of the other place. This seems to me to be not the issue at all. We would be over-reacting if we took this to be the issue, or to be a consequence of our actions at this time. I cannot see

that this is at all a question involving our duties, powers and responsibilities as appointed rather than elected members of Parliament. I should like to dwell at greater length on that subject, but again it has already been referred to by other senators. I think it is quite clear that as long as we exist as one of the three components of the Parliament of Canada, our right to act in that legislative capacity is not in any wise determined by whether we are appointed or elected. It is only determined by the Constitution of the country and the limitations, of course, which are placed upon our activities by the Constitution, in respect of money bills.

All of these issues have been dealt with already. Much as I should like to expound upon them, I shall not take the time of the house to do so now. Again, I think that it is not at all a question of the Senate's conceding that this place must never have a confrontation with the other place. I do not think that this is a question that is important enough to warrant such a confrontation. If and when the time comes when we must have a major confrontation with the other place, I am sure that anyone who listened to the debate which took place here yesterday will judge that this house will not be found wanting. In my view, however, the point before us at this time does not warrant us building it into the kind of confrontation to which I and others have referred.

The Senate has stated its position. I believe in so doing we have offered a change in the bill which nearly everyone who looks at the bill on its merits agrees would constitute an improvement.

References have been made to the motives influencing the action of members of the other place. I do not intend to repeat them, but I should like to say that if the other place is wrong—and we believe it is—in the way it has handled this particular piece of legislation, or any other piece of legislation, we in this house do not, and particularly in respect of issues of secondary importance, have to insist on taking a stand or fall position with respect to each piece of legislation.

We have stated our views in respect of this bill. We think we are right. The other place, however, has not agreed with us. I do not think we should take the childish attitude that, "Well, if you don't agree with our amendment, then we won't go along with any other part of the bill." We should not take that attitude, no more than we should expect the House of Commons to take that attitude when they accept amendments, as so often they have, to legislation proposed in this place.

I think I am in substantial agreement with what Senator O'Leary had to say yesterday when he referred to his long recollection of the history of this place and the issue which have, from time to time, been recorded as of primary importance in making constitutional precedents, and the behaviour of this chamber and the other chamber on other occasions when accommodation, in order to enact legislation, had to be reached between these two components of the Parliament of Canada.

I must say, I listened with considerable interest yesterday to the position taken by Senator Choquette. I thought he expounded his position extremely well indeed. I agree with his general proposition that "No bill is better than a bad bill." However, here I find it is a matter of judgment, and in my view this bill, even without the Senate amendment or the amendment proposed in the other place by the Minister of Justice, is not sufficiently bad to warrant the action which Senator Choquette recommends.

By the same token, I regret that I cannot regard Senator Carter's amendment as being the type of action that has any likelihood of resulting in a practical solution or practical action in the other place. Therefore, with some reluctance, because I like to support my colleague from Newfoundland—and usually I am able to do so—I cannot find it useful, in my view, to support the amendment which he has put forward.

With some reluctance, but certainly with no feeling that it is a world-shattering or Senate-shattering decision, I propose to support Senator Goldenberg's motion. In doing so, I must say very frankly that I am not worried about the media and the press, who want to build every difference of opinion into a major confrontation or crisis. They will take their attitude towards the Senate regardless of what we do today. Over a reasonable period of time, if we act reasonably and sensibly, the people of Canada, and even the press and the other media, will, I think, recognize the worthwhileness of our contribution to the legislative process of this country.

Furthermore, I am not disturbed by the prospect of giving comfort to Mr. Stanley Knowles, whose views with respect to the Senate are fixed—indeed have been so firmly fixed for so many years that I doubt there is anything that this chamber could do during the lifetime of Mr. Stanley Knowles to change his opinion.

The Hon. the Speaker: Honourable senators may feel that I was too lenient yesterday in permitting references to debates in the other place and to names of individuals in that place. I am sure all honourable senators are aware that such references should not be made. The Speaker is supposed to be very strict on this point. However, perhaps I, too, was more interested in what went on than I should have been. I was lenient concerning some such references, but I would ask that in the rest of the debate no reference be made to members of the other house or to the debates that have taken place there during this session.

● (1130)

Hon. Mr. Hicks: Madam Speaker, I thank you for your graciousness, and I apologize for transgressing upon your good nature and tolerance. I shall do so no more.

Honourable senators, I was going to say finally that I do not think we should be worried about the political implications of our action in respect of this bill, because it is inevitable that one party will always contend with another. We should stick firmly to our view here that our attitude in relation to the current issues of politics can afford to be different, and can be governed by what we believe to be actions taken in the best legislative interests of the people of Canada.

Hon. Sydney L. Buckwold: Honourable senators, I should like to continue in the same vein as that pursued so ably by our colleague Senator Hicks in the first speech of the morning. I agree with everything that he said, except that I would put more emphasis on the importance of the bill we have before us.

This bill, Bill C-176, will, for the first time in the history of this country put limitations, and very strict limitations, on the use of electronic bugging devices—wiretapping. It will for the first time ensure privacy to the greatest degree compatible with the security of the state and law and order. To me that bill is a very urgent bill. I do not think anybody should minimize the fact that the people of Canada find this bill is a very important one with respect to the direction of basic freedom and law and order in this country.

The government has for a long time been trying to bring such a bill forward. There is one now in front of us. It is not a perfect bill, as has been so well pointed out. The Senate amendment was a good amendment, but when anybody says that no bill is better than a bad bill I think they are going too far in reference to this bill. I suggest to you that this bill does in almost every way meet the needs of this country in finally assuring privacy.

We now have the spectacle of what has been going on in the United States. I do not like to quote a newspaper that has not been very friendly to the Senate, the Montreal *Gazette*, but I was impressed with the headline on the front page of that paper yesterday, which said:

> Bar demands wiretap probe—Quebec lawyers say practice "abhorrent"

In other words, wiretapping, the invasion of privacy, is a very important issue, indeed I would say a vital issue, in the country today. We just cannot afford the luxury of allowing uncontrolled invasion of privacy by whoever it is, police or private agencies. I think we should always remember that this also involves private agencies. We cannot do that any longer.

We have here a bill that the Senate found good except for one aspect of it, which was—this is, I must admit, a bit oblique, in accordance with what Senator McIlraith has pointed out—

Hon. Mr. Phillips: You have to put on your glasses to read what Paul Martin has told you.

Hon. Mr. Buckwold: I am sorry, but the learned senator has made me lose track of my sentence, so I will just start again, if he will give me the opportunity.

Hon. Mr. Phillips: I will.

Hon. Mr. Buckwold: This bill says that within 90 days the person who is the object of the interception should be notified. The Senate threw out that clause, and I would say that was a good action on the part of the Senate; it made the bill a better one. However, I would like to emphasize again—and it has been obliquely referred to—that there is another way in which the police can carry on their functions. I refer again to subsection (2) of clause 178.23, on page 18 of the bill, which provides a process whereby the object, so-called, of the interception, does not have to be told. Let me read it:

> ... where the Attorney General of the province in which the application is made or the Solicitor General of Canada, as the case may be, certifies within the said ninety days in a manner prescribed by regulations to the judge who granted the authorization that the investigation is continuing and the judge is of the opinion that the interests of justice require that a delay of a determinate reasonable length be granted, in which case the judge may grant a determinate reasonable delay.

There is a weakness in that, and this is why the Senate rejected this clause. The weakness is the word "determinate" reasonable delay. In other words, the judge in this case has the right to say to the Solicitor General of Canada or the attorney general who applies for it because of the specific needs in a given case, of which there will be some, "You want another year. Fine, I will give you another year," or 60 days or whatever it is. The word "determinate" is a limiting factor, and I am the first to admit it. However, if anyone says there is just no opportunity for the police to carry on their work, that the hands of the police are completely tied, that the police might as well throw up any hope they have of apprehending those of the criminal world, I say that they are not looking reasonably at this bill.

I would like to follow that up by reading from the evidence given to the Standing Senate Committee on Legal and Constitutional Affairs by the Minister of Justice, the Honourable Mr. Lang. At page 14:14 he said:

> I did myself, however, make reference in the House of Commons to the type of problem that arises in cases such as the Zizzo case—

Which had been discussed earlier.

> —so that was also brought to their attention. I am really suggesting to you that even in a case such as the Zizzo case we would not have had the difficulty, that a judge would have set such a far forward period for notification that the problem could have been avoided. That is why I am saying that, in my opinion, we can live with this. I really do stress, and I am sure that many of you will share the view, that the main provisions of the bill, which are to outlaw private electronic intrusion, are so important that we ought not now to risk losing that part if we can live with it at all.

Hon. Mr. Martin: Who is that again?

Hon. Mr. Buckwold: That is the Minister of Justice saying that there is this provision in the bill. Because of the fact that this clause was inserted in the bill—granted, it is not a perfect answer to the problem posed by the Senate—it does answer statements made by people like Senator Carter whom we respect, that the police are completely helpless. For that reason the minister did say he could live with it.

It has been put to us that if any changes are to be made they will be made, or can be made, in the future if the present provisions are unworkable. We have already had a notice of intent given by Senator Lang. The minister himself has said that he will watch the operations of this very carefully.

Fellow senators, I appeal to you to start looking at this debate, at the issue, with a sense of proportion. The bill itself is an important one. I am satisfied, although there may be others who are not—because I know enough about the political facts of life—that if this bill goes back to the House of Commons in an amended form, certainly with the amendment proposed by Senator Carter, to which I will speak in a minute, it has absolutely no chance of being proclaimed into law.

• (1140)

If we value the image of the Senate, I think we have to take a reasonable approach. It seems to me that we are so emotional on this matter that some senators want to take a stand on an issue which, as Senator Hicks has so ably described it, is not of all that major importance. I think Senator Forsey put this very forcibly, as did Senator Goldenberg, that if we are going to take that as the issue and let our emotions rule our reason, saying that the honour and the future of the Senate are now at stake—and we have Senator Asselin saying the Senate would be useless, Senator Carter saying he is not prepared to compromise his integrity, and Senator Lang asking whether this bill is so important that we must manacle the police and place the public in jeopardy—then, honourable senators, I think we are getting carried away because the fact is that we have basically a good law here which, although it can be improved, is needed, and I suggest that that has to be the first consideration.

I should like to warn honourable senators that, if it is the so-called image of the Senate or the future of the Senate that is going to help make your decision in this regard, then, if by any chance this bill dies and the people of Canada have no protection against invasion of privacy, the repercussions in so far as the Senate will be concerned will be many, many times stronger, more biting and more trenchant, than anything that would happen as a result of our saying that we have fulfilled our responsibility that we have pointed out to the other place that the legislation could be improved and that that place has rejected it and now will have to live with it.

Honourable senators, this is the kind of thing we have to consider. To those who are concerned about the Senate, I again emphasize that the repercussions will be much more serious insofar as the Senate is concerned if the people of Canada find themselves without a bill at all, which would in my opinion be the alternative.

We have heard another suggestion, namely, that we should have some kind of meeting of both houses. Those of you who know the Constitution and how these things operate know quite well that that is very difficult. I hope that we do not ask the Senate, through the Leader of the Government and the Leader of the Opposition here, to try to arrange a meeting with those of the other place.

Hon. Mr. Asselin: Why?

Hon. Mr. Buckwold: Because it would be impossible on the basis of what took place on Thursday. We know the political facts of life. Let us not humiliate the Senate.

You know, it is fine to turn one cheek, but it is not necessary to turn the other. Let us not put ourselves in such a position that we will find our application for such a meeting rejected—and, in my opinion, there is no other alternative on the basis of what has transpired.

Hon. Mr. Everett: Could I ask a question of the honourable senator? He says, "We know what will happen in the other place." I wonder if he could tell us how he knows. And would it not be more correct to say that he thinks this is what will happen?

Hon. Mr. Choquette: Oh, no, no. He knows everything!

Hon. Mr. Phillips: More specifically, have you not been told by Paul Martin?

Hon. Mr. Molson: Order, please!

Some Hon. Senators: Order.

Hon. Mr. Buckwold: Honourable senators, I have been asked a question. I can only say that having had some experience, having, hopefully, medium intelligence, having been present during the debate in the other place and having discussed this matter with the Minister of Justice, who is a colleague of mine as a resident of my city, I say that we know. I am speaking personally, I suppose, when I say "we know." I am not saying the whole Senate knows, although they should; but, certainly, so far as I am concerned, I know what the answer will be. If you want the Senate to be humiliated and insulted further, then take that course.

Honourable senators, I say that we should deal with Senator Carter's amendment very soon. Here we have an amendment put forward with the best of intentions as an emotional appeal to the pride of the Senate, asking us to send back an amendment in exactly the same wording as an amendment proposed by the government on Thursday of this week, which was soundly rejected and with respect to which the government, insofar as its presentation of that amendment is concerned, was soundly defeated.

It is all right to be proud, but I do not think we should be completely foolish in asking for a further rejection.

To answer Senator Everett further, I do not know. Maybe the Tories will change their views as a result of Senator Choquette's remarks in which he said he dissociates himself from his party. That is all we have heard from our friends in the Opposition, and rightly so. They have said, "We just cannot understand what got into the Leader of the Opposition, Mr. Stanfield."

Hon. Mr. Asselin: We have shown our independence.

Hon. Mr. Buckwold: Yes, they have shown their independence.

Hon. Mr. Asselin: "We" have!

Hon. Mr. Buckwold: But I have a feeling that to bring back an amendment worded exactly the same as one which has been rejected would downgrade the Senate even further than it has been downgraded in the opinion of some—and I emphasize "in the opinion of some."

So I say to you, honourable senators: Let not your emotions rule your sensibilities. I am sure you will all agree that any time you have made an emotional response to an issue and have disregarded good, common sense, you have usually regretted doing so. That, generally, has been my experience in such circumstances.

Surely, this is not the time, nor the place, to take that kind of stand on an issue—a clause, if you will—which is relatively unimportant in a bill which is very important. Are we going to drag down everyone? Because we will bring down the prestige not only of the Senate but of the House of Commons as well. The House of Commons will find itself without much needed legislation at a time when the image of Parliament should be as high as possible.

Honourable senators, there is an old parable one hears repeated every so often which has to do with the Arab-

Israeli situation. The story is about a camel and a scorpion who, in crossing the sands, come to the Suez Canal. The question arises how they should get across. The scorpion says to the camel, "Let me climb on your back; then you can swim across and in that way we will both land safely." The camel replies, "How can I trust you? How do I know that you will not sting me and kill me with your venom as we are moving across?" "If I did that," replies the scorpion, "we would both drown, so obviously we are going to get across."

This assurance satisfies the camel and they proceed across the canal. However, half way over the scorpion stings the camel, and as they are sinking the camel asks the scorpion, "Why did you do that?" And the scorpion replies, "That's the Middle East!"

Now, applying that to this situation, I would say, "That's Parliament!" Are we going to bring down the image of both Houses of Parliament by the action which would follow the acceptance here of the amendment proposed by Senator Carter? That is the kind of position we would be finding ourselves in.

● (1150)

Honourable senators, in my opinion the necessity of having this law proclaimed overrides any consideration of self-interest of the Senate. Certainly the benefits to the country have to be considered, and I would hope, honourable senators, that we would reject the amendment proposed by Senator Carter and support the motion moved by Senator Goldenberg. I appeal to members that we vote on Senator Carter's amendment as soon as possible, so that we can proceed with the main motion which is before us.

Hon. Mr. Everett: Honourable senators, I am prepared, if it is the desire of the house, to postpone my speech until after a vote on the amendment, so long as I do not give up my right to speak on the main motion.

Hon. Senators: Agreed.

Hon. Mr. Phillips: But when, Senator Everett, do you anticipate that you will be speaking—Tuesday of next week, Thursday of next week? Before you exercise your right—and I am not opposing that, honourable senators—you should give us an indication of when you will be speaking on the motion.

Hon. Mr. Martin: Order! Question!

Hon. Mr. Everett: I propose to speak now, senator, if that is agreeable to the house.

Hon. Mr. Phillips: I wish you would; I always enjoy your speeches.

Hon. Mr. Buckwold: Question!

Hon. Mr. Macnaughton: Honourable senators, if I understand the procedure, we have a motion to vote on the subamendment. If we are ever going to vote on it, why do we not vote on it now, and clear the issues so that we can get back to the main motion?

Hon. Mr. Buckwold: Honourable senators, I do not know whether we have a formal motion—I made a suggestion; but I would like to move that we vote on Senator Carter's amendment at this time.

Hon. Mr. Martin: You do not need a motion.

[Hon. Mr. Buckwold.]

Hon. Mr. Phillips: You cannot make that motion, according to the rules of the Senate, Senator Buckwold.

Hon. Mr. Buckwold: It has been withdrawn.

The Hon. the Speaker: It has been moved by the honourable Senator—

Hon. Mr. Carter: Honourable senators, before the motion is put, I would like to say a few words in reply to some of the statements that have been made concerning the motion in amendment I moved yesterday.

Hon. Mr. Rowe: May I ask a question at this point?

The Hon. the Speaker: I would like to draw the attention of honourable senators to the fact that Senator Carter does not have the right to reply on this, unless he has leave of the house. If he has leave of the house, then, of course, he may speak.

Hon. Mr. Bourget: I think that in a case like this, if the Honourable Senator Carter wants to give an explanation, he is entitled to do so as all senators are, on any motion.

Hon. Mr. Phillips: I agree.

Hon. Mr. Carter: Honourable senators, on a point of order, I did not speak on my amendment yesterday. I spoke on the main motion and moved an amendment at the end of my speech. I am waiting now to speak on the amendment. Surely, I am entitled to speak on the amendment I moved?

The Hon. the Speaker: Are you speaking in explanation of your motion? Do you want to explain it?

Hon. Mr. Carter: I am speaking on my amendment. I did not speak on my amendment yesterday; I spoke on the main motion.

Hon. Mr. Phillips: Now he wishes to speak on his amendment.

Hon. Mr. Martin: Honourable senators, bearing in mind, of course, that Senator Everett had wanted to speak, I do not think we want to be unfair to him, but apart altogether from what he wishes to do and when he wishes to speak, I would say that there is no doubt that technically Senator Carter has spoken on the amendment. However, I believe that we have had a responsible debate and that we would not want to be unfair.

I, for one, would not be opposed to Senator Carter's speaking again. It is not that we want to create a precedent, but in view of the character of the debate and the fact that we are all anxious to terminate this discussion, I think we will do that by adopting a spirit of compromise and understanding. It is in that spirit that I urge that we agree that Senator Carter should speak. In doing so, however, I do not want Senator Everett to think that I am prejudicing his rights.

Hon. Mr. Choquette: I would not like the Honourable Senator Carter to feel, after the words of the leader here, that we are condescending and granting him quite a favour. I do not think that Senator Carter has spoken on his motion at all. He has spoken on the main issue. Then, at the end of that, he said, "I propose this," and he did not expand on it; he did not say a thing. We are therefore not doing him a favour, and I am gladly granting him any privilege that he requires.

Hon. Mr. Molson: Honourable senators, I suggest that in order to get this straightened up, under Rule 28 Senator Carter—whether he is speaking for the first time on his amendment, which I believe, or whether he is not speaking for the first time—can certainly make an explanation of a material part of his amendment, and I believe he should be allowed to continue.

The Hon. the Speaker: It was under Rule 28 that I asked Senator Carter if he was making an explanation. I had that in mind.

Hon. Mr. Phillips: Honourable senators, on third reading there is no limitation. Any honourable senator who wishes to make his—

Hon. Senators: Order, order!

Hon. Mr. Phillips: —viewpoint known—

Hon. Mr. Martin: Order, order!

Hon. Mr. Molson: The honourable senator is out of order.

Hon. Mr. Phillips: —has that right to express himself.

The Hon. the Speaker: Honourable senators, it is my opinion, although I may be incorrect, that it would make very little difference if Senator Carter had made his motion at the beginning of his speech or at the end; but, in any case, if he is speaking in explanation, I think he should be permitted to continue.

Hon. Senators: Agreed.

Hon. Chesley W. Carter: Thank you, honourable senators. I just want to say that if it would be more convenient for Senator Everett to speak now, I would gladly defer to him.

Hon. Senators: No, no. Speak. Speak. Go ahead!

Hon. Mr. Carter: Honourable senators, yesterday I moved an amendment to the motion before us, and due to the lateness of the hour and the fact that so many other members wanted to speak on the main motion, I refrained from giving any explanation of my amendment. I am sorry now that I did that, because I can see that a lot of misunderstanding has resulted. A number of speakers have addressed the Senate and they have used the word "confrontation", the word "emotion", and all sorts of words like that, with respect to my amendment.

I should like to begin my explanation by saying that the amendment I actually moved really was not the amendment I wanted to move.

Yesterday, in the course of the debate, Senator Asselin, in particular, raised the question, "Why wouldn't we ask for a conference?" My purpose was to have an amendment which incorporates rule 59(2) of the Senate.

● (1200)

When a disagreement occurs between the two houses, the Senate and the House of Commons, both houses have rules to deal with the situation. The House of Commons has Standing Order 22(1), which reads:

> (1) In cases in which the Senate disagree to any amendments made by the House of Commons, or to which the House of Commons has disagreed, the House of Commons is willing to receive the reasons of the Senate for their disagreeing or insisting (as the case may be) by message, without a conference, unless at any time the Senate should desire to communicate the same at a conference.
>
> (2) Any conference between the two Houses may be a free conference.
>
> (3) When the House requests a conference with the Senate, the reasons to be given by this House at the same shall be prepared and agreed to by the House before a message be sent therewith.

The House of Commons could have used that rule and sought a conference with the Senate to resolve the difficulties between the two houses with respect to this amendment.

I submit that the fact that they did not do so is further evidence that the House of Commons was not interested in providing the Canadian public with the best legislation possible. Neither was the other house interested in the public interest.

The Senate also has rules covering the same situation, and here I refer to rule 59(2) which, under the heading "Commons Disagreement", says:

> (2) When the House of Commons disagrees with amendments made by the Senate to a bill originating in the House of Commons and has returned to the Senate such bill indicating the amendments disagreed with, if the Senate decides to insist on its amendments—

I underline the words "if the Senate decides to insist on its amendments."

> —or any of them and to return the bill to the House of Commons, the message accompanying such bill shall state the reasons for the insistence by the Senate on its own amendments, and such reasons shall be drawn up by a committee of three senators appointed for such purpose by the Senate.

My first thought was that we should try to work out some sort of action under this rule. I sought to develop an amendment which would do this. However, I found that it was procedurally impossible because the motion before us starts out by saying, "That the Senate do not insist . . ." whereas the rule applies only to cases where the Senate does insist. Therefore, the rule could not be applied unless the motion before us were defeated, and that, in my opinion, was too late. Had I moved that motion, as I would have liked to have done, and wanted to do, it would have been out of order. I was conscious of the fact that this chamber is the house of sober second thought.

We have before us a bill which contains a clause that was inserted rather late in the proceedings, which was not adequately covered in the committee of the other place, which was not defended or justified in any way, shape or form before the Senate committee, not justified in any way, shape or form in the debates of the other place. It was just put in there.

Certainly we should try, in such cases, to present reasons. Senator Goldenberg, in the course of his speech yesterday, said:

> I suggest that our first concern should be, not the Senate, but the public interest.

Surely it is the public interest to provide the Canadian people with the best legislation possible, and it was my intention to move an amendment which would say that the Senate does not insist on its own amendment but returns the bill to the House of Commons with the request that that house reconsider the amendment that had been proposed by the Minister of Justice.

I draw attention to the fact that this amendment which I have proposed and which is now before us, was not introduced in the other place until at least the Conservative Party had agreed to it. It was a compromise resolution. It was not an amendment cooked up by the Minister of Justice. It was an amendment which had been agreed to by the members of the other place. It was defeated, and Senator Goldenberg used that fact as a reason why we should not take any further action. But why was it defeated? Was it defeated on its merits? No. Its merits were not even considered either yesterday in the debate, or at any other time.

Apparently the majority of members of the House of Commons believed that this amendment was a good thing, and if this amendment is a good thing, and if we are interested, as we should be, and as our responsibilities and duties demand that we should be, in the public interest, surely the proper thing to do is to ask the House of Commons to reconsider its amendment.

Then came the problem of working that idea into an amendment which would be in order. As I have mentioned, I had a wording worked out, but I then discovered that the only amendment possible was the one that I moved yesterday. Therefore, I was limited in my action.

I want to make it quite clear that the purpose of sending this bill back is not confrontation. It is to reconsider, to seek a conference, to get a meeting of minds on it. I would like to have a meeting of minds of the two houses, and also a conference with the provincial attorneys general.

Senator Forsey said yesterday, "Oh, well, this is a wonderful bill," and so forth. But how many of the Canadian attorneys general think so? The Minister of Justice, the Honourable Otto Lang, says that he can live with the bill. Perhaps he can, but can the attorneys general live with it? Those attorneys general that I know have indicated that they cannot live with it. I have been informed that a number of attorneys general have communicated with the government, with the Leader of the Government in the Senate, or with the Minister of Justice, and indicated that they cannot live with a bill which contains this clause.

● (1210)

It was for that very purpose that I asked the Leader of the Government that question this morning. The Leader of the Government says that he has not received any communication, nor does he know whether the government has received any. I assume he includes in that statement that the Minister of Justice has not received any communication. I do not know; I have to take his word for it. However, that is not the information I have. The information I have is that the attorneys general of the provinces are deeply disturbed about this legislation becoming law.

It is the attorneys general, not the federal Minister of Justice, who are most concerned with the administration of justice in this country. We cannot dismiss their views lightly.

Hon. Mr. Forsey: I wonder if the honourable senator would permit a question? I understood him to say that he has personal knowledge that certain attorneys general, who had communicated with him, were taking objection to this. Could he tell us who they are or give us the source of his information?

Hon. Mr. Carter: No, I cannot. I have been told that certain attorneys general have communicated their views in this respect. I have been given the names of those who have so communicated, but I have not been given authority to reveal them.

Hon. Mr. Buckwold: May I ask a question of the honourable senator? Have these so-called communications from the attorneys general occurred since the rejection of this bill by the other place, or were they representations made while the bill was still in the committee stage in that place?

Hon. Mr. Carter: Both. My honourable friend knows, as does the Leader of the Government and, I think, almost everyone else, that before this bill came to this place representations were made by the attorneys general to the Minister of Justice in connection with this legislation. In their representations they said it was unworkable; that if passed it would make the administration of justice in the provinces unbearable.

Hon. Mr. Buckwold: That is not the question I asked.

Hon. Mr. Carter: I answered your question, senator. I said, "Both." In the last day or two, since this bill has been sent back to us, I have been informed that they have made such communications again.

Perhaps my information is incorrect, but I have been informed that this is so.

Be that as it may, what is the Senate for? Surely, the Senate has a responsibility to ensure that the Canadian people get the best legislation possible and, as well, to ensure that the interests of the provinces are safeguarded, particularly with respect to matters concerning justice which affect the provinces so vitally?

I want to assure Senator Forsey, and all honourable senators, that the fact that this amendment is in the form it is, although it may look like and could be interpreted as such, it does not mean that it is intended to seek a confrontation with the other place. It is in that particular form because there was no other form that I could find that was procedurally correct.

I still say it is a good idea to ask the other place to take a second look at it. The bill was defeated by a majority of 20. It was not defeated on its merits. Everyone I have talked to, including many members of the Conservative Party, have told me that this was a good amendment. But they rejected it. Why? For other reasons—political reasons. Under those circumstances, would we be doing our duty as senators if we did not ask the members of the other place to reconsider their action? I, for one, do not think I would be discharging my duty to the people of Canada and to the provinces if I did not take what action I could to that end.

Hon. Mr. Martin: Would the honourable senator permit me to ask a question? Is he not aware that when this

matter was being discussed in the House of Commons the other day the Minister of Justice asked that this be done? He asked that this be done, not in a private conference but in the House of Commons, before the public. The unequivocal response of the leaders of all the opposition parties was, "No, we are not going to accept this amendment." And they defeated the government in the process. Surely, that is the answer to the point Senator Carter has raised?

Hon. Mr. Carter: To my mind, that is not the answer. The House of Commons is responsible for their actions. We are not responsible for the actions of the members of that place. Our efforts here, in this house, should not be dictated by their action, which is what has happened.

Hon. Mr. Martin: I agree.

Hon. Mr. Carter: They do something and we bow down and allow them to force us to do something else, even though it is second best.

Yesterday Senator Forsey said something which I want to refute. He said, as reported at page 1481 of yesterday's *Hansard*:

> I was a little puzzled by a great deal of Senator Carter's speech, because it seemed to me that the main thrust of what he had to say was that no bill at all on wiretapping would be the best possible solution to this problem.

I said nothing of the kind. The very fact that I moved this amendment makes it apparent that I feel there is a solution which we should seek and which we are seeking in the course of this amendment. What I did say, Senator Forsey, was that I felt that no bill at all would be better than the bill which would result if we passed this motion. It would completely tie the hands of the law enforcement authorities. It would give a free ride to the criminals, the racketeers, the smugglers, the narcotics pushers. It would tie the hands of the police in their international dealings. If this bill became law, every wiretap that is on at the present time would become illegal and would have to be removed. The law enforcement authorities would have to start the whole process over again to secure permission to install another wiretap.

Hon. Mr. Forsey: On a point of privilege, it seems to me that what Senator Carter is saying now does confirm the impression that I formed, because he is now saying that even if the bill goes into effect in any form it will have the disastrous results which he is speaking of.

Hon. Mr. Langlois: That is not a point of privilege.

Hon. Mr. Carter: I did not say, "if the bill goes into effect in any form." I said, if the bill goes into effect in the form in which it came to us originally, or in the form in which it will be if we pass this motion. That is what I said, I did not say "in any form."

So, honourable senators, since the other place has seen fit, for reasons other than reasons of merit, to reject the Senate's amendment, and because of the fact that it has not given us one iota of justification either for their putting the clause in the bill in the first place or for reinserting it after the Senate had deleted it, I ask you whether this is not a very good way of doing it. At the same time, we would serve the interests of the Canadian public, as well as meeting the objectives and the principle of the original bill, with which we are all in agreement that being to safeguard against wiretapping. So I ask you to consider very carefully before you vote on my proposed amendment.

● (1220)

The Hon. the Speaker: It is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Forsey, that the Senate do not insist on the amendment made by the Senate to the Bill C-176—

Hon. Senators: Dispense.

The Hon. the Speaker: In amendment it is moved by the Honourable Senator Carter, seconded by the Honourable Senator Lang, that the Senate do not insist on its amendment to the Bill C-176—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Honourable senators, as there is in my mind uncertainty as to agreement, I am going to ask those who are in favour of the motion in amendment to please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Those who are against the motion in amendment will please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion the "nays" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1230)

Motion in amendment of Senator Carter negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Asselin	Inman
Blois	Lang
Bourget	Langlois
Carter	Macdonald
Choquette	Molson
Everett	O'Leary
Fournier (*Madawaska-Restigouche*)	Phillips—14.

NAYS

THE HONOURABLE SENATORS

Buckwold	Duggan
Côté	Eudes
Denis	Forsey
Deschatelets	Fournier (*Restigouche-Gloucester*)

THE HONOURABLE SENATORS

Fournier (*de Lanaudière*)	McGrand
Goldenberg	McIlraith
Graham	McNamara
Hastings	Michaud
Hicks	Neiman
Lafond	Norrie
Laing	Perrault
Laird	Petten
Lamontagne	Riel
Lapointe	Riley
Macnaughton	Robichaud
Martin	van Roggen
McElman	Williams—34.

The Hon. the Speaker: I declare the motion in amendment lost.

It is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Forsey,—

Some Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Mr. Everett: Honourable senators,—

Hon. Mr. Macdonald: Honourable senators, before Senator Everett makes his remarks might I suggest that we take this opportunity to adjourn for lunch.

Hon. Mr. Martin: Anything which Senator Macdonald proposes I can never refuse, and I think we are all agreed that that is a good suggestion. Perhaps we could return at two o'clock.

Hon. Mr. Macdonald: I would suggest 2.30, because only the restaurant on the fifth floor is available today and it might take longer than an hour for them to look after this crowd.

Hon. Mr. Choquette: I think we should come back at 2 o'clock. We can have sandwiches.

The Senate adjourned until 2 p.m.

———

At 2 p.m. the sitting was resumed.

Hon. Douglas D. Everett: Honourable senators, before I proceed with my brief remarks on this bill I would like to read into the record a portion of an article written by Mr. Geoffrey Stevens, which appeared in this morning's *Globe and Mail*, that portion reads as follows:

> The Commons revolt on the privacy bill left the Government in the embarrassing position of having to whip its own supporters in the Senate into line in support of a notification provision in which the Government itself did not believe.

Well, I can say to Mr. Stevens, categorically, and without any fear that he could in any way refute what I say, that that is an absolute untruth.

Hon. Senators: Hear, hear.

[The Hon. the Speaker.]

Hon. Mr. Everett: Surely the number of senators on this side of the house who are opposed to the amendment suggested by Senator Goldenberg, including, I think, the Deputy Leader of the Government, is more evidence than any reasonable person would need that we on this side of the house, and I assume those on the other side, have not been whipped into line. Because of this article I would like to mention the great respect that I have for the Leader of the Government in the Senate. He has never, in the seven years I have been here, put any undue influence on me in any way—

Hon. Mr. Bourget: Or any other.

Hon. Mr. Everett: —to cause me to vote in the way he wanted the vote to go. He is the example of a top flight parliamentarian. I know of no one who fights harder for his position, and I know of no one who respects the opinions of others more than he does.

Honourable senators, moving on to the question of this bill, it seems to me that there are three basic arguments that are postulated by those who support Senator Goldenberg's amendment. The first is that "the Commons has now spoken," and, therefore, since they are the elected representatives, we must go along with them. I think Senator O'Leary last night characterized that line of argument when he said:

> Honourable senators, taking that view—that rightly or wrongly we must have regard for the other place, the elected house—I will support the motion moved by Senator Goldenberg.

In the committee, and in the Senate, we made what I think everybody has agreed is a worthwhile amendment to the bill. Less than a month has elapsed, and the senators who support Senator Goldenberg's amendment are now saying, "We do not feel that strongly about the amendment that we made less than a month ago." What happened to cause those senators to change their opinion of the amendment that they supported quite vigorously before?

One of the arguments seems to be that it is the will of the elected house. The Senate took a look at the legislation. It made its amendment. It sent the bill back to the other place. The other place rejected the amendment, and sent it back here. The elected representatives have made their will clear, and now the Senate must go along.

I think that that is probably not an unreasonable argument. I do not think it was ever intended that the Senate should flout the will of the elected representatives. As a matter of fact—I stand to be corrected by a constitutional expert like Senator Forsey—I think Sir John A. Macdonald said that while in the course of negotiating Confederation it was necessary to give the Senate plenary powers, nevertheless he could not conceive the need of the Senate to ever use them other than in a suspensive way. In other words, the Senate could veto legislation, and it would go back to the elected representatives who would give it mature consideration. If the bill was removed from the Order Paper—which it would be if it were vetoed—that would give the members of the House of Commons an opportunity to go back and talk to their constituents. I think Macdonald then said that if the elected representatives returned and put the same bill back on the Order Paper, he thought the Senate should then pass it.

So we have no difference of opinion there. It seems to me that our difference of opinion lies in whether or not the Commons fulfilled that function. If they fulfilled that function, then I have no real argument with them, but if they did not fulfill it then I think that I do have an argument.

What happened? Was there an in-depth examination of the Senate's amendment? Clearly not. In the Commons the NDP made up its mind that it was going to humiliate the Senate, and it was backed by the Conservative Party who were manoeuvring for power. That is what happened in the Commons, and therefore that amendment was never given proper consideration.

I suggest, honourable senators, that if the amendment was not given proper consideration, then we are not put in the position of having to consider it on the basis that it was returned to us for the second time by the elected representatives, but rather we are in the position where we can send it back again, and they can go through the process that they are supposed to go through according to the conventions of Confederation.

Hon. Mr. Choquette: Hear, hear.

Hon. Mr. Everett: The second argument is that if we insist on our amendment, we will be responsible for having eliminated the wiretapping bill. The Senate will be responsible.

Hon. Mr. Choquette: Quite right.

Hon. Mr. Everett: But you will agree, senator, that this has been the argument put forward by many of the senators who support Senator Goldenberg's motion.

Hon. Mr. Asselin: It is a wrong argument.

Hon. Mr. Everett: I think so too, because, first, in my view it is not good legislation unless it incorporates the Senate amendment. In my opinion, that is what makes it good legislation. I do not think it is our role to pass bad legislation or legislation that is not up to a standard.

Surely if the Senate has any role at all, it is to make sure that the standards of legislation are high, and that legislation does what it is intended to do. Without that amendment, this legislation will not do what it is intended to do.

Further, are not people assuming a great deal when they say that if we send it back we must accept the responsibility? Are they not assuming that the Commons will do nothing? Why should we make those assumptions? I asked Senator Buckwold, when he was speaking, if he knew, was he sure, that this is what the Commons would do. He said no; he thought that anybody looking at the evidence would come to that conclusion. He does not know, so why should we assume. In any event, if we send the legislation back, and the other place does nothing about it, then it is their responsibility, not ours.

I think it is the worst possible kind of logic, even public relations, to say that if we refuse the legislation we are responsible for Canada having no wiretapping legislation. I think that is absolute poppycock. Even if this amendment passes, I do not think we should allow that to stay on the record. If this bill does not pass because the Senate sends it back, then that is the responsibility of the other place. Let us be clear on that.

The third argument is that this is not an issue on which we should fight. The proponents of that argument say, "I love a fight. Give me a fight because I am a fighting man, but not right now; not on this issue. I would rather fight on another issue." Well, that is fair. I agree that this amendment is not a major issue. It is not a "conscription" issue. It is not an issue that goes to the heart of the very country. I agree with those who say that if we knuckle under to the House of Commons we have not, in law, lost a power. In law we will have lost no powers. Our powers would still be as plenary as they were before we knuckled under.

I agree with those—and I think Senator Goldenberg raised the issue—who say that perhaps this is a new role for the Senate; that perhaps we should be going into the area of a suspensive veto. I am not against the idea, incidentally, of a suspensive veto. In fact, the Special Joint Committee on the Constitution suggested such a thing. I think it would be a useful power, a better power for the Senate to have, and a power that would be more used than the plenary power. We could argue that point, and we could agree or disagree on it, but I do not think this is the way to establish the convention of a suspensive veto. It is the wrong way. It would be a foolish way. We could not control what would happen.

So I agree with some of the arguments, and I have great respect for many of them, on this matter. I agree that it is not an issue that goes to the heart of the Confederation, but it is an issue that has become a matter of serious principle. No matter how we gloss over it, no matter how we slither around the legal niceties, we have to face the fact that it is a matter of very serious principle.

I could wish that we had not got ourselves into this position, but I do not really wish that. The fighting ground is not that good. I would have rather had a real issue that we could really have some fun with. An amendment to a wiretapping bill is not that great. But surely that is not the point. The other place has made this into an issue. They have made it into an issue because the NDP is bent on humiliating the Senate. That is the principle that the public of Canada see; that is what they are looking at.

● (1410)

I agree that we do not have to react to every manifestation of the public will. One of the beauties of the Senate is that we its members are appointed. It is very difficult to interfere with us, and we can view the public will over a long period of time. However, while we do not have to react immediately to the public will, we are as subject to public attitude as anybody else.

The public do not go through the motions of listening to neat argument. What is the issue to them? Very simply it is this: "The NDP went out in the Commons to humiliate the Senate. The Senate had a good amendment. What did the Senate do?" Well, we will find out. If the Senate knuckles under, then we lose one devil of a lot of public support. The public attitude to us will go downhill. If we are prepared to stand up and fight this humiliation, then the Senate will enjoy probably the most glorious day in its history.

Hon. Mr. Denis: May I ask a question of Senator Everett? If I understood him correctly, he said that if the bill is sent back with our amendment and rejected again, that

will be the Commons' responsibility. I think he said that. If it is their responsibility after the second rejection, why is it not their responsibility after the first rejection?

Hon. Mr. Everett: For a very simple reason. What some of the speakers supporting Senator Goldenberg's motion are saying is that the members of the other place have made up their minds that they are not going to deal with this, and that if we send it back it will not be dealt with at all; it will just go off the Order Paper. That is basically what they are saying. They are saying that the Commons has adjourned, and will come back only for royal assent; that if we send this bill back to them we can forget it. I say that is arrogant. If it is arrogant, then I think the responsibility lies with them. What kind of people are they who say in respect of legislation, "We are not going to play in the game any more. We do not care what you do. We are going home; we are adjourning. We will come back for royal assent, but we won't come back for anything else." I say that is arrogant of the other place. Indeed, I say that that automatically puts the responsibility on their shoulders.

Hon. Frederick William Rowe: Honourable senators, let me start by saying that the two years or so that I have been in the Senate have comprised, in one sense, one of my proudest experiences. Certainly we have had an example of unparalleled eloquence during the past day or so and of democracy in action. I was intrigued with, and also very proud of, the two lines of thought that have been expressed. Senator Carter expressed one line of thought, supporting one side of this issue, and one of the most eloquent supporters of the other line of thought was Senator Forsey.

I am sure honourable senators will be as intrigued as I am by the fact that these two distinguished Canadians are not only Newfoundlanders but were actually born only a few miles apart on the south coast of Newfoundland. It is, as I say, an example of democracy in action when two men, two distinguished senators with such a background, are able to espouse different points of view here in spite of the fact that they are, I am sure, close personal friends.

Perhaps it is invidious of me to make distinctions, but I should like to say a word of congratulation to my friend Senator O'Leary. Sometimes we hear disparaging remarks about the age of some of our senators, but with respect to Senator O'Leary—and I am sure he will not mind this personal allusion—I am always reminded of the fact that, of the entire Senate, probably the one with whom I would want least to engage in debate would be Senator O'Leary, who is, I believe everybody knows, past the four score years.

Hon. Senators: Hear, hear.

Hon. Mr. Rowe: I should like to express my appreciation in particular to the Leader of the Government here, Senator Martin, and I am sure honourable senators will concur in that. This has been a difficult time for him, just as it has been difficult for some other honourable senators, but, in view of his position, it has been a most difficult time for him.

I trust that no one will infer from what I am about to say that I in any way imply a lack of confidence in his leadership, any more than, for that matter, I would wish to imply a lack of confidence in the administration which I support. I believe the administration in this particular instance has acted honourably. I for one appreciate the stand it took a couple of days ago in supporting the Senate. The administration did the right thing at a time when we saw occurring in the other place one of the most blatant pieces of political cynicism in the history of Canada.

I should like to say a few words about the Senate itself. I suppose the most common word one hears about this institution is the word "anachronistic". The Senate has been called an anachronism. I have heard people refer to it as antediluvian, medieval, among other derogatory terms.

As Senator Everett and the others have pointed out, we have had examples in recent days of unfair and totally unwarranted attacks being made upon this body.

We did not invent the Senate. The members here did not invent this institution. We are here by right. The members in the other place are not there because of votes they got in a democratic election. They are there essentially and basically under the authority of the Constitution of Canada. That is why we are here. We have as much right to be here, under that Constitution, as they have to be over there, and we have as much right to take the actions we have taken.

Now, it is true, as someone mentioned the other day, that theoretically the Senate does possess enormous power. There is absolutely no doubt about that. However, in my studies of the record of the Senate since its creation I have never found one example of the Senate's ever abusing that power. I have not seen, nor have I heard of, a single case in which the Senate has done anything but try to co-operate with the other body which goes to make up the Parliament of Canada.

We did not invent this chamber. We are here by virtue of the authority conferred on us by the Constitution of Canada, and if that Constitution is anachronistic, if it is medieval in its concept, then it is up to the people of Canada to change it. It will not be changed by statements such as we have heard heretofore.

● (1420)

Let me give an example. All honourable senators must have heard this last year. The leader of a political party in Canada—note, the leader of a political party, a man who presents himself to us as an advocate of political honesty and an exposer of deception wherever he finds it, and who epitomizes political piety—when the suggestion was made that a joint committee of the two houses be set up, made the statement that he objected to senatorial representation on it, coupled with the wisecrack—the smart-aleck witticism—that he did not want to see senators on that committee because they would be interested only in the price of Geritol. It was the leader of a political party who said that. He may have been speaking in ignorance. I do not know. If that is the case, then he certainly could be criticized. He may not know the ages of the senators here. He really may not know. If he does, then he was guilty of a little piece of political deception, because if he knows the composition of the Senate, as he should know it before he goes making statements like that to the people of Canada, he knows that over half the members of the Senate are younger than he is.

Hon. Senators: Hear, hear.

Hon. Mr. Phillips: And an awful lot younger.

Hon. Mr. Rowe: Honourable senators, the action taken this past week in the other place was, as I said—and it has been said by others—a piece of irresponsible political cynicism at its worst. In addition, an attempt was then made to rationalize it by invoking a principle which is not valid at all: the principle that the Senate has no right to interfere with the decisions of the elected representatives of the people. What political bible is that in? I happen to have majored in political science in my undergraduate work. I never read that in any document pertaining to the parliamentary system in Canada.

We do have certain rights here, and, as I said earlier, we have never abused those rights. We have every right to take issue with matters that are adopted in that other place if we do not agree with them. We have every right to do so, and this, of course, is what we did the other day.

I realize that my remarks are going to be a little disjointed because I am leaving out quite a bit of what I intended to say, but it would not be fair to be more lengthy because time is running out on us here. I do, however, want to say that it could well be that this Senate should be reformed, or modified, or, it may be, abolished—I do not know. I think there would have to be a great deal of argument before you would get the people of Canada, and particularly the people who are minority groups, either geographically or racially, or in other ways, to agree; because, and let us not ignore this fact, this chamber, appointed as it is, and non-elective as it is, is still a great bastion of freedom. This is where geographical minorities, or economic minorities or racial minorities, or any other minorities, would have appeal, if, at any time, action were taken in that other place which they felt was discriminating against them in any serious way.

Reference has already been made to this newspaper, the *Globe and Mail*—a newspaper, incidentally, for which I have always had the highest regard, although I have not always agreed with its political principles. However, here we have a very good example of why so many people in Canada do not understand the role, the important role, that the Senate has under the Constitution in Canada. Here is the editor of a great newspaper, in its leading editorial, saying this—and this has already been read, but I am going to read it again:

> The Senate has no choice in the matter. If it rejects the bill a second time it will call into question the whole constitutional position of the Senate.

What kind of tommyrot is that? The man who wrote that, surely, unless he is lying—and I assume he is honest—must be a political ignoramus. The man who wrote that surely has never read the Constitution. He says, "The elected representatives of Canada have spoken. The Senate must now bow to their judgment."

I took an oath here. I did not take an oath to do as this editorial suggests. I have no intention of doing so as long as I am a member of this body.

Before I conclude I should like to say that I do not believe that in opposing Senator Goldenberg's motion here we would be further humiliating the Senate. I think that perhaps the opposite would be true. I do not think the Senate, as a result, would be insulted further, as we were told here today, and I do not think the arguments expressed by my fellow Newfoundlander, Senator Carter, are based on emotion at all.

Incidentally, may I say for the record that I see nothing wrong with a little bit of emotion. You find plenty of emotion in the Gettysburg address, for instance, and in President John Kennedy's inaugural speech. There is nothing wrong with emotion, especially on matters that affect us as deeply as this, or when it is a question of the principles that are involved here.

Let me again say, as I said a long time ago here, that I yield to no one in my concern for our basic freedoms. Almost two years ago, when I sat where Senator Côté sits now, I stood up here and expressed my fears that our great neighbour to the south was on the road to fascism. One of my friends said to me at that time. "Do you not think you are overstating the case?" I think perhaps I was a little emotional in my statement, but no one had heard the word "Watergate" at that time. I refer to that to indicate that I am as concerned as anybody else is about the intrusion upon our privacy, and about our basic freedoms, but I also recognize, as must anybody who has been concerned about and connected with young people, the need to adopt more effective measures in coping with criminal elements in Canada.

Over a year ago I pointed out here that there is no reason in the world why we, in the course of time, could not have in Toronto the murder rate that exists in the almost neighbouring city of Detroit. We have to cope with crime, and we have to do everything possible to enable the police to perform their duties, particularly in protecting our young people against the gangster elements who are interested in seducing young people into the use of detrimental drugs.

● (1430)

We have to ensure that any powers we give are properly exercised, because we have to remind ourselves constantly that power does corrupt. It is not fear of the legitimate use of the powers that could be in this bill; it is fear that there could be illegitimate use made of those powers.

Having said that, I want to add that I do not think the world will end if any action taken by this body resulted in there being no such legislation on the statute books for the next two or three months. I do not think the world would end.

I know that electronic surveillance is a very serious matter, but we have been without this measure for many years, while we have had the problem of electronic bugging. As important and necessary as the bill is, if by chance—I do not imagine this is likely to happen—action in the Senate resulted in its not being enacted, I do not think the world would end for Canada in the next two or three months. It is something that could be rectified very easily.

I appreciate the tremendous work done by Senator Goldenberg in this matter. I appreciate the sincerity of the arguments that have been advanced by those who support Senator Goldenberg's motion. I regret I cannot support the motion.

Hon. Alan A. Macnaughton: Honourable senators, my remarks will be brief.

The discussion in the Senate has already demonstrated clearly our views that society needs this bill and must be protected. The right of the individual to privacy must be upheld.

The Senate is exercising its constitutional right and duty to review legislation and improve it, where possible. On the constitutional issue, I accept Senator Forsey's views. I would add that the Canadian Senate is in no way limited, for example, to the degree that the House of Lords in Britain is limited. Our power is co-equal with that of the House of Commons, with the exception of money bills.

The compromise solution offered by Senator Goldenberg, in my opinion, makes sense, and I intend to go along with it.

The bill is necessary. The Minister of Justice says that he can live with it, and he is prepared to amend the act after consultation—and this is important—with the attorneys general of all the provinces.

Hon. Senators: Hear, hear.

Hon. Mr. Macnaughton: The bill can always be amended at the next session or later sessions.

The three and a half years' study in the other place and the work of the Senate in the last few days, in calling attention to the matter and suggesting that certain improvements should be made, should not be lost in a fit of political pique, as demonstrated in the other place.

I was not going to say this, but I have been a little agitated today. I wish we would stop apologizing for our position in the Senate and for the Senate itself.

We have a constitutional right here. It is our parliamentary system. One of our duties is the protection of provincial rights. Honourable senators know the other duties that we should maintain.

As a mattter of fact, during the luncheon adjournment I went quickly through the index of honourable senators. I would say that of the 75 senators listed, 40 have had great experience in elected bodies, either in the other house or in provincial assemblies. Many of those senators, who are here today and who have gone through the electoral process, were elected not once, not twice, not three times, but four, five, six, seven, eight, nine and ten times.

To say that we do not know how to represent the people of Canada, that we are a second-class body, second-class citizens, out of touch with the public, is utter nonsense.

The remainder of the senators who have been appointed, and who have not had that great benefit of public experience, were appointed either for their experience or their intellectual capacity, or for their overriding interest in the general welfare of this country.

We should stop apologizing for that. There is no reason for us to apologize.

I like to think of myself, as the Right Honourable John Diefenbaker would say, as a "House of Commons man". But I am prepared, at my age and stage in life, to try to make a contribution, as an older person, in the Senate.

I will terminate my remarks by saying: For heaven's sake, let us do our job in the Senate and let those in the other place do theirs. I intend, in spite of Mr. Stevens, to support the motion.

[Hon. Mr. Rowe.]

Hon. Orville H. Phillips: Honourable senators, my remarks will be pointedly brief, because I was asked by a colleague to be brief.

What has disappointed me in the debate in the other place and in this chamber is the fact that everyone has been trying to justify his existence. Both in the House of Commons and in the Senate we have listened to learned dissertations on the Constitution. Everyone has told us that both the House of Commons and the Senate have certain rights. But, honourable senators, no one throughout the debate in either place emphasized responsibility, not to either of the chambers but to the public and, essentially, to the taxpayer.

Throughout the debate no one has considered the John Doe in either house. That is rather unfortunate. It is fine to say, "Let us get into an argument. Let us make a confrontation". Sure, the press would love the members of the Senate to get into a confrontation with the House of Commons. But, honourable senators, we should not do that. We should consider the merit of the bill.

I opposed the amendment made by the Senate. Since that time I have become converted, and I was converted by the oddest individual you can imagine—Senator Forsey.

● (1440)

For the record, I should like to say that one of my colleagues on the Liberal side of the Senate put this to me: "All right, you feel that the individual should be notified about the fact that he has been listened to. Well, look at it this way. If there is any evidence, he will hear about it in court. If there is no evidence, why give him a nervous breakdown by telling him that he has been listened to?"

There are various arguments, both pro and con, that can be presented to the effect that if he were a member of the mafia, the whole mafia would know that someone was listening to him. Is there anyone in this chamber or the other chamber stupid enough to think that the mafia are not aware that they can be listened to and that they do not listen to one another. Sure they do!

Hon. Mr. Molson: We are being listened to.

Hon. Mr. Phillips: They are aware that they can be listened to. They listen to one another within their own organization, Senator Molson. The point I wanted to make—and I will be brief—is simply that we are not in a confrontation with the House of Commons. Stop and think for a moment as to what the House of Commons has achieved, what it has accomplished in its picky little way. I am sure they are sitting over there smirking because they sent a bill back to us. But did they send the bill back to us or did they kick somebody else in the groin, that somebody being not a member of this chamber or of the other place, but the judiciary.

My party is the Conservative Party, and I am sure it is the culprit in this regard. I never go to caucus or have any consultation with them, but I still like to say I am a Conservative. Sometimes it is rather awkward to say so, as it is on this occasion. When one looks at the vote in the other place, it is awkward to be a Conservative. A former Prime Minister of this country, a man who has gone around this country beating pulpit after pulpit telling us

that we have to depend on our courts, voted against the compromise amendment, an amendment that improved the bill, an amendment that placed the responsibility where, I am sure, every Canadian citizen would want it to be, that being in the hands of the judiciary. In the Conservative Party we have a former Prime Minister who voted against the judiciary.

I suppose that I should perhaps flatter the individual by mentioning that a former attorney general of New Brunswick also voted against the compromise amendment. Actually, he would not deserve any consideration or mention were it not for the fact that the attorneys general, police associations and so forth, supported the Senate's amendment. That overgrown, egotistical former attorney general did exactly what the former Prime Minister of this country did—he voted against the judiciary. Honourable senators, if we cannot trust our judges to be fair and impartial, whom can we trust?

In closing, honourable senators, let me just say that I am disappointed in both the House of Commons and the Senate. It is fine to stand up and read someone's dissertation on the Canadian Constitution, but God help us if we try to make our courts like they attempted to make theirs in the United States.

The only way we can prevent that is by having respect for our courts, It will certainly not be accomplished by kicking the judiciary in the shins. Bear in mind, honourable senators, that we are supposed to give sober second thought to legislation. The judge makes the final thought, and throughout this debate no one has asked who makes the final thought. Honourable senators, make the final thought.

● (1450)

Hon. Joan Neiman: Honourable senators, I will try to be brief in the remarks that I should like to add to this debate. If I can decipher my handwritten notes, I will try to abbreviate them even more, because I think we have already heard some eloquent and able expositions of the different views during this debate.

There are really two principal issues. Overshadowing to some extent our concern about how we should handle Bill C-176—and I think it is unfortunate in a sense—has been our concern about how we should deal with this so-called confrontation that has been generated by some members in the other place, and has been aided and abetted by some rather intemperate and hysterical commentary in the media. I find it difficult to believe that, having amended a single clause in a single bill, we should be accused of "attempting to take over the ruling of the country." It would be laughable if it were not for the fact that some of the naïve readers of the *Globe and Mail*, who are no more knowledgeable than the man who wrote that editorial, might actually believe that idiotic statement.

In spite of the fact that so much of the comment on our action in amending one clause in Bill C-176 has been misinformed, mischievous, and even malicious, I must admit that there is a kernel of truth in part of the criticism that has been made against us—that we dealt hastily with a bill on which members in the other place had laboured for many hours over many months. If our haste appeared to be unseemly, then I submit that it was so in appearance more than in actual fact.

We have heard Senator McIlraith tell us how he has followed the progress of this legislation from its genesis many years ago, with many abortive attempts, through to Bill C-176. I know I have not been as thorough and as painstaking as Senator McIlraith in following all the words and arguments that have been used while this bill was being constructed, but I know that I, other members of the Standing Senate Committee on Legal and Constitutional Affairs, and many other senators here who have been interested in this matter, which is of public concern, have been following the proceedings in the other place and in its Justice and Legal Affairs Committee.

I know that before I attended our own committee meeting a few weeks ago I had already decided that there were a couple of areas in the bill that I did not like, and to me this was the most vital area. I had talked to several senators before attending the committee meeting and I was aware that many of them felt the same way. They too had studied the bill and considered its implications.

I felt that Chief Adamson gave a reasoned and reasonable argument, not only on the point that we eventually amended but on some others, but we declined to go along with his argument on why other parts of the bill should be amended. I think there was almost unanimous consent that this particular clause was inimical, and that it should be changed.

I think the conduct of the Minister of Justice at our committee hearing was impeccable. The record speaks for itself and we do not need to defend him, in spite of the comments made by parts of the media. As an aside, might I say that I believe it was Senator Choquette who read part of his statements into the record to substantiate what I am saying. My very vivid recollection of his opening comment at our meeting on that day is that he said, "My role here is an entreating one." The printed record of our committee hearing shows him as saying "an intriguing one." I think that mistake could be made quite easily. Perhaps I was wrong, but certainly I understood him to use the word "entreating" to the committee when he asked us to go along with the legislation because he was concerned that it should be passed.

At that time my objections to this clause were very simple. I felt that we were not doing what the legislation intended to do, which was to protect the public. I think Senator Lang expressed this very forcefully yesterday. It was not simply a question of aiding and assisting the police and making their job of work easier. That, of course, is important, and it is incidental. Our real job was to try to make the legislation work in the best interests of the Canadian people, and the clause as it stood did not, I think, do that; it took away a very vital protection from the Canadian people.

In his speech yesterday Senator McIlraith introduced a more subtle and technical point, which I must confess had not occurred to me. However, I am inclined to agree with him. I think it will be open to interpretation as to who might be considered the object of the bugging, and I have no doubt that some of our young counsel will have a marvellous time with that clause; they are going to tear it apart in the courts, and one of these days it will have to be changed and clarified to ensure that the problem brought to our attention by Senator McIlraith does not arise

through possible misinterpretation. I think that is an extremely important point.

As far as I am concerned, where we in this house really fell down was that we did not take the time to explain our objections. If we had expended one quarter of the time that we have done in the last day or two on expositions of what we felt were right or wrong about this legislation, I do not think we would have had the problem we have encountered in the other place. I think it would have made our position very clear to the members there. More importantly, I think even the NDP and the Conservative Party would not have had the excuse for this political manoeuvring that went on.

There is no doubt that there are Opposition members, particularly in the Conservative Party, who are very anxious to assist and try to promote this legislation, to get it through, and I believe that if we had made our position clear we would have assisted the other place. To that extent I feel that we did not do our job as well as we might have.

I should now like to refer briefly to the comments made a few minutes ago by Senator Everett, because, with the greatest respect, I cannot agree with some of the arguments he advanced. He said that one of the arguments used here has been that the Commons has spoken and we must go along with them. He also felt that the Commons had not considered our amendment in depth, and we therefore should feel no necessity to go along with what they had done. I cannot agree with that, because I feel, in all conscience, that perhaps we did not consider it, or show that we considered it. We did not give them the full explanation to which the Commons and the people who worked over there for so long were justly entitled in this matter. Therefore, I feel that they had a right to expect a little more from us than they got.

● (1500)

Now, with regard to the other argument we were concerned with, that if we sent back Bill C-176 we should be responsible for eliminating it, my opinion is that this is good legislation. We are here to help to enact good legislation, and it is not a question of whether we eliminate it or somebody else eliminates it. I have to agree most heartily with Senator O'Leary and Senator Forsey. We accept this legislation for what it is. It is excellent. It is necessary. It is wanted by the people of Canada. Many people have worked on this legislation for months and months and they have put their best efforts into it, and I do not think that we, in a fit of pique or feeling that we are being challenged, should turn around and just say, "Send it back!" We have to let them have that legislation, and we will take it with its blemishes.

There is probably hardly a statute on the books that does not have some blemish in it in one form or another, at least the first time it is drafted and put into practice, so I do not think that is a sufficient reason for sending it back.

The final point you made was whether this was an issue on which we should or should not fight. Perhaps I am a pacifist, but I cannot really say that I have ever seen any issue as black or white. I am a middle-of-the-roader, and maybe that is why I am a Liberal. I do feel that this is an issue on which we have to be mostly concerned with the good of the people. That is what we are here for. We are here to assist on legislation, and that is what we want to do.

[Hon. Mr. Neiman.]

So I most strongly urge honourable senators to support Senator Goldenberg's motion. I do not want to be concerned with these comments about the fact that we have been challenged. I do not see why we should be worried unduly about the comments that have been made about us, or worried about the so-called challenges from the other place. I think we should take them for what they are. So far as I am concerned, the member for Winnipeg North, if I am allowed to refer to him in that way, is our Don Quixote.

Hon. Mr. Everett: North Centre.

Hon. Mrs. Neiman: Thank you, Senator Everett.

Hon. Mr. Riley: You mean left centre.

Some Hon. Senators: Hear, hear.

Hon. Mrs. Neiman: Very good! Thank you, Senator Riley.

I see him riding his steed backwards. He is looking into the blinding rays of the setting sun and saying, "I see the dawn of a new day." Well, what a hope he has! I think the Senate is going to be here for many, many years and it is going to grow in vigour and importance long after he has ridden off on his hobbyhorse into the thorns and thickets.

Hon. Senators: Hear, hear.

[*Translation*]

Hon. Jean-Paul Deschatelets: Honourable senators, I will simply make a brief comment. I can say that I approve almost in their entirety the comments just made by Senator Neiman. I think that they summarize somewhat the position I intend to take on the motion of Senator Goldenberg.

If I rise at such a late moment in the debate, it is simply to say that I am one who believes in the extreme importance of this legislation. I think that if there is one area in Canada that urgently requires legislation of this type, it is the province of Quebec, because the newspaper *Le Devoir* as well as other newspapers were mentioning yesterday that the Quebec bar was calling for a royal commission on the use of wiretapping devices in Quebec. I must say that for the past four or five months, there have been in the province of Quebec some rather disturbing cases of wiretapping devices utilization. One example that comes to my mind is the installation of wiretapping equipment in the lawyers' offices at the Société Saint-Jean-Baptiste headquarters.

Hon. Mr. Langlois: May I direct a question to the honourable senators?

Hon. Mr. Deschatelets: Yes, Senator Langlois.

Hon. Mr. Langlois: Was the bar's request not restricted to wiretapping in some lawyers' offices in Montreal?

Hon. Mr. Deschatelets: That is correct. But this shows that up to now the way wiretapping has been used has given rise to some disturbing cases. Therefore, I say that in the public interest, the legislation now before us should come into effect as soon as possible.

I do not want to repeat the arguments put forward by a number of my colleagues, but one point must be made

clear: that is, through this legislation, we are dealing with a completely new area, and not only do I anticipate that within one year the section that our amendment deals with, section 178.23, will be reviewed, but it is quite possible that many other sections of this bill will have to be reviewed in the light of the practical experience carried out in every province. I think that the provincial attorneys general will receive complaints and will see how the legislation is working and, after a trial period of few months, they will be in a position to say: Here are the amendments we are suggesting.

Therefore, I will conclude with this remark which is essential in my opinion: One thing comes out of this whole debate, and it is the fact that, in all the speeches that have been made up to now by those who are in favour of Senator Goldenberg's proposal as well as those who are against it, honourable senators have shown a determined will to use in future, as they did in the past, whenever they find it relevant, the rights and prerogatives that are provided by the Constitution, irrespective of their effect.

I think all honourable senators were quite clear on this subject, and this satisfies me.

Before concluding there is another thing I would like to point out. All these difficulties we face today were created by the socialist party in the House of Commons, and we can expect that on the first opportunity we might be faced once again with difficulties of this kind. This should not come as a surprise because there is an obvious intention on the part of that party to quarrel with everything the Senate does, probably with a view to calling for its abolition. But I am satisfied that the attitude we take if the majority of the Senate votes in favour of Senator Goldenberg's proposal will be judged by the Canadian public as a reasonable and wise attitude in the circumstances. But in view of the speeches made by all honourable senators who participated in this debate if in the coming months when we will be sitting we are again faced with a situation of this kind and if at that time we have not only a minor amendment to suggest but a question of principle, a basic question, I am sure that the Canadian Senate will manage to resist those who proved recently that they were going after the Senate on the basis of a policy set out several years ago and that they want to take advantage of the circumstances of a minority government. I think that if on occasion we have a question of principle and if we do not fear confrontation at that time we will then be supported by all the people of Canada.

● (1510)

[*English*]

Hon. Charles McElman: Honourable senators, I shall not take up too much of your time. I had not intended to speak in this debate, but in view of what we have seen in the printed media, and have heard through the broadcast media, and in view of some of the very strong statements that were made here today and last evening, I feel I must take a little of your time.

I suspect that the happiest person in Parliament today has to be that cadaverous old gentleman with the insidiously clever mind who has played quite a part in devising the whole set of circumstances that we are now embroiled in. I submit to you that to achieve his purposes he would not want this chamber standing its ground on a great issue, because he knows that in a great issue the substance and value of the Senate within a nation as diverse as Canada would come through very clearly to the people.

I think all of us in this chamber appreciate that the Senate will, one day—perhaps sooner than some of us think—have to take a stand on a great issue, or even a series of great issues, to keep this amazing and wonderful country that we have as one country, and as a growing, evolving country in, hopefully, a peaceful and advancing world.

Now, the last thing that the gentleman of whom I have spoken wants to do is put the Senate in a place where it could take its stand at a point in our history such as that. How delighted he must be at the aggravation of senators over a period of years by the actions of the other place in their lack of consideration of this house, demonstrated by the ill-timing they devise in sending important bills to this house, when we, humanly, feel there are deadlines to be met. Many of us, with that aggravation in our minds—and he knows we have it—react at a time such as this, and call this a great constitutional issue. I regret, although I respect the opinions of those who so describe this matter, that I cannot agree. I simply repeat that that gentleman must be very happy that he has aggravated us, and entrapped one particular party in the other place to join him in that aggravation. Well, it is not a matter of just choosing a time when you stand and fight, or fall and die; or it is a matter of using your judgment as to whether you will even recognize affronts of this nature.

For my part, I think this is a neccessary piece of legislation. Electronic eavesdropping is a serious thing. It is used for gaining commercial intelligence, and it is used illegally or improperly. It is used by pimps, prostitutes and purveyors of evil to gather ammunition to blackmail otherwise good citizens. It is used to destroy people. It is used to destroy families.

Hon. Mr. Carter: Will the honourable member permit a question?

Hon. Mr. McElman: Of course.

Hon. Mr. Carter: Is the honourable senator telling the Senate that the passage of this bill will prevent all the illegal wiretapping that is being engaged in by pimps, prostitutes, and the like? Is he saying the bill is going to prevent that?

Hon. Mr. McElman: Of course not. While a law can help to restrict, no law can totally prevent. Otherwise there would be nobody in our prisons. There would be nobody fined. There would be nobody prosecuted. No, this law will not prevent this sort of thing, but it will diminish it. This law will help to protect the innocent.

This law, additionally, will help to restrict the enforcement authorities. It has been said repeatedly in this debate that no one knows of instances where the police have abused the use of this procedure. Well, there are warts on just about every element of society, and there are warts on the police. There are people in many groups within society who become overzealous, and the public needs protection from those people as well.

I am not entirely satisfied within my own mind that the amendment as initially proposed by the Senate was entirely called for. I appreciate the lucid remarks of Senator

McIlraith, where he pointed out that in some cases the innocent will not have to be notified, because the subject of the surveillance would be the criminal. You notify the criminal, but not the innocent. I suggest there can be many other cases in which the innocent may, even with the protective measures in this act, come under surveillance, and they should be notified. They must be notified. There has to be protection of the civil rights of the individual, and as a small "l", as well as a large "L", Liberal, I believe this is awfully important.

This is not the only weapon, or the only useful tool, that we give the police to use in the enforcement of the law and the catching of criminals. If it were the only instrument, then we would have quite a different debate. The whole focus of attention would be different. This is only one of a great many instruments that the enforcement authorities have at their disposal. Therefore, if we have to strike a balance between limiting, to a degree, the effect of this instrument for the police, and guarding the rights of individual Canadian citizens, then I am all for balancing it on the side of civil liberties and the Canadian innocent who may be put under surveillance. In my opinion, the innocent person should be notified if he has been subjected to such surveillance.

● (1520)

I come back—

Hon. Mr. Choquette: What has he to fear, compared to the criminals?

Hon. Mr. McElman: What did the people of Germany have to fear prior to the last war?

Hon. Senators: Hear, hear.

Hon. Mr. McElman: I know that is an extreme reply to give, but when civil liberties are being interfered with, there is always the question, "What has he to fear?" He has fear itself to fear.

Hon. Mr. Molson: They had no bill of rights.

Hon. Mr. McElman: Much has been said about the police not abusing their authority. Let me say at once that I admire tremendously the RCMP. I believe it to be the greatest national police force in the world.

Hon. Senators: Hear, hear.

Hon. Mr. McElman: Most of our municipal enforcement authorities are excellent people, but they have warts as well.

For a number of years it was my responsibility to assist in the administration of the Liquor Control Act in New Brunswick. There were three provisions under that act that I propose to mention. They were there for the enforcement of the law and to catch criminals.

One was called a blanket warrant. The Liquor Control Board was a quasi-judicial authority. The blanket warrant enabled a police officer to enter any residence in New Brunswick, ostensibly to look for liquor or for the illicit handling of liquor. When a new police officer was transferred into "J" Division of the RCMP in Fredericton and assigned to CIB work, the first thing that was done was to issue him with a blanket warrant. That blanket warrant would take him into any home in the province which he wished to enter. Those warrants were used to enter homes. No search for liquor was required to take place. The people concerned were suspected of other crimes.

That was the first provision. Let me say again that I admire the RCMP. It is their job to enforce the law, and it is their job to use whatever means they can to enforce the law and catch criminals. But they are ordinary individuals too, and the law can be bent to serve purposes.

Another section of the law to which I am referring provided for what were called interdiction orders. If an individual drank to extreme so that he damaged himself and could not provide for his family, the RCMP—and also the parish priest or religious authority—could recommend that an interdiction order be issued to save the man from himself. The penalty, if caught with liquor in quantity, was two months in jail plus a fine of $200, or, in lieu of payment of the fine, two more months, making four months altogether. There were cases when those interdiction orders were used against criminals, not because they were drinking too much, but to catch them and to put them in jail. Once they were on the interdiction list, then all the police needed to do to put them away for four months was to catch them with three ounces of liquor.

Hon. Mr. Molson: That is in the public interest.

Hon. Mr. McElman: I do not agree that it is.

Hon. Mr. Molson: But you said "criminals".

Hon. Mr. McElman: I meant to say "suspected criminals;" I am sorry. I appreciate that intervention, because it was a misstatement on my part.

The third section of the law had to do with suspected bootleggers. There were what were called blacklists. In the case of suspected bootleggers, the police applied for a restriction order. This was another section of the law. All that the RCMP or municipal police authorities had to do was say, "We have reason to suspect that this person is illicitly dealing in the traffic of liquor," and the restriction order was issued. Again, the mere possession of liquor—not even physical possession, but merely having liquor in the home automatically meant a fine of $200 plus two months in jail, or, in lieu of payment of the fine, two more months, making four months in jail.

I repeat, this was used in the case of suspected persons. They could be put away for four months because they had liquor in the home. It was used against criminals and criminals were caught, as they should be. But it was used also against persons who were suspected of other crimes, and they were put in jail because they had booze in the house.

Having said that, I repeat that I have great respect for the police authorities. They are handicapped in many ways in their efforts to catch criminals. We in the Senate feel frustrated on occasion, but let us imagine the frustration of those who daily face the criminal element in this country. We should provide them with every reasonable means of catching criminals and putting them behind bars, and of stopping the illicit traffic in drugs and drink.

I do not think this bill is entirely unreasonable when we balance the rights of the individual with the necessity of providing police with the means of catching criminals. It is a very necessary bill. I am not at all unhappy at the possibility of its being passed in its present form, but I hope that we shall not continue to fall into the trap and

suffer from the wiles of that unnamed gentleman in the other place by getting too excited and too emotional on occasions such as this.

Hon. Mr. Goldenberg: Would honourable senators give me leave to answer two questions which have been raised in the course of the debate? I shall be very brief.

Hon. Mr. Molson: Honourable senators, I do not think the honourable senator requires leave. He has a motion, and I think it would be quite in order for him to speak.

Hon. Mr. Langlois: He is answering questions.

Hon. Mr. Goldenberg: I wish to clarify two points which have been raised by a number of senators. The first is: Why should we make the assumption that if we send this bill back to the other place it will be rejected?

Not only do I make that assumption; with me, it is a conviction. The other place passed this bill some months ago. They sent it to us. We amended it, and sent it back. The government took cognizance of the amendment that we made, presented a satisfactory amendment to the house, and it was rejected last Thursday.

Following the rejection of the amendment, the house unanimously adopted the main motion which reads as follows:

> That this House does not concur in the amendment made by the Senate to Bill C-176, An act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act, . . . and that a message to that effect be sent to Their Honours.

There was no recorded vote on this. It was unanimously adopted last Thursday. Surely to goodness, we could make no other assumption than that if we send it back now it will again be rejected.

● (1530)

The second question is: If the bill is rejected, whose responsibility will it be? Well, it is clear to me that if we send the bill back for the second time, the other place having passed it twice, the responsibility will be ours, and the people of Canada will place it on the Senate. That is all I have to say.

Hon. Mr. Molson: Honourable senators, before the debate is concluded, I should like to ask a question of the mover of the motion, who is also the chairman of the committee. Can he tell me what effect this bill will have in connection with suspected espionage? I am not referring to a warrant under the Official Secrets Act, but rather to an embassy official who lives in an apartment, such as Igor Gouzenko. If the authorities decide to put electronic surveillance on such an individual, is he going to be informed? In other words, is this going to apply to matters of state intelligence?

Hon. Mr. Goldenberg: There are certain cases to which the legislation requiring notification does not apply.

Hon. Mr. Molson: I did not see any.

Hon. Mr. Goldenberg: They are set out on page 23 of the bill. For example, subversive activity, which includes espionage and sabotage; foreign intelligence activities directed toward gathering intelligence information relating to Canada, and so forth. There is a whole series of them. I think that answers your question, Senator Molson.

The Hon. the Speaker: It is moved by the Honourable Senator Goldenberg, seconded by the Honourable Senator Forsey, that the Senate do not insist—

Hon. Senators: Dispense.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will all those in favour please say "yea."

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those who are against the motion please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And more than two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

● (1540)

Motion of Hon. Mr. Goldenberg agreed to on the following division:

YEAS

THE HONOURABLE SENATORS

Buckwold	Lamontagne
Côté	Lapointe
Denis	Macnaughton
Deschatelets	Martin
Duggan	McDonald
Forsey	McElman
Fournier	McGrand
(*Restigouche-Gloucester*)	McIlraith
Fournier	McNamara
(*de Lanaudière*)	Michaud
Goldenberg	Neiman
Graham	Norrie
Hastings	O'Leary
Hicks	Perrault
Inman	Petten
Lafond	Robichaud
Laird	van Roggen
	Williams—33.

NAYS

THE HONOURABLE SENATORS

Asselin	Fournier
Blois	(*Madawaska-Restigouche*)
Bourget	Lang
Carter	Langlois
Choquette	Macdonald
Everett	Molson
	Phillips—12.

The Hon. the Speaker: I declare the motion carried.

Motion agreed to.

ENERGY SUPPLIES EMERGENCY BILL

SECOND READING

[*Translation*]

Hon. Earl Hastings: Honourable senators, I move second reading of Bill C-236, to provide a means to conserve the supplies of petroleum products within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, and to amend the National Energy Board Act.

[*English*]

Hon. Mr. Phillips: On a point of order. What language is the honourable senator speaking?

Hon. Mr. Goldenberg: Albertan.

Hon. Mr. Langlois: The right language.

Hon. Mr. Martin: One of the two official languages.

[*Translation*]

Hon. Mr. Hastings: Before discussing Bill C-236, allow me to wish the most cordial welcome to two new colleagues from New Brunswick, Senator Louis Robichaud, P.C., and Senator Daniel Riley.

[*English*]

Hon. Mr. Phillips: You are not bilingual yet.

[*Translation*]

Hon. Mr. Hastings: Honourable senators, I am trying to learn French and I am trying to become bilingual. It is very difficult for me to speak French, "mais du moins, je fais mon possible".

Hon. Mr. Asselin: Very well.

Hon. M. Hastings: These men distinguised themselves by their devotion to Canadian public and political affairs. Their very presence here in the Senate will be a great contribution to our debates. The fact that I am now speaking in the mother tongue of Senator Robichaud might be an indication that I am very happy to see him here with us in the Senate.

[*English*]

I also welcome Senator Riley as he continues a distinguished career in both the elective and appointive fields. I do not know whether he feels better being appointed, or being elected. In any event, I am certain these two distinguished sons of New Brunswick will maintain the high standard of representation that has been maintained by that province's former representatives.

● (1550)

Honourable senators, in directing my remarks to Bill C-236, I must say that it is another step by which the government seeks legislative authority to deal with the present instability in the distribution of energy in Canada.

The previous bill, C-245, which was introduced by my colleague, Senator Macnaughton, dealt mainly with some degree of equitability in price. The present bill seeks to maintain or preserve some degree of equality in the distribution of energy to all Canadians in the event of an emergency throughout this period of future uncertainty.

May I say just briefly that the present problem we face, or the present world energy crisis, did not have its genesis in the Arab-Israeli conflict. The energy crisis was predicted as long as three of four years ago. Indeed, as Senator Macdonald pointed out, the crisis would seem to be largely the result of the growth and development throughout the world of great industrial complexes, and their insatiable demands for energy, of their striving to keep up with the requirements of the consuming public.

In any event, in December 1972 the National Energy Board, taking cognizance of and watching the change in the world situation with respect to oil, advised the government of the need for caution and prudence with respect to exports. On March 1, 1973, it was found necessary to adopt a program of export controls on crude oil in the light of the very sharp increase in importation by the United States of oil, gasoline and middle distillates.

As Senator Laing pointed out in his remarks on Bill C-245, our exports to that market have increased from 450,000 to 800,000 barrels to a million barrels a day over the period of the last three years. So even before the outbreak of hostilities between the Arabs and the Israelis the Canadian government and the National Energy Board, which is entrusted with that responsibility, were taking the necessary actions in the light of world developments.

Finally, in October 1973, the Israeli-Arab conflict broke upon the scene, with the attendant international interruption, cut-backs, price freezes, export controls and so on, and it was at that time that the government established the technical advisory committee on petroleum to advise the government as to future policies with respect to supply and demand. This technical advisory committee was composed of senior industrial people and both federal and provincial government officials.

Finally, on November 26 the government was advised by this technical advisory committee to take certain steps, which were announced by the minister responsible, to alleviate any cutback or shortfall which might occur in the immediate future. Those steps, as indicated, were, first, to increase the movement of western crude oil through the St. Lawrence Seaway, which resulted in an average of 44,000 barrels a day of western crude coming on to the eastern market; second, to make foreign purchases through Roumania; third, to transmit oil through the Trans-Mountain Pipe Line to Vancouver, and to use dock facilities in Vancouver to ship crude oil through the Panama Canal to the Maritime provinces, I might say that up to now ten ships have been used in this movement, but I understand from National Energy Board officials that this will be increased to 14 ships in the next few days. This procedure has resulted in three million barrels of oil per month going through the Panama Canal to the Maritime provinces. The fourth step was to utilize the new Come-By-Chance refinery that was coming on stream, and the

Toronto-Brockville-Ottawa pipeline which has been unused for many years; and, finally, to appeal to the public to use restraints with respect to its consumption of energy.

All of these policies have been brought into play and have, to a great degree, contributed to the fact that there has not been up until the present time any real shortage or emergency in the Maritime provinces.

Subsequently, a statement of energy policy was made by the Prime Minister on the basis of a one-Canada concept for the future predicated on the development and use of Canadian petroleum resources for the benefit of all Canadian in the form of a single national market, self-sufficiency and national pricing, subject to transportation and distribution adjustments.

Security of supply and self-sufficiency demands accelerated exploration and development programs in the Mackenzie basin, the Arctic and the offshore areas of Canada. Obviously, it also means that in establishing reasonable Canadian prices we cannot completely isolate ourselves from exterior trends and pressures. Moreover, in developing these dual goals, that is, increased exploration and development and equitable domestic pricing, we must face the fact that we will inevitably have to pay higher prices in the future for energy requirements if these two objectives are to be realized.

I do not think we can remain immune to these exterior pressures. There exist at the present time five interconnecting U.S. pipelines, and I think we have to be mindful of our responsibilities to our traditional trading partners in times of crises and developments in the U.S.A. I have often wondered, if the Montreal-Sarnia pipeline were to go into operation tomorrow, what would happen to the United States midwest and District 5, which is the Pacific Northwest of the United States, which are now taking our exports? Do we simply wave goodbye to this very valuable market that we have built up over the last few years with no consideration as to the results? I say that we cannot ignore the needs of our neighbours, and that we must develop these resources in the light of their needs as well as of our own with our own domestic needs taking precedence, of course.

There is one fact that we must remember as a nation. We must remember that at the present time these resources fall mainly within provincial jurisdiction. While we seek to establish fair and equitable prices to royalty owner, producer, marketer and consumer, the legitimate interests and aspirations of the provinces, both producing and consuming, must be respected.

● (1600)

It is in this spirit—that is, one of understanding and appreciation—that I believe the Prime Minister will meet with the first ministers of the provinces on January 22, to resolve and formulate a national energy policy for the future.

The picture today, as has been recommended to the government by this technical advisory committee, is one which indicates a distinct possibility of shortage in middle distillates and heavy oils in the Atlantic provinces, Quebec, and also the possibility of local shortages in British Columbia.

This committee, which is continually keeping the problem under surveillance, is unable, of course, to make any really accurate prediction as to the future. It would have to have some knowledge of what kind of a winter we are going to have, for example, and of many other factors. But the one conclusion it has reached is that we should be prepared for a shortfall of up to 20 per cent, and that voluntary restraints and the procedures I have just outlined simply will not meet the demand. So the industry, through the technical advisory committee, have urged that this allocation program be put into effect as quickly as possible in order to avoid any chaotic conditions which might develop in such an eventuality in the future.

In that regard I can only refer to the excellent contribution which Senator Phillips made yesterday with respect to Bill C-245. He made an informative, articulate contribution to that debate, placing the present bill in exact perspective when he was discussing the fishermen of his own province and the problems that they face. He asked: Will they have fuel for their diesel engines; will they be able to get the particular type of gasoline necessary to run those engines; will they be able to get the particular fuel additives that are necessary for a gasoline engine? That is a point that should receive the highest priority, and which places exactly in perspective the reason for the bill presently before us—that is, the creation of an emergency supplies allocation board, which will take cognizance of any such conditions, referred to by Senator Phillips, throughout the nation, to take appropriate measures to alleviate the situation, and to make certain there is fair distribution of fuel products, as to both price and quantity. It is in keeping with the statement made by the Prime Minister, that distribution will be made not only on ability to pay, but on the premise of need.

Honourable senators, I can do no better, I think, than read part of clause 11 of the bill. It provides, of course, for the creation of an emergency supplies allocation board. On this board the minister has indicated there will be representatives of industry, the provinces—one from a producing province; one from a consuming province—the federal government, and the consumer. This board is going to be vested with sweeping powers to meet the challenge of crises should they occur. The purpose is stated quite clearly in clause 11:

> When the Governor in Council is of the opinion that a national emergency exists by reason of actual or anticipated shortages of petroleum or disturbances in the petroleum markets that affect or will affect the national security and welfare and the economic stability of Canada, and that it is necessary in the national interest to conserve the supplies of petroleum products within Canada, the Governor in Council may, by order, so declare and by that order authorize the establishment of a program for the mandatory allocation of petroleum products within Canada in accordance with this Act.

These are pretty sweeping powers, but I think there are adequate safeguards in the bill. There are adequate checks and balances to make certain there will be no unauthorized use of the powers vested, in that any order in council made pursuant to this act must be placed before both

Houses of Parliament and become the first order of the day.

Hon. Mr. Phillips: Are you sure of that, senator? Both houses?

Hon. Mr. Hastings: Both houses, yes. I can read it to you if you wish.

Hon. Mr. Phillips: I am perfectly willing to accept your word, senator.

Hon. Mr. Hastings: It is to go before both Houses of Parliament, and shall be set down as the first order of the day. In addition, any order that this board may make from time to time will come under the scrutiny of the Standing Joint Committee on Regulations and Other Statutory Instruments.

Finally, an additional safeguard is the fact that the board, during any period for which any program is in operation, shall report in writing its activities to the minister every month, and all reports shall be laid before Parliament forthwith, if Parliament is sitting, and if not, then within 15 days from which Parliamant is next sitting. So we have three protective checks and balances, and, in essence, the final decision is vested in the Parliament of Canada within 30 days of any order being issued.

The bill is divided into five parts. I do not think I need to cover them all, although I should mention that in Part II—and this is an important factor—the authority is vested in the government to proceed directly to rationing at the consumer level should any allocation program which may be authorized fail in its objectives.

Parts III and IV of the bill cover the general provisions for the operation, and deal with the termination, of the program. Finally, Part V provides for two additional members of the National Energy Board. This has been found necessary due to the additional workload that has been placed upon the National Energy Board during this time of intense activity throughout the world.

Honourable senators, I think that covers that bill. As I said, it has been designed, and its objective is, in so far as is possible, to guarantee that in the event of any shortage or emergency in any part of Canada the government will have power to authorize the board to take such measures as are necessary to alleviate such conditions.

I commend this bill to honourable senators for their favourable consideration.

● (1610)

Hon. Mr. Phillips: Honourable senators, I move the adjournment of the debate.

The Hon. the Speaker: Who is your seconder, Senator Phillips?

Hon. John M. Macdonald: Honourable senators, I wonder if I might say a few words before Senator Phillips makes his motion? It is not my intention to speak at any length at this time of day.

I thank the sponsor for the very able manner in which he explained this bill, because it is somewhat complicated. I think it can safely be said that the bill is the legislative result of an energy shortage in Canada, particularly in Eastern Canada.

[Hon. Mr. Hastings.]

We may not be too directly affected by the fuel shortage as our own production of crude oil is at present sufficient for our needs, if it can be diverted from the present markets to serve the Canadian market only. Of course, as a great trading nation, dependent to a large extent for our economic well-being on our trade with other nations, we cannot hope to make such market changes without some adverse results.

We know that the major industrial nations are faced with the prospect of an energy shortage, and I think it should be recognized that the action of the oil producing countries has brought this matter of the supply of energy to a point where it has now to be recognized as an immediate problem, and should be dealt with accordingly. But, as the sponsor pointed out, the problem is not new. It has existed for some time. I believe it was last year, at a conference in London attended by recognized specialists, that it was said that within eight years there would be a decline in the production of the oil industry, as the industry had not been able to find new sources of oil in sufficient quantities to keep up with increasing demand.

So, even without the action of the oil producing states, there was an energy crisis in the making. The use of the supply of oil as a political tool has made a more aggressive search for new sources of energy imperative. So far as Canada is concerned, I understand we have reserves of oil for approximately 10 years' supply at projected production rates. So it is imperative that an aggressive search for new sources be undertaken, and that searches now being made are intensified.

If oil in commercial quantities can be found off our Eastern seaboard, it will change the whole energy picture in Canada for the better. We would have a national self-sufficiency without causing any distress to our present customers outside Canada—those to whom we now sell. It would also mean cheaper oil, as there can be no doubt that bringing oil from Western Canada to the East coast is an expensive proposition, no matter what type of transportation is used. Atlantic Canada needs an oil policy that will guarantee it sufficient fuel at practically the same cost as Canadians pay elsewhere. I know that there will be some variation in the cost—perhaps a few cents per gallon. However, we are used to that, because even before the recent price increase there was a difference of about two cents a gallon in the price of fuel between Halifax and Sydney. There is also a differential in the price of oil charged for large consumers. Why this should be so, I could never understand. I assumed it resulted from the policy of oil companies to charge all the traffic would bear.

However, honourable senators, the bill before us is for the purpose of giving the government, through the agency of an energy supplies allocation board, very great powers. As has been mentioned, they can establish mandatory allocation of petroleum products throughout Canada, or in any region of Canada. The Governor in Council can give the board orders to do this, that or the other thing. They can exercise some of the most extraordinarily wide powers—powers of expropriation; powers of mandatory allocation of petroleum products to anywhere in Canada, or to any part of it. They can set up priorities and change priorities. They will also have control of any product that

is manufactured, even in part, from petroleum. Indeed, other fuels can be brought under control.

Consequently, since these are wide powers, some safeguards have been inserted in the bill. This was done because there might be a panic situation in which the government would over-react, as many people feel the government over-reacted in the Quebec crisis around 1970. If my memory serves me correctly, about 600 people were arrested during that period. They were held for various periods without any charges being laid. Again, if my memory serves me correctly, only about 40 people were charged, and of those only a handful were convicted of anything.

The safeguards have been mentioned by the sponsor. There are two important and powerful ones. The sponsor mentioned that the order must be placed before Parliament; that it had to have the concurrence of both Houses of Parliament. An amendment was made by the NDP. I should add that I hope that the virtuous indignation which we have heard from certain speakers at the action of the Conservative Party in the other place has not been completely used up; that some of it will be directed at the action of their own party in accepting the NDP amendment.

Be that as it may, the amendment has been made. The order must be placed before Parliament, if Parliament is sitting, and must be dealt with immediately. If Parliament is not sitting, it will be recalled. A motion for concurrence must be made. So far as the Senate is concerned, all it can do is concur. So far as the House of Commons is concerned, if they do not concur in it, the order is automatically revoked.

When that amendment was accepted, some consequential amendments should also have been made. However, I presume that in the rush to get the bill through, they were not made. It makes absolutely no sense to place an order for concurrence before the Senate. It means mothing. It would merely be an exercise in futility. If we concur, it means nothing; and it means nothing if we do not concur. In this connection, I refer honourable senators to the various subclauses of clause 11 on page 6.

We cannot do it now, but when we come back after the recess we should make an amendment. It should be made by means of a private member's bill, in order to avoid a confrontation with the House of Commons. The bill should be amended to provide that there is no necessity for the Senate to be recalled if Parliament is not sitting, so there will be no necessity for the Senate to debate the question.

As the bill gives extraordinarily wide powers, it would be well to examine it closely in committee. I recognize that that cannot be done at the present time, but it could be done if a bill to amend is introduced here, and referred to committee. Personally, I would have no objection to sponsoring such a bill at some future date.

Honourable senators, that concludes what I have to say. I congratulate the sponsor on his fine explanation. I leave this bill to the discretion of honourable senators, to vote for it or against it. Personally, I shall vote for it.

● (1620)

Hon. Orville H. Phillips: Honourable senators, I had a long list of items which I felt should be covered in my remarks on this occasion. However, Senator Hastings was so complimentary to me that he has automatically eliminated certain of those items. I really did not expect that someone opposite would really understand my viewpoint, but I am glad to be able to eliminate a portion of the remarks I intended to make.

I do want to say, let the government beware. *Caveat emptor* let the buyer beware. Let the taxpayer beware.

I thank Senator Hastings for his kind remarks. I would point out that there is a corollary in the motion introduced in this chamber by Senator Rowe in which, in essence, he said to the federal government, "Get on with the ferry service between Cape Breton and Newfoundland, and between Nova Scotia, New Brunswick and Prince Edward Island". The government and the CNR really took that motion to heart. Within 10 days of Senator Rowe's motion the CNR announced that in an effort to save fuel they were cutting down on the ferry services.

Honourable senators, I ask you to look back at the results of that motion, and ask the government what it is doing. Of course, the government does not know what it is doing. It is waffling around in a very peculiar way. The only policy the government has is not to accept the advice of those who know. That is not unusual in this government. Senator Martin, in his long and distinguished career, has always taken the attitude of not accepting the advice of those who know. Perhaps that is why he ended up in the Senate.

Hon. Mr. Laing: I had better go back to my own seat.

Hon. Mr. Martin: Poor Senator Martin. He gets it all the time from Senator Phillips.

Hon. Mr. Laing: I am going to move away.

Hon. Mr. Langlois: He is a good target.

Hon. Mr. Phillips: Let me just say, Senator Martin, that I respect you because you can take it as well as dish it out. Were it not for those two conditions, I would not bother with you.

Recently I asked the Leader of the Government whether there was any basis for concern over shortfalls in oil in the Atlantic provinces and in the province of Quebec. Senator Martin was quite frank in his reply. He said that beyond the Ottawa Valley line we have done such and such. Of course, I anticipated that in his reply he would say that we are taking Western oil through the Panama Canal. Somehow or other the government has decided to take oil from Vancouver, via the Panama Canal, to the Sheehan Refinery in Newfoundland. They take great credit in this regard.

But, honourable senators, let us not get carried away. What has happened is that in the months of October, November and December of 1973 the National Energy Board and, in effect, the government, issued permits for the export of 10½ million barrels of petroleum products. At a time when we in the Maritimes are greatly concerned that there might be an oil shortage, the government exports 10½ million barrels of petroleum products! When I asked whether this would continue they said, "Naturally, because a certain firm is Canadian and operating in the United States. Naturally we will supply a Canadian firm with petroleum." Is the United States Government going

to supply their Canadian subsidiaries operating in Canada on the same basis? They are not.

● (1630)

I was intrigued to read in a newspaper—admittedly not the best newspaper in Canada, the Ottawa *Journal*—that Senator Muskie from Maine made an announcement saying that certain firms will get oil because he, Senator Muskie, an American senator, has arranged that these firms will continue to get their oil supply. Why do they get that continuation of supply? Is it surplus to the Maritimes? I ask that of Senator Riley, who has a close connection with the Irving oil company, and it was Irving who got the export permit. If we have a shortfall, why, oh, why are we giving permits for the export of 10½ million barrels to the U.S.A.

Not only that, but why did we export it at a price that is far below the international market price today? Can any honourable senator explain to me why we as Canadians should be giving the oil companies permits to export their products at a time when we are short, and at a time when our cost in rising? What do we do? We give it to Senator Muskie. This is perhaps more pertinent to yesterday's debate than today's. I am curious, honourable senators. I am asking you point-blank: What contribution has Senator Muskie made to the Liberal party for 10½ million barrels of fuel?

Hon. Mr. Riley: Watergate again.

Hon. Mr. Phillips: Senator Riley, as the attorney for Irving, would be the most qualified person to say, "Watergate again." If you say it is Watergate again, senator, I am almost, but not quite, willing to take your word.

Both Senator Riley and I represent maritime areas. When I say "maritime," I am referring to the Atlantic coast. We in the Maritimes like to refer to the Maritimes regardless of the coast. On the other hand, we have had imposed upon us a Minister of Fisheries from British Columbia. Honestly, honourable senators, he would not know a lobster from a cod fish. Nevertheless, he has laid down regulations saying such-and-such. I will tell you the regulations he has laid down.

Hon. Mr. Hicks: No. It is not relevant to this debate at all.

Hon. Mr. McIlraith: Not at all.

Hon. Mr. Hicks: We are not interested in it in this debate.

Hon. Mr. Phillips: You are not? I will tell you the relevance, if you just listen for a moment. By the way, if you want to leave, go ahead; I don't care. On the other hand, I couldn't care less if you came in.

The Minister of the Environment stated that certain regulations will be laid down for Canadian ports. If a trawler leaves Spain and does not have sufficient fuel to get back—which is a normal situation—it can come to a Canadian port and prove the need for it. I have no objection to that. They can also go to St. Pierre and Miquelon and receive not only the oil for the one-way journey back, but also return trip. They can go to St. Pierre and Miquelon from Spain, pick up their oil, go back to Spain, come back and drop into St. Pierre and Miquelon again, and once more go back to Spain, or Portugal, or Italy—you name it. But what country is buying that fuel? Canada is! About 100 foreign trawler apply at St. Pierre and Miquelon, are refuelled and are on their way, with oil from the Atlantic provinces.

● (1640)

Now, honourable senators, the oil from the Altantic provinces raises a rather important question in my mind with respect to industrial development. Senator Hastings referred to the remarks I made yesterday. The same thing applies, for example, to farming, but I will not go into that aspect today, except to say that when an industry is considering locating somewhere in Canada it is important to realize that it will look at the cost of oil and the cost of energy, and it will also ask if it can depend on the continuity of supply of energy—and there is nothing wrong in doing so.

Hon. Mr. Martin: Would Senator Phillips permit me to intervene? I do not wish to interfere with his speech, but Senator Langlois has reminded me that he had made arrangements to have the staff prepare this chamber for the ceremony on Monday. The staff is now waiting outside. Although I do not wish to interrupt Senator Phillips' speech, I just mention the problem, confident that Senator Phillips will co-operate with respect to the arrangements for Monday. I shall be very grateful.

Hon. Mr. Phillips: I would love to co-operate with you, Senator Martin, but as usual you have not stated your point. Would you clarify it for me, please?

Hon. Mr. Martin: I did not want to interrupt Senator Phillips' speech, but I was hoping we might be able to accommodate the staff who are waiting to convert the Senate for the ceremony of the installation of the new Governor General. If Senator Phillips could co-operate with us in this regard I for one would be very grateful. I am sure all of us would be.

Hon. Mr. Phillips: This, honourable senators, is a new form of closure. If the staff wants to take the desks out, that is fine. If that is all Senator Martin thinks of the Senate, I will co-operate, but I am sure you will regret it if you have the idea that the staff waiting outside is superior to a debate in the Senate. But, of course, you would not understand the debate in the Senate because you have already told your colleagues what they are to do. You have already written their speeches so, presumably, you will follow along on that line.

Honourable senators, I will co-operate with Senator Martin. I was going to refer to certain remarks in the December issue of the publication of Richardson Securities of Canada. Honourable senators know there is a really close connection between Richardson Securities and the government, when it talks on the oil policy. A member of the cabinet and a distinguished former member of the Senate are members of that firm.

We cannot blame the Arabs for increasing their oil prices. When you consider that the price of copper has gone up 300 per cent, what could you expect the Arabs to do? Naturally, you would expect them to increase the price of oil. Moreover, we have introduced them to the Harvard School of Business. I have nephews who attended that school, and they know the technique and the reasons why an increase must be made. With that background in mind,

I think we are entirely wrong in saying that the increase in the price of oil is due to the Arab-Israeli war. It is not. The Arabs look at us and say, "All right. You put the price of your copper up 300 per cent. What do you expect us to do?"

Honourable senators, I was going to go on to elaborate more fully on this matter, but Senator Martin has put in his own form of closure, and I accept that. But let us as Canadians, and as members of this chamber, be fully aware that there will be changes in oil prices, but those changes will not necessarily apply only to the Arab area; they will apply also to Venezuela.

● (1650)

Honourable senators can probably recall that last September the Minister of Energy, Mines and Resources went to Venezuela to get a new agreement. Perhaps he got a new agreement for Canada, but the point is that Venezuela is now charging a higher price for crude oil—that is, $14 per barrel—than any other country. I find it very interesting that the government sent the minister to Venezuela to negotiate a permanent agreement between Canada and Venezuela. In fact, he was just as much of a failure as the rest of the government.

Honourable senators, I am looking at the clock and I know that you would like me to quit. I am also very much aware of the fact that this government does not accept advice. This is an unfortunate thing. This government is just plain too dumb to accept advice. Therefore, if I spent the next 24 hours giving this government advice—and, Senator Martin, they need it—I would be wasting my time. What is even worse, you look at me and say, "What a nut Phillips is. He is giving advice and we don't need it." This government needs advice. This government has to have advice. This government must accept advice.

Honourable senators, I would point out in closing that bill gives the government and its commissars great authority. This is the most atrocious bill ever to come before Parliament. You can delude yourselves that you were being Canadians, that you were being senators with regard to the last bill we dealt with, but you were not. The point that is pertinent is that this is the bill that Senator Martin says is not necessary, because there is no energy shortage in Eastern Canada, or in any area of Canada. Yet we appoint commissars. Honourable senators, let us make no mistake; they are commissars. They have no responsibility under this bill to report to anyone. The only thing is that they must take direction from the government.

Honourable senators, what an unfortunate situation we are in! The commissars have complete authority, and the commissars take direction from the Cabinet. If you feel you can honestly accept that, then do so. I can do nothing more than feel sorry for you.

I have gone beyond Senator Martin's closing time, and I see him signalling to his colleagues to get up. I would like to ask him, "Shall I continue, or would you like to have it completed now?" You would like to have it completed now? All right, then.

Honourable senators, while walking up to the Hill this morning I thought about this bill. I have been following the discussions about it throughout in the other place, and I was looking for a phrase that I could use to describe this bill. Down at the corner of Wellington Street, along which the wind was blowing colder than the devil, I decided that I knew the government's attitude on this bill. Honourable senators, it is power without policy. When you vote for this bill, you will be voting for power without policy.

● (1700)

Honourable senators, I will repeat this remark all night, if necessary. The bill should be rephrased. It permits power without policy—and, perhaps in a quiet way I could say, without responsibility. But, then, that has never been an attribute of this government.

Motion agreed to and bill read second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Hastings: Honourable senators, I move that the bill be read the third time now.

Motion agreed to and bill read third time and passed.

ADJOURNMENT

Hon. Mr. Martin: Honourable senators, I move, seconded by Senator Inman, with leave of the Senate and notwithstanding rule 45(1)(g), that when the Senate adjourns today, it do stand adjourned until Monday next, January 14, 1974, at 4 o'clock in the afternoon.

Hon. Mr. Laing: Perhaps the Leader of the Government would permit me to raise a matter before we adjourn. There is one question I should like to ask, as a matter of personal privilege. My question is addressed to the Whips of both parties and relates to the time period for the ringing of the bell.

I did not vote this afternoon because I was denied access at the door. I had left the house for a very few moments and came back to find that I was denied access. I was locked out.

I have no record of escaping votes, and I do not wish to acquire the reputation in this house of being an evader. Had I been here, I would have been very proud to have voted against Senator Goldenberg's motion.

Hon. Mr. Choquette: That is probably why you were locked out.

Hon. Mr. Phillips: You should have been locked out.

Hon. Mr. Laing: I understand that it is the decision of the Whips as to how long the bell shall ring. I had been accustomed in the other place to a minimum of 10 or 15 minutes. I make a plea to the Whips that they make known to us the time limit, be it 5 or 10 minutes; that they let us know that we have a minimum amount of time in which to return to the chamber to record our vote.

Hon. Mr. Riley: Honourable senators, I suffered the same ignominious fate as Senator Laing. I too was locked out. It was impossible for me to reach the chamber by means of the elevator before the bells ceased ringing.

Had I voted, I would have voted for the motion and nullified Senator Laing's vote.

Hon. Mr. Hicks: You were paired.

Hon. Mr. Buckwold: Honourable senators, I take full responsibility for this matter. I had agreed with my colleague, Senator Macdonald, the Opposition Whip, that we were ready to come in. I have already apologized personally to Senator Laing, and I extend a similar apology to Senator Riley. Quite frankly, we felt that everyone was here.

There has been a good deal of pressure on both of us to get on with the show, as it were, and the hour was getting late. For this reason it was possibly a shorter bell than usual.

I agree with Senator Laing that there should be a minimum time, that senators should know what the time limit is. I do not know for how long the bell was rung, but it must have been close to 10 minutes. I extend my apologies.

Hon. Mr. Phillips: Honourable senators, I would point out that Senator Laing directed a question to Senator Martin. In this chamber, we are accustomed to everyone being equal. Perhaps Senator Laing has decided he has preference over the rest of us.

Hon. Mr. Riley: Honourable senators, I do not know very much about parliamentary procedure, but surely there is a motion before the house—a motion to adjourn.

The Hon. the Speaker: It is a notice of motion.

Hon. Mr. Riley: I understood that it was a motion by the Leader of the Government.

Hon. Mr. Phillips: We also gave you the courtesy of reverting, but you did not do so.

The Hon. the Speaker: Did the Leader of the Government make a motion?

Hon. Mr. Martin: Yes, absolutely.

Motion agreed to.

The Senate adjourned until Monday, January 14, 1974, at 4 p.m.

THE SENATE

Monday, January 14, 1974

The Senate met at 4 p.m., the Speaker in the Chair.

Prayers.

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

GOVERNMENT HOUSE
OTTAWA

14 January 1974

Madam,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, January 14th, at 4.15 p.m. for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau,
Brigadier General
Administrative Secretary to the
Governor General.

The Honourable
The Speaker of the Senate,
Ottawa.

HON. J. CAMPBELL HAIG

FELICITATIONS ON RETURN TO CHAMBER

Hon. Paul Martin: Honourable senators, before leaving the chamber to welcome the new Deputy Governor General, I should like to say to Senator Haig, who has not been with us for some months, how very happy we are to see him back in his seat. We wish him good health.

Hon. Senators: Hear, hear!

THE GOVERNOR GENERAL

ADDRESSES AT INSTALLATION

Hon. Leopold Langlois: Honourable senators, I move:

That the address of the Prime Minister, the Right Honourable Pierre Elliott Trudeau, P.C., at the Installation of the Right Honourable Jules Léger, P.C., as Governor General of Canada, on January 14, 1974, together with the reply of His Excellency the Governor General thereto, be printed as an appendix to the *Debates of the Senate* of this day.

Motion agreed to.

[*See pp. 1519-1520.*]

The Senate adjourned during pleasure.

ROYAL ASSENT

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Honourable the Speaker of the Senate said:

Honourable Members of the Senate:

Members of the House of Commons:

I have the honour to inform you that His Excellency the Governor General has been pleased to cause Letters Patent to be issued under his Sign Manual and Signet constituting the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, his Deputy, to do in His Excellency's name all acts on his part necessary to be done during His Excellency's pleasure.

The Commission was read by the Clerk Assistant.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to give the Royal Assent to the following bills:

An Act to amend the Canada Elections Act, the Broadcasting Act and the Income Tax Act in respect of election expenses.

An Act to provide a means to conserve the supplies of petroleum products within Canada during periods of national emergency caused by shortages or market disturbances affecting the national security and welfare and the economic stability of Canada, and to amend the National Energy Board Act.

An act to impose an oil export tax under the Excise Tax Act and to allocate certain of the revenues derived from the oil export tax.

An Act to amend the Criminal Code, the Crown Liability Act and the Official Secrets Act.

The House of Commons withdrew.

The Right Honourable the Deputy of His Excellency the Governor General was pleased to retire.

The sitting of the Senate was resumed.

ADJOURNMENT

Hon. Leopold Langlois: Honourable senators, with leave of the Senate and notwithstanding rule 45(1)(g), I move that when the Senate adjourns today it do stand adjourned until Tuesday, February 26, 1974, at 2 o'clock in the afternoon.

Motion agreed to.

The Senate adjourned until Tuesday, February 26, 1974, at 2 p.m.

APPENDIX

(*See p. 1517.*)

THE GOVERNOR GENERAL

ADDRESS BY THE PRIME MINISTER, THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C.
AT THE INSTALLATION OF THE RIGHT HONOURABLE JULES LÉGER
THE SENATE CHAMBER, MONDAY, JANUARY 14, 1974

Your Excellency:

As you assume the great responsibilities of the office of Governor General, I am pleased as well as honoured to extend to you the warmest good wishes of the Government, Parliament and people of Canada. May I respectfully ask that your first official act be to convey to Her Majesty, The Queen of Canada, a message expressing the loyalty and affection of the Canadian people.

In his classical work on the English constitution, Walter Bagehot defined the position of the Crown in the following words: "The Sovereign has—three rights—the right to be consulted, the right to encourage, the right to warn. And a King of great sense and sagacity would want no others." I know that Your Excellency will want to exercise these rights fully—and I am happy in that expectation, for there is no one from whom a government would more surely receive wisdom in counsel than from yourself.

The Governor General, like the Sovereign, is the symbol of our unity as well as an agent of its preservation. He is also the symbol and agent of the continuity of our governmental process. Excellency, your experience and accomplishments at home and abroad eminently suit you for this role.

As a diplomat, you have had difficult and demanding assignments; they have been accompanied at times by frustration and disappointment. But you have always carried your diplomatic tasks to success because of your patience and your wisdom. At home, as Undersecretary of State, you helped to evolve national policies designed to ensure that our two official languages could truly thrive; that our many cultures could truly flourish; that our identity as individuals—and as a nation—could find strength and fulfillment in our arts and culture. These efforts have helped to give Canadians a greater knowledge of each other, and to give the world a greater knowledge of Canada.

You assumed your high office at a time when world headlines are dominated by an energy crisis, and there is widespread concern about food supply shortages, and about serious threats to our natural environment. I believe these very alarums and shortages have helped convince millions of us that squandering our material resources is not a luxury of our way of life—but a threat to it. For that very reason, I believe that these are hopeful times, since, in shattering a consumer society's illusion of unlimited quantiy, events such as the energy crisis encourage each of us to turn away from the sometimes mindless scramble for "more," toward the more humane impulse for "better"; from our traditional North American concern with the technologies of "conquering" nature, to the joys of living in respectful harmony with nature.

Your Excellency, at a time of increased doubt about material things, you have by your vast culture, your intellect and devoutness, shown the undiminished value of the things of the mind and spirit. I hope you will share these qualities with all Canadians, and will want Government House to be what your home has always been—a place of intellectual and cultural excellence, a home for the arts and for the spirit.

I know you to be a man of life-long integrity—a person of great sensitivity and thoughtfulness. Even at times of stress and bustling activity, you have always preserved your ability to meditate in lucidity and serenity, and to communicate your wisdom to others; your *sense du merveilleux* toward the world around you; your keen but gentle sense of humour. While your appointment as the personal representative of Her Majesty has been widely welcomed by Canadians, I am confident that their esteem and affection will continue to grow as they come to know you better. In discharging your new responsibilities, you will have the support of your wife, a warm, witty and generous lady. To Her Excellency, we offer the expression of our friendship and our best wishes.

Your Excellency, your public service to Canada has spanned more than three decades. We are most grateful indeed that you have accepted the high responsibilities of the office you assume today. We know that you will serve with devotion and distinction, and we pray that your term of office will be happy and fulfilling for you.

REPLY OF HIS EXCELLENCY THE GOVERNOR GENERAL TO THE ADDRESS OF THE PRIME MINISTER

PRIME MINISTER:

I shall be honoured to convey to our gracious Sovereign the message of loyalty and affection you have entrusted to me. In recent years, the visits of the Royal Family to Canada have assumed a more informal character that has brought them closer to our everyday lives. We shall accordingly be glad, so soon after their marriage, to welcome Her Royal Highness Princess Anne and her husband, Captain Phillips, who will shortly be spending a few days in Ottawa.

The informality to which I have referred provides an accurate reflection of the changes occurring in our relationship with the Crown. For every region of every member country of the Commonwealth, the Crown has a distinct symbolic significance. Each is bound to it in a particular way, and yet each finds in it a common ground of fellowship. Beneath what some may consider an outmoded terminology lies the reality of a political system that we have shaped according to our own lights, one that is subject to our will and suited to our needs.

My wife and I have been deeply touched, Prime Minister, by your most cordial welcome, offered as it was on behalf of all Canadians; for we can succeed in the mission to which we are dedicating ourselves today only in so far as we are able to rely on the support of all, and on the aid of Providence. We shall seek out that support among all those who have a hand in the vast, richly colourful, yet unfinished tapestry that is Canada.

We shall begin by making brief visits to all the provincial capitals, and later we shall retrace our steps in a more deliberate manner, visiting each of the provinces and territories as occasions arise to which we can lend completeness and a sense of historical continuity; for the office of the Governor General symbolizes the stability of our national life and the permanence of our institutions.

In an unbroken line, Samuel de Champlain was in reality the first Governor of this land, and particularly of the valley of the Ottawa, through which he passed in 1613. He has been succeeded by 63 Governors and Governors General. The nature of their authority has varied, of course, as indeed has the geographical extent of their jurisdiction. Whether from France, from Great Britain, or more recently from Canada, they have all contributed in one way or another to the building of this country, each playing his own part though unable truly to realize the greatness of the whole.

The same might be said of generations of honest and unassuming people of Quebec, the province from which my wife and I both come, who have always been faithful to their homeland, having no other and seeking no other. Men of the land and of the sea, men of the Church and men of business, I pay them warm tribute, for without their courage and their tenacity the Canada we know today would not exist. They lived their lives in peace along the shores of the mighty river that bore their ancestors and shaped their destiny.

Nor do I forget the masters with whom I have been privileged to work—some of them equal to the very greatest—and the colleagues whose co-operation has always been unstinting and their friendship wholehearted during the more than 30 years that I have shared their hopes and anxieties in public service, through war and peace, through negotiation and reconstruction. Canada played her part during a generation in which the world found a new equilibrium and this country a new place. These were proud days for Canada's representatives abroad. Has it really been only by chance that the four Canadian Governors General have been chosen from among their ranks, or is it rather because they have shared the common denominator of national pride?

But already times have changed; we find ourselves in another age, whose contours we cannot fully perceive. Our Western civilization is floundering, exhausted, because of a number of paralysing contradictions: generations that confront one another in mutual non-recognition; insecurity amid plenty; poverty amid wealth; a traditional morality that is being shaken and replaced by a yearning for primitive purity; acts of violence by some who shun violence; space-age communications at a time when major political groupings are tending more and more towards regionalism.

In some parts of the world, the consumer society is losing momentum; in some, it is not a factor; and in some, it has become a tyrannical force. A process of change is under way; new values are emerging, particularly among the young, that have already made themselves felt here. For it is at once our strength and our weakness that Canada is a crossroads, her people open to influences from many directions.

We have been the first—and in many ways the only—people to be affected in a deep and lasting fashion by the three major currents of contemporary thought and genius: the English, the French and the American. Each in turn has formed and in some respects deformed us. In the past we have had to yield to them because the strength to resist was not forthcoming in a young and scattered people, disunited and hungry for new technology. But now we have the strength, the numbers and the self-confidence to choose what suits us, to assimilate it and give it originality, thus creating a civilization of many cultures—the only kind that can survive—as we learn that we need very little gasoline to explore the highways of the soul.

With these thoughts in mind, what can we wish the 985 children that will be born in this country today, January 14, 1974, and will belong to a nation of 25 million Canadians in 1980? Clean landscapes, clear waters, industrious yet unforbidding cities, a community of brotherhood in which Man has resumed his appointed pride of place at the centre of creation—all these things in a united and prosperous country in a world of justice and peace. If in the next few years my wife and I can be associated, however modestly, with such an achievement, then we shall know that our mission has not been in vain. We shall have shared with you the perpetually difficult task of being Canadians. Throughout our mission we shall have in our minds the question asked by Paul the Apostle: "Who makes you, my friend, so important? What do you possess that was not given you? If then you really received it all as a gift, why take the credit to yourself?"

THE SENATE

Tuesday, February 26, 1974

The Senate met at 2 p.m., the Speaker in the Chair.

Prayers.

PROROGATION OF PARLIAMENT

NOTICE

The Hon. the Speaker informed the Senate that she had received the following communication:

GOVERNMENT HOUSE
OTTAWA

21 February 1974

Madam,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will proceed to the Chamber of the Senate at 2 p.m. on Tuesday, February 26th, for the purpose of proroguing the First Session of the Twenty-ninth Parliament of Canada.

I have the honour to be,
Madam,
Your obedient servant,
André Garneau
Brigadier General
Administrative Secretary
to the Governor General

The Honourable
The Speaker of the Senate,
Ottawa.

DOCUMENTS TABLED

Hon. Leopold Langlois tabled:

Report of Uranium Canada, Limited, including its accounts and financial statements certified by the Auditor General, for the year ended December 31, 1972, pursuant to sections 75(3) and 77(3) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970.

Reports of the Department of Veterans Affairs and of the Canadian Pension Commission for the fiscal year ended March 31, 1973, pursuant to section 8 of the *Department of Veterans Affairs Act*, Chapter V-1, and section 4(2) of the *Pension Act*, Chapter P-7, R.S.C., 1970, including reports of the Pension Review Board, the War Veterans Allowance Board and the Bureau of Pensions Advocates for the same period.

Revised Capital Budget of the Farm Credit Corporation for the fiscal year ending March 31, 1974, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with copy of Order in Council P.C. 1974-74, dated January 10, 1974, approving same.

Copies of six contracts between the Government of Canada and municipalities in the Provinces of New Brunswick, Nova Scotia and Prince Edward Island, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970 (English text).

Report on operations under the *Regional Development Incentives Act* for the month of November 1973, pursuant to section 16 of the said Act, Chapter R-3, R.S.C., 1970.

Report of operations under the *Municipal Improvements Assistance Act* for the year ended December 31, 1973, pursuant to section 11 of the said Act, Chapter M-16, R.S.C., 1970.

Statement of the Chartered Banks of Canada showing Revenue, Expenses and Other Information for the fiscal year ended October 31, 1973, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.

Report of the Ministry of State for Urban Affairs for the fiscal year ended March 31, 1973, pursuant to section 22 of the *Ministries and Ministers of State Act*, Part IV of Chapter 42, Statutes of Canada, 1970-71-72.

Report of the Department of Indian Affairs and Northern Development for the fiscal year ended March 31, 1973, pursuant to section 7 of the *Department of Indian Affairs and Northern Development Act*, Chapter I-7, R.S.C., 1970.

Copies of forty contracts between the Government of Canada and municipalities in the Provinces of Alberta, New Brunswick, Newfoundland, Nova Scotia and Saskatchewan, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970 (English text).

Reports of the Company of Young Canadians, including accounts and financial statements certified by the Auditor General, for the fiscal years ended March 31, 1972 and 1973, pursuant to section 25 of the *Company of Young Canadians Act*, Chapter C-26, R.S.C., 1970.

Capital Budgets of the Canadian Broadcasting Corporation for the fiscal years ending March 31, 1972, 1973 and 1974, pursuant to section 70(2) of the *Financial Administration Act*, Chapter F-10, R.S.C., 1970, together with Orders in Council P.C. 1973-3701, 3702 and 3703, approving same.

Copies of Ordinances, Chapters 1 to 12, inclusive, passed by the Council of the Northwest Territories during its 49th Session and assented to June 22, 1973, pursuant to section 16(1) of the *Northwest Territories Act*, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1973-2240, dated July 24, 1973, approving same.

Copies of Ordinances, Chapters 1 to 5, inclusive, passed by the Council of the Northwest Territories during its 50th Session and assented to October 19, 1973, pursuant to section 16(1) of the *Northwest Territories Act*, Chapter N-22, R.S.C., 1970, together with copy of Order in Council P.C. 1973-3791, dated December 4, 1973, approving same.

Copies of Ordinances passed by the Council of the Yukon Territory at its 1973 Fourth Session, pursuant to section 20(1) of the *Yukon Act*, Chapter Y-2, R.S.C., 1970, together with copy of Order in Council P.C. 1973-3474, dated October 30, 1973, approving same.

Statement of apportionment and adjustments of Seed Grain, Fodder for Animals and other Relief Indebtedness for the period January 5, 1973 to February 26, 1974, pursuant to section 2 of *An Act respecting Certain Debts due the Crown*, Chapter 51, Statutes of Canada, 1926-27. *Nil Return.*

Statement of all monies refunded under the authority of *The Refunds (Natural Resources) Act* for the period January 5, 1973 to February 26, 1974, pursuant to section 3 of the said Act, Chapter 35, Statutes of Canada, 1932. *Nil Return.*

Lists of shareholders in the Chartered Banks of Canada as at the end of the financial years ended in 1973, pursuant to section 119(1) of the *Bank Act*, Chapter B-1, R.S.C., 1970.

List of shareholders in the Montreal City and District Savings Bank as at October 31, 1973, pursuant to section 101(1) of the *Quebec Savings Banks Act*, Chapter B-4, R.S.C., 1970.

Report on Prairie Farm Rehabilitation and Related Activities for the fiscal year ended March 31, 1973, pursuant to section 10 of the *Prairie Farm Rehabilitation Act*, Chapter P-17, R.S.C., 1970.

Copies of eight contracts between the Government of Canada and municipalities in the Province of Saskatchewan, for the use or employment of the Royal Canadian Mounted Police, pursuant to section 20(3) of the *Royal Canadian Mounted Police Act*, Chapter R-9, R.S.C., 1970 (English text).

Report on the administration of the *Canada Pension Plan* for the fiscal year ended March 31, 1973, pursuant to section 118, Chapter C-5, R.S.C., 1970.

Report of the Department of Supply and Services, including its accounts and financial statements certified by the Auditor General, for the fiscal year ended March 31, 1973, pursuant to section 12 of the *Department of Supply and Services Act*, Chapter S-18, R.S.C., 1970.

The Senate adjourned during pleasure.

[Hon. Mr. Langlois.]

PROROGATION SPEECH

The Right Honourable Bora Laskin, P.C., Chief Justice of Canada, Deputy of His Excellency the Governor General, having come and being seated at the foot of the Throne, and the House of Commons having been summoned, and being come with their Speaker, the Right Honourable the Deputy of His Excellency the Governor General was pleased to close the First Session of the Twenty-ninth Parliament with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The First Session of the Twenty-ninth Parliament was opened on January 4, 1973. Since that time many events of great significance to Canada and to the world have taken place and you have responded by legislating and otherwise approving many actions of the highest importance.

Canadians were pleased during this Session that Her Majesty the Queen and His Royal Highness, the Duke of Edinburgh, twice came to Canada.

They assisted in the celebrations of the Centenary of the entry of Prince Edward Island into Confederation, the Centenary of the founding of the Royal Canadian Mounted Police and the Tercentenary of Kingston. They were also present in Ottawa for the Commonwealth Heads of Government Meeting.

Canadians were honoured to have been host to the Commonwealth Heads of Government meeting this summer when the contribution to world understanding of this association was once more underlined.

International affairs generally played an important rôle in this Session. When a major international effort had brought some hope of peace to Viet-Nam, Canada agreed to take part, with reservations, in a new truce supervisory exercise. Although we withdrew when it became clear that our membership in the I.C.C.S. could no longer serve a constructive purpose, our brief participation helped to stabilize a fragile cease-fire which in turn allowed for an exchange of prisoners of war and the withdrawal of American combat forces.

Following the renewal of hostilities in the Middle East, Canada again accepted an invitation to participate in a peacekeeping mission. Canada's commitment to détente has been evident also in our active participation in the conferences on European security and cooperation and on Mutual Balanced Force Reductions.

In October the Prime Minister paid an official visit to the People's Republic of China. His visit was the first of a Canadian Prime Minister to that country and came on the second anniversary of the exchange of diplomatic recognition between Canada and China. Negotiations and discussions with Premier Chou En-lai and Chairman Mao Tse-tung led to the conclusion of several agreements and understandings, some of them of considerable importance to Canada. A trade agreement was signed, as was an agreement in the field of health services which led quickly to the selection for travel to China of a team of Canadian anaesthetists to study acupuncture analgesia. Arrangements were also concluded to facilitate the reunion in

Canada of families of Chinese origin, and for exchanges and cooperation in several other areas of mutual interest.

The Government has pursued its efforts to extend and deepen international exchange in commerce, science, culture and in many other fields and, to this end, several other Ministers have made important visits to nations on all continents.

The energy situation has revealed dramatically the inter-dependence of our global society, and while assuring Canadian needs first, the Government has made clear Canada's desire to cooperate with the United States and others to work together towards a solution.

The Canadian economy has functioned at a high level of activity. Very high rates of growth in the first part of the year carried the economy close to the physical limits of its productive capacity. Work stoppages in the late summer and early fall resulted in a slowing of output growth in that period but as we have neared the end of the Session, the production has increased rapidly. One of the fastest growing components of demand is business investment in new structures and equipment. Demand for Canadian exports has been high but is now subject to the uncertain impact upon our suppliers, our markets and our own producers of the world shortage and high prices for petroleum.

Our labour force has continued to grow more rapidly than in the previous year, and more rapidly than the labour force of other industrial countries. This growth has been led by the movement of women and younger Canadians into the labour market. But employment has grown more rapidly than the labour force, so that there has been over the year a significant and welcome reduction in the numbers of persons without jobs and seeking work.

Incomes of Canadians have grown with the expansion of the economy. Workers' incomes have grown, the receipts of governments have grown and so too have the returns to business.

The returns to business, combined with special measures which you have approved, are encouraging the expansion of investment needed to increase the productive capacity of our economy. Investment in housing has also been at a high level.

In our foreign trade, both our exports and imports have grown at a much more rapid rate than the total value of our output and we continue to have a surplus balance on merchandise trade and the combined balance of our international transactions in goods and services has improved from the average for 1972.

The external value of our currency in terms of United States dollars has floated within a narrow range.

The rise of prices in the course of this year has been a matter for constant concern. The increase in prices of industrial materials, foodstuffs and petroleum has been general throughout the world. The impact of these price rises on Canadians has prompted a number of the measures you have taken to relieve hardship among Canadians and to promote an increase in supplies for the future.

During this Session you have acted to deal with the energy situation. The Government has placed before Parliament the basis for a new national energy policy. The objective of that policy, to be reached before the end of the decade, is Canadian self-reliance in oil and oil products. Included in the essential requirements for a new policy are the creation of a national market for Canadian oil; a pricing mechanism that will provide sufficient incentives for the development of our oil resources; measures to ensure that any escalation in returns and revenues as a result of any higher prices will be used in a manner conducive to security and self-sufficiency; the establishment of a publicly-owned Canadian petroleum company principally to expedite exploration and development; the early completion of a pipeline of adequate capacity to serve Montreal and, as required, more eastward points; and the intensification of research on oil sands technology to permit their full and rapid development.

During this Session you have enacted measures designed to begin the implementation of this new policy. The Government has held discussions with the provinces and further negotiations on this subject will take place. In the meantime Canadians are being asked to economize on the use of energy and the Government is confident that the Canadian economy is sufficiently flexible and resilient that it can adjust quickly to changing conditions and can maintain high levels of production and employment.

In the Speech from the Throne beginning this Session, the Government announced a new priority for social policy issues, and the re-organization of social security programs. An important development in fulfilment of this promise was the decision of federal and provincial Governments to commence a comprehensive two-year review of the entire Canadian social security system on the basis of a framework set forth in the Working Paper on Social Security presented to Parliament last April by the Minister of National Health and Welfare.

One of the two main objectives set out in the Working Paper, and agreed on by federal and provincial Ministers, is to strengthen the incentive toward, and the reward for, productive self-reliance on the part of all who can participate in our work force. In pursuit of that objective, the government proposed, and Parliament accepted a legislative initiative to increase substantially Family Allowance benefits. Since wages are not geared to family size, as are social assistance benefits, this measure reached out in particular to the many in our society who, for various reasons, are employed at earnings below the level of family need. The new Family Allowance program seeks to reduce such inequities and increase the incentive to remain in the work force. To effect a sizeable measure of income redistribution at the same time, these new and higher allowances have been made taxable.

To reinforce further the strong desire for independence and self-reliance among our population, our Government, with the concurrence of the provinces, took steps to strengthen the major social insurance program in the country, the Canada Pension Plan.

Through legislation which you have approved the levels of earnings on which contributions can be made will be raised, thereby allowing Canadian workers more adequately to protect themselves against financial hardship arising from conditions over which they have little or no control—aging, disability, or the death of a family breadwinner.

Furthermore, the Government took steps to maintain the purchasing power of social security benefits. For example, under the Canada Pension Plan, War Veterans' Allowances, Superannuation and Family Allowance programs, benefits were made subject to full escalation to meet cost-of-living increases. Old Age Security and the Guaranteed Income Supplement for the aged, which were already fully indexed, had this escalation put on a quarterly basis. Through these measures, all major government income security programs now assure a continuing full dollar value.

The other major objective of the social security review is to ensure a decent basic income standard for all those who cannot, and should not be expected to work. Accordingly, at the beginning of this session, the government proposed, and Parliament assented to, a significant increase in the level of security guaranteed our senior citizens. Thanks to this measure, single persons 65 years of age and more are today assured a guaranteed income of over $2,000 a year, and couples are assured in excess of $4,000 a year—levels which compare very favourably with those of any nation in the world.

But these actions do not exhaust the tasks inherent in the social security review. We can now look forward with justifiable hope to further achievements in the review, aimed at maximizing the benefits and reducing the inequities of Canadian society.

You have acted in this Session to improve the standards and the availability of Canadian housing. You approved a measure that provided assistance for research and planning for community development; for public acquisition of residential land; for the improvement of existing residential neighbourhoods; for the improvement of housing for native people; for the increase in housing available for low income families; for the development of cooperative housing; and for beginning protection of buyers similar to that provided for the purchasers of other consumer products. You also enacted the Residential Mortgages Act, which is intended to increase the funds available in Canada for home mortgages.

You were compelled during this Session to deal with a strike in the railways, but you were able to act justly and expeditiously so that no extensive harm was done to the nation.

Measures to improve immigration procedures were enacted during this Session and the Government acted to legitimize the status of thousands of immigrants.

Steps were taken during this year to improve the operations of the Unemployment Insurance Commission.

Of prime importance to the Canadian direction of the economy was the enactment of the Foreign Investment Review Act. This is a positive measure, designed to promote the development of both the Canadian economy and the Canadian identity. The review process that it established is a flexible instrument which recognizes that foreign direct investment is a complex of costs and benefits. It is intended to help us obtain better performance from foreign investment in Canada while arresting and reversing a trend toward foreign control of enterprise in Canada. This measure is not intended to terminate foreign investment in this country; it is intended to provide a welcome to foreign investment that is of significant benefit to Canada.

Substantial increases in the sales and prices of wheat are manifestations of the prosperity enjoyed by Canadian farmers during this Session. In order to protect these farmers you have enacted measures to eliminate capital gains taxes on family farms passing from generation to generation and to reduce the cost to the farmer of crop insurance. Both farmer and consumer have been protected by the increase in the support levels on dairy products and by the increase in feed freight rate assistance in eastern Canada and British Columbia. Steps were taken to improve generally the marketing of agricultural products and the development of a new feed grains policy was initiated.

In this Session you renewed for a five year period the restriction on capital punishment, and you enacted an important measure to protect the privacy of individuals from abridgement through modern technology. You also enacted a measure to provide protection against air piracy and you increased the membership of the National Parole Board.

You addressed yourselves to the strengthening of the institutions of Canadian democracy. The Government announced its policies toward conflicts of interest of Ministers and public servants. It laid before you a Green Paper on Members of Parliament and conflicts of interest. You initiated the process of review and possible modernization of the system of determining representation of the people in the Canadian Parliament.

Of prime importance to Canadian democracy, you passed the Election Expenses Act. This measure will serve to open the doors of direct political participation in government to many more people. It will provide a more open and just ground for political campaigns in our history and it will assure that the private interests and significant political obligations of candidates and parties will be public.

Much has been accomplished during this Session, but the pace of legislative reform and innovation must continue rapidly so that the challenges of the future may be met.

Members of the House of Commons:

I thank you for the provision you have made for the public services during the previous and the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless our country.

The Honourable the Speaker of the Senate then said:

Honourable Members of the Senate:

Members of the House of Commons:

It is the will and pleasure of the Right Honourable the Deputy of His Excellency the Governor General that this Parliament be prorogued until tomorrow, Wednesday, the 27th day of February, 1974, at ten thirty o'clock in the forenoon, to be here holden; and this Parliament is accordingly prorogued until tomorrow, Wednesday, the 27th day of February, 1974, at ten thirty o'clock in the forenoon.

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Abbreviations

1r, 2r, 3r	=	First, second, third reading
amdts	=	amendments
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
ref	=	referred
rep	=	report
r.a.	=	royal assent

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2. Unemployment Insurance Act 1971 (No. 1) amendment C-124

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3. Appropriation Act No. 1, 1973 ..... C-141

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5. Appropriation Act No. 3, 1973 ..... C-167
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