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OFFICIAL REPORT

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THE HONOURABLE GUY CHARBONNEAU
SPEAKER

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Speaker

THE HONOURABLE GUY CHARBONNEAU

Leader of the Government

THE HONOURABLE LOWELL MURRAY, P.C.

Leader of the Opposition

THE HONOURABLE ROYCE FRITH

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Clerk Assistant of the Senate

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Law Clerk and Parliamentary Counsel

R.L. DU PLESSIS, Q.C., B.A., LL.L.

Gentleman Usher of the Black Rod

COL. JEAN DORÉ, CD

THE SENATE

Thursday, April 1, 1993

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

Prayers.

SENATORS' STATEMENTS

VETERANS AFFAIRS

THE VALOUR AND THE HORROR— REQUEST FOR RESPONSE TO REPORT

Hon. Jack Marshall: Honourable senators, I rise to place on the record an extract from the *Debates of the Senate* of Thursday, February 4, 1993, which states:

> THAT within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the Report of the Standing Committee on Social Affairs, Science and Technology entitled *The Valour and the Horror* tabled in the Senate January 25, 1993.

The 60 days will come due early next week, and I raise the matter knowing that the Department of Communications will provide the response to the report as adopted by the Senate.

COMMUNICATIONS

SPLIT-RUN PUBLISHING—OPPOSITION BY CANADIAN MAGAZINE PUBLISHERS ASSOCIATION

Hon. Keith Davey: Honourable senators, yesterday the Canadian Magazine Publishers Association reiterated its continued opposition to split-run so-called "Canadian" editions of foreign-owned magazines. U.S.-owned *Sports Illustrated*'s inaugural "Canadian" regional edition rolled off the presses last night and is due on Canadian news stands on April 5.

Catherine Keachie, executive director of the CMPA, says:

> The issue boils down to this: Do we want our own Canadian magazine industry, or do we want to start down the slippery slope to a branch-plant industry, with editorial decisions made in New York and profits funnelled south of the border?
>
> If we do want to maintain a Canadian-owned and produced magazine industry, then foreign magazines such as *Sports Illustrated* can't be permitted to poach Canadian auto advertising.

U.S. publishing giant Time Warner, Inc. has declared its intention to publish six or more so-called "Canadian" editions of *Sports Illustrated* over the next year, and is circumventing existing Canadian legislation aimed at stopping split-run publishing by electronically transmitting the magazine to a Canadian printing plant.

Under Canadian legislation, if a foreign magazine publishes a "Canadian" split-run or regional edition, Canada Customs has the power to stop the subsequent four issues of the magazine at the border. But the legislation was developed almost 30 years ago, before the advent of electronic publishing, and contains no enforcement provisions for publications transmitted electronically rather than shipped physically.

Says Jeff Shearer, publisher of the CMPA and publisher of *Saturday Night* magazine, "This is about fair trade in a free trade atmosphere," noting that millions of foreign magazines enter Canada each year. He continues:

> This is about ensuring that Canadian magazines continue to have access to Canadian advertising, because without Canadian advertising, there won't be a Canadian industry.

Canadian magazines must recover editorial, production, printing and overhead costs in the relatively small Canadian market. But foreign magazines cover most of their own costs in their own domestic markets. This enables them to undercut Canadian advertising rates with rates that do not reflect the true cost of publishing in a smaller market like Canada. The inaugural issue of *Sports Illustrated* split-run "Canadian" edition carries 40 pages of Canadian advertising. Based on a page rate of $6,250, Time Warner has captured $250,000 in Canadian advertising revenue.

Catherine Keachie says:

> The recently announced federal task force on Canadian magazines and foreign competition must come up with strong new measures to assist in ensuring our industry's continued viability. In the meantime, magazines like *Sports Illustrated* cannot be allowed to profit from this legislative loophole. Time Warner's actions are clearly in violation of a long-standing Canadian policy.

To all of the above, I say amen.

ROUTINE PROCEEDINGS

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

REPORT OF COMMITTEE

Hon. H.A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Thursday, April 1st, 1993

The Standing Senate Committee on National Finance has the honour to present its

TWENTY-SECOND REPORT

Your Committee, to which was referred Bill C-113, "An Act to provide for government expenditure restraint" has, in obedience to the Order of Reference of Tuesday, March 30, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON
Chairman

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is the report in both official languages?

Senator Olson: Yes it is.

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): I move that the bill be placed on the Orders of the Day for third reading at the next sitting of the Senate.

Hon. Royce Frith (Leader of the Opposition): Were you the sponsor of the bill, senator? I believe the rules provide that the sponsor of the bill should propose third reading.

Hon. Lowell Murray (Leader of the Government): All bills are sponsored in the name of the leader.

Senator Frith: Has there been an amendment to the rules that I have not heard of? You should tell us about those. We know that you put them in unilaterally, but it would be thoughtful to tell us, although it is not a characteristic habit, I must say.

I think we should note for the record that that may be an irregular motion according to the rules, because the motion should be made by the sponsor of the bill. Do you want to take that under advisement, Your Honour? It should be noted — and you may want to note, yourself, Your Honour — that unless the rules have been changed, third reading of a bill, according to the *Rules of the Senate*, is to be moved, after the adoption of the report, by the sponsor of the bill.

The Hon. the Speaker *pro tempore*: I have noted what the Honourable Senator Frith has said and, as he has suggested, I will take it under advisement.

Senator Frith: Thank you, Your Honour. You are very kind.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, to rectify the situation, could I go back to move third reading of Bill C-113? I am sorry, I was away for a few seconds.

Senator Frith: Gladly, Senator Bolduc.

Senator Molgat: This does not mean that we agree with this bill, honourable senators.

On motion of Senator Bolduc, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

FARM CREDIT CORPORATION BILL

REPORT OF COMMITTEE

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Thursday, April 1, 1993

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

EIGHTH REPORT

Your Committee, to which was referred Bill C-95, An Act to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof, has, in obedience to the Order of Reference of Monday, March 29, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

E. W. (STAFF) BAROOTES
Chairman

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

On motion of Senator Rossiter, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1410)

VETERANS AFFAIRS

OMISSIONS IN PENSIONS AND ALLOWANCES LEGISLATION AND REGULATIONS—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Monday, April 5, 1993, I will call the attention of the Senate to omissions in Bill C-84, An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof, and in related regulations which restrict the intent, meaning and interpretations of such documents as they apply to the recognition of Merchant Navy Veterans, including those who were Prisoners of War, and particularly to the urgency of speeding up the process of adjudication of claims and entitlements to awards; and, further, to examine the inconsistencies in the responsibilities of the Departments of Veterans Affairs Canada, Transport Canada, National Defence, and Government House, as they relate to the above.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 18 citizens of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Paquetville, Caraquet and Evangéline.

I also have the honour to present petitions signed by 125 citizens of Alberta who oppose the goods and services tax.

These petitions come mainly from Stony Plain, Edmonton, Spruce Grove and Calgary.

They are opposed to the GST in general, but especially as it applies to books and periodicals, an outrage in a civilized country.

[*English*]

QUESTION PERIOD

HEALTH AND WELFARE

RESTRICTIONS IN VETERANS DRUG PLAN—GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as noted yesterday, the government has for some years — since Bill C-22 in 1987, I believe — gone to great lengths to convince us and all Canadians that drug price increases have been very moderate in Canada since the establishment of the Patented Medicine Prices Review Board.

Honourable senators, I have a memo that has gone out to all clients of Veterans Affairs Canada, announcing restrictions in the Veterans Drug Plan. The memo begins:

> Dear client:
>
> In recent years, the cost of health care benefits has risen sharply. The cost of prescription drugs has been one of the reasons for this increase.

My question is this: If the government's beloved Patented Medicine Prices Review Board is doing such a wonderful job, perhaps Senator Murray can explain why the Department of Veterans Affairs is claiming that the cost of prescription drugs has been one of the reasons that the cost of health care benefits has risen sharply?

Perhaps Senator Marshall could assist the government, since he voted in favour of Bill C-91 and is always expressing great concern for the plight of veterans.

Could the Leader of the Government enlighten us on that matter?

Is Ms Campbell the minister in charge of this department?

Hon. Lowell Murray (Leader of the Government): The Minister of National Health and Welfare, to whom the Patented Medicine Prices Review Board reports, is the Honourable Benoît Bouchard.

All I can add to the statement I made yesterday on that matter, and further to an exchange I had with your colleague, Senator Bonnell, is that the board began a consultation process in the summer of 1992 to review its current pricing guidelines.

I am told that both the minister, Mr. Bouchard, and Dr. Eastman, the chairman of the board, have been quoted in the media as recently as today to the effect that, where it is necessary to adopt new guidelines or to take further measures to attain the objective that we have stated for the government and the country on this matter, we will do so.

Senator Frith: Let's be sure that it is on the record that when we were being asked to pass Bill C-22, we were asked to believe that what we now see has happened, and is happening, would not happen — just as many of our witnesses and parliamentarians predicted it would happen. Since we are talking about the report, is the government leader in a position to let us see a copy of that report, or to table it here in the Senate?

Senator Murray: Honourable senators, I undertook yesterday to look into that matter with Mr. Benoît Bouchard, and I shall do so. I would also like to obtain, as soon as possible, an analysis by Mr. Bouchard and his department of the report that was commissioned by the Patented Medicine Prices Review Board, so we can see what they have to say about that report.

Following upon the admonition of the Deputy Leader of the Opposition yesterday, I took the occasion to read one or two of the media articles that appeared yesterday and I find that the board — or perhaps the body that conducted the study — neglected to divulge its methodology, thereby making it difficult to conduct a proper analysis of the findings.

However, these are matters that I will refer to Mr. Bouchard, in the hope and expectation that I will have something comprehensive by way of analysis to bring here in a very short time, because I do acknowledge the considerable interest of honourable senators in this matter.

Senator Frith: Honourable senators, this document does not meet what lawyers call the best evidence rule. This is a copy of part of the report. I would be glad to table it or simply to make it available while we await the full report, which will include anything they do have to say about methodology and, of course, the analysis. I would hope that we would send the documentation, as it evolves, to a committee for study, ideally the committee that studied Bill C-22 and Bill C-91.

I have not, in my quick reading of this report, seen anything about the methodology, and so I cannot help on that aspect, nor contradict what the Leader of the Government has said.

However, let me give a few of highlights. The report says in the introduction:

> This study compares the introductory prices of new patented medicines in Canada with the prices of those medicines in other countries.

Then at page 1 of the March report, under the heading "Introduction", the report reads:

> International price comparisons for 177 of the top 200 selling patented drug products sold in Canada as of June 1992 were also performed.

The conclusion was:

> The main finding is that Canadian prices of top selling drug products were generally greater than prices in the other countries listed in the Patented Medicines Regulations, with the exception of the U.S. and Germany.

That confirms what was said yesterday. The report does, in fact, have something to say about methodology, so I guess we cannot claim that the authors of the report refused to disclose it. I will not read the whole thing, but at that same page, the report says:

> Methodology.
>
> To perform the analysis, the top 200 selling patented drug products were identified from the international price data filed by patentees under the Regulations (Form 2 Block 5).

Under "Analysis" it says:

> Overall, 105 out of 177 drug products sold in Canada were priced above the median international price. The number of cases where Canada was the highest in the world was 42, or 24 per cent.

I have one last highlight. On page 3 the report deals with the international price comparison of the top 200 patented drug products sold in Canada, dated March 1993. This, of course, is after Bill C-22 was passed, and we had been told that this would not happen. I read one paragraph:

> Table 4 compares prices of drug products introduced after 1987. Of the 68 top selling drug products introduced after 1987, 19 were category i...

Et cetera, and it sets out the categories.

> For category i drug products, 12 out of 19 had Canadian prices exceeding median international prices. For category ii drug products, only four out of 12 had Canadian prices exceeding median international prices. Finally, for category iii drug products, 26 out of 37 had Canadian prices exceeding median international prices.

Honourable senators, I am obliged, and we should all be obliged, to the Leader of the Government for volunteering to bring all the material he can by way of the report, which itself is an analysis, and an analysis of the report, if I understand his undertaking. However, since the Senate did focus a lot of public attention on drug prices during debate on Bill C-22 and Bill C-91, I think it would be a worthwhile exercise for us to look into the matter and perhaps refer all the material to a committee in due course.

I have one further follow-up to yesterday's questioning on the same general subject but on the NAFTA dimension. I have been able to get a copy — I wonder if the leader has perhaps a better copy than I have — of the letter that Senator Pryor sent to the Honourable Mickey Kantor, the United States Trade Representative, dated March 9. I would be glad to table that, too. The last paragraph on page 2 of the letter itself — I am not, as I was yesterday, reading from an article in the newspaper — reads as follows:

> It is my understanding that the USTR —

The United States Trade Representative —

> — in the previous Administration exerted significant pressure on the Canadian government to abandon their system of compulsory pharmaceutical patent licensing. This system —

Namely, the compulsory licensing system that we abandoned in Bill C-22 and abolished in Bill C-91 —

> — has served the Canadian citizens extremely well in reducing launch prices for new drugs, and containing drug inflation. A recent study concluded that the dismantling of this compulsory licensing system may increase drug expenditures in Canada by $4 billion over the next 10 years. As a matter of policy, we should be sure that the NAFTA or GATT does not preclude the United States from reducing the period of the patent term as an option for containing drug prices.

I take it the negative answer that I got yesterday, about whether we would consider suggesting changes to NAFTA in order to head in the same direction as some influential persons in the United States are heading, is still negative. In the meantime, I think I should place that letter on the record, together with the international price comparison study.

Senator Murray: Honourable senators, not only do I not have a better copy or any copy of the letter to which my honourable friend refers, I had never heard of it until he raised the matter yesterday. With regard to the relationship between NAFTA and these matters, the honourable senator will surely recall that the announcement on our intentions in this regard, made by Mr. Wilson, Minister for International Trade, at Christmas 1991, was made pursuant to the Dunkel text of the Uruguay Round of the multilateral trade negotiations.

Senator Frith: I remember. He laid that groundwork for Bill C-91 very skillfully.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

PROGRESSIVE CONSERVATIVE LEADERSHIP CONVENTION—ABSENCE OF FRENCH LANGUAGE COVERAGE OF DEBATES

Hon. Jean-Maurice Simard: Honourable senators, my question is directed to the Leader of the Government in the Senate. Considering the refusal of the CBC's French network to televise all-candidate debates during the campaign for the leadership of the Progressive Conservative Party of Canada, I suspect, and I am not alone, that the network's decision is due mainly to the lack of an all-news network for the francophone community.

I think we can safely assume that *Newsworld*, which does many hours of TV broadcasting every day, will report these debates.

My question is this: Could the Leader of the Government in the Senate tell us whether he will urge the government to allocate the funds required to set up this kind of service, as suggested in comments made by CBC president Gérard Veilleux sometime ago and later reported. He said that he wanted to give French-speaking Canadians an all-news network in French, like *Newsworld*.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not sure where the matter stands right now, but I will get in touch with my colleague the Honourable Perrin Beatty, Minister of Communications to find out more about this question.

However, I am only going by the comments made recently by Mr. Veilleux, to which my honourable friend referred.

[*English*]

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

REQUEST FOR POLLING RESULTS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have two unrelated questions for the minister. My first question is with regard to the polls on unemployment insurance that my honourable friend had promised he would obtain for me. In view of the inordinate haste with which the government is pushing the bill through, unless I get those statistics today I am afraid they will be purely academic, because I gather the government intends to push this bill through tomorrow.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think my friend will find that our mutual friend the Deputy Leader of the Government has an answer to that question which he proposes to table under Delayed Answers.

INDIAN AFFAIRS

PROPOSED FIRST NATIONS CHARTERED LAND ACT— REQUEST FOR DRAFT BILL

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My next question is with regard to a *Canadian Press* story. I will have to read some of it so that my honourable friend will know what it is I am seeking. The story reads, in part:

> The federal government plans to soon shift its duty to manage Indian lands to natives through legislation that could erode what is already considered an inadequate aboriginal land base.
>
> The proposed First Nations Chartered Land Act would override longstanding treaties, the British North America Act and even the 1763 Royal Proclamation as part of a major effort by Ottawa to "devolve" obligations and powers to natives.

I know my honourable friend does not respond to speculative news stories. However, this is not speculative because it goes on to say:

> A Jan. 27 draft of the bill, obtained by The *Canadian Press*, creates the First Nations Land Board...

and so on. In view of the fact that *Canadian Press* has a copy of that draft bill, could the minister obtain a copy for us?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I can say with some assurance that discussion of that matter, or on that point, is totally premature. My friend speaks of a draft bill. By whom was it prepared? Where is it? I am a minister of the Crown and I am on all the relevant committees of the Cabinet. We have never heard of, much less authorized the preparation of a draft bill of that kind. There are discussions going forward and consideration being given to the matter of devolution and alternatives to various sections of the Indian Act and so forth. No decisions of the type suggested in that article have been taken by the government, nor are such decisions anywhere near to being taken.

• (1420)

Senator Molgat: It may be that the government has not made a final decision on the matter. However, if there is a draft bill, someone has been thinking about the matter and doing some work, otherwise there would not be a draft bill.

Perhaps my friend could ask the department for whatever draft bills may be available. If they are now in the hands of the press and *Canadian Press* has one, surely legislators should also be entitled to receive a copy.

Senator Murray: Honourable senators, I will make those inquiries. If there are draftsmen spending their time on that type of exercise, they might be better employed working on drafts that we have authorized.

TRANSPORT

AIR PASSENGER TRANSPORTATION IN CANADA— GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, Perhaps I may be permitted to ask the Leader of the Government in the Senate whether the government has a policy respecting national airlines. The situation with respect to the future of the airline business in Canada is heating up considerably in Alberta and British Columbia at the moment. There matters respecting the application by Canadian Airlines to have a form of merger with American Airlines has been referred to the Canadian Transport Commission.

Both Air Canada and Canadian Airlines have been following such predatory competitive practices recently that both companies have managed to lose about $.5 billion in the last year. Therefore, it seems to me that it is the responsibility of the government to state its policy with respect to airlines, because obviously this situation cannot continue. Those airlines are financially crippled at the moment. What is the policy of the government with respect to air passenger transportation in Canada?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the policy of the government on this matter is as announced during our first mandate by the then Minister of Transport, Mr. Mazankowski. There has been no change in that policy.

Senator Olson: I take it from that answer that if the management of each of these two airlines continues to attempt to run the other off the map of Canada, that will be acceptable policy to this government?

Senator Murray: Honourable senators, it is not for me to comment on the pricing practices of airlines operating in the private sector.

Senator Olson: I understand that. I am sure the government is aware that both airlines are getting into such deep financial difficulty that we could reach the stage where we have no airline industry in Canada at all to take care of the movement of people around the country. Is it the government's intention to stand idly by and watch that happen, whilst comforting themselves by saying, "It is none of our business what the pricing practice is"?

Senator Murray: Honourable senators, we think that the effect of the deregulation that has taken place has been demonstrably in the interests of the Canadian consumer, and we stand by that policy.

Senator Olson: Does the government also applaud the practices that have been indulged in by both airlines in cutting each other up financially with predatory pricing practices, to the point where both of those companies — which, in my opinion were reasonably or highly successful — are now financially crippled, or at least in severe financial difficulty?

Senator Murray: Honourable senators, if that is the case then one would assume that the shareholders of each of those airlines would want to ask some fairly pertinent questions of the management of those airlines.

Senator Olson: The Government of Canada is a major shareholder in one of those companies. Has the government asked those questions? Has it received a response? Apart from the fact of its shareholding, does the government not have a policy in place respecting the continuation of a reasonable air service in Canada?

Senator Murray: Yes, honourable senators.

GOVERNMENT INTERVENTION IN THE MARKETPLACE—GOVERNMENT POLICY

Hon. John B. Stewart: Honourable senators, should we conclude from the minister's responses that under no circumstances would the Government of Canada intervene in the market to give support, subsidy or assistance of any kind to either of those airlines? Is that deduction or conclusion consistent with the policy of the government over the last three or four years?

Hon. Lowell Murray (Leader of the Government): I think the honourable senator knows better than to expect that this government, a very pragmatic government, would take such a dogmatic or doctrinaire position.

• (1430)

Senator Frith: I think you got "pragmatic" and "dogmatic" mixed up.

Senator Stewart: Consequently, the minister's first answer did not give us the full picture. In other words, the government, under certain circumstances which have not been specified, would be prepared to retreat from the policy stated by the previous Minister of Transport.

Senator Murray: The honourable senator will be aware that as recently as last summer we took certain steps that were within our power to provide some relief to Canadian Airlines, including the purchase of some aircraft that, as it happened, the Department of National Defence needed. We purchased those aircraft from Canadian Airlines International.

Further to that, there was a financial arrangement made to assist Canadian Airlines over a transitional period. That is a matter of public record. I think certain provinces and creditors of that airline also provided assistance at the time and are still doing so.

In placing those facts on the record, I have also to remind honourable senators that for many years, and at the time of the privatization of Air Canada, the government took steps that were manifestly to the advantage of that airline. It cannot be said that what we did last summer, and more recently with regard to Canadian Airlines International, conferred any unfair advantage on that airline.

CANADIAN BROADCASTING CORPORATION

PROGRESSIVE CONSERVATIVE LEADERSHIP CONVENTION—LIVE COVERAGE OF DEBATES

Hon. Keith Davey: Honourable senators, perhaps I misunderstood the leader, but I found myself in the unusual position of agreeing with Senator Simard.

There are those of us on this side of the house who would like to see as much of the Progressive Conservative convention televised as possible. I think it would be in the public interest to see that debate. I am not sure I understood how you responded to Senator Simard, for which I apologize.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the question that Senator Simard asked concerned not the leadership convention but the series of five debates that are to be held among the candidates for the leadership. The question was whether the networks will agree to carry those debates live. It appears that they will not.

Senator Thériault: They will in English, but not in French.

Senator Murray: It is not clear to me that *NewsWorld* will carry all five debates live. Perhaps they will. The situation to which Senator Simard alluded is the fact that there is no French language counterpart to CBC *NewsWorld*, and I undertook to get a report from Mr. Beatty on that matter.

So far as the convention is concerned, I would expect it to be televised live; but, in any case, I want to assure Senator Davey that the usual courtesies will apply and he will be there as an honoured guest.

HEALTH AND WELFARE

DRUG PRICES IN CANADA

Hon. L. Norbert Thériault: Honourable senators, I want to come back to the questions posed by the Leader of the Opposition to the Leader of the Government regarding prices of drugs. I want to remove your mind from the Conservative convention for a moment; something that is much more important to the people of Canada is the price they will have to pay for drugs.

Hon. Lowell Murray (Leader of the Government): I was answering questions that were put by your colleagues, senator.

Senator Thériault: Let me ask the Leader of the Government in the Senate this question: When it pushed Bill C-22 and Bill C-91 through, did the government expect the increases in the prices of drugs that we are facing today?

Senator Murray: The honourable senator is referring to a report, the first word of which we had in yesterday's media. The act in question was passed by Parliament several years ago.

Senator Thériault: There were two pieces of legislation that concerned the prices of drugs.

I want to tell senators today that, as a New Brunswicker, I am upset. The Minister of Health for New Brunswick appeared before the committee and told us what would happen if nothing was done. Yesterday, the Minister of Finance in New Brunswick had to cut $11 million from the program that assists the elderly and the poor in obtaining their prescription drugs. That was predicted by the Minister of Health for New Brunswick, but we were told that the minister was wrong.

I would suggest, honourable senators, as was suggested by the Leader of the Opposition, that the whole matter be referred to a committee. Would the Leader of the Government in the Senate please pass on my request that Dr. Eastman be asked to appear before a committee — and that can be organized between the government and the opposition — so that he can tell us what he found in the review? Incidentally, that review was under way when Bill C-91 was being processed, but we were never told about it.

We were told by Dr. Eastman, at least to my understanding of what he said, that he was not quite sure whether he had the power to roll back the prices of drugs or even control the prices of drugs.

[*Translation*]

Honourable senators, as part of my preamble, perhaps I may refer to what was said by Minister Bouchard:

> If prices are too high, we have the mechanisms to control them and we will control them. That is exactly what I told the federal Patented Medicine Prices Review Board, which now comes under the Department of National Health and Welfare.

Honourable senators, many Canadian experts claim that the board lacks the necessary powers because first of all, in Canada, price control is a provincial responsibility. If the board had those powers, I am sure Dr. Eastman would not have let prices go up as they have done since the government decided to give everything to its Conservative friends, the big pharmaceutical companies that have contributed thousands — or should I say millions — of dollars to the Conservative Party since 1984.

Would the Leader of the Government in the Senate consider having a Senate committee appointed by the the government with the co-operation of the opposition, and then having Dr. Eastman appear before the committee to explain the current situation?

Senator Murray: Honourable senators, let's take this step by step. I have already promised to table documents requested by the Leader of the Opposition in the Senate. I will also provide an analysis of the report ordered by the board. As soon as I have tabled these documents, we can then consider the honourable senator's suggestion that the whole issue should be referred to a committee of this house.

[*English*]

The Hon. the Speaker *pro tempore:* Honourable senators, I must point out that the time for Question Period has elapsed.

Senator Thériault: Could I have the permission of the Senate to continue? It will take me 30 seconds.

Hon. Senators: Agreed.

Senator Thériault: I ask the Leader of the Government if he will put a rush on what he has just said would happen. In New Brunswick, all the seniors, elderly and poor who are depending on assistance from government are cut off as of today, and next year will be too late for them.

• (1440)

Senator Murray: Honourable senators, I am well aware of the difficulties that all governments in this country face with regard to deficit and debt. I am also well aware of the very courageous steps that have had to be taken in various provinces, notably New Brunswick, not just in the present budget but for several years now.

Having said all that, I remind the honourable senator of the old saying, "To govern is to choose". It was a decision of the Minister of Finance and his colleagues in New Brunswick to take the steps to which the honourable senator refers. No doubt they considered other options for reducing their expenditures. They settled upon the ones announced yesterday. I do not think it is reasonable of the honourable senator to hold the federal government responsible for those decisions.

Senator Thériault: Who will you hold responsible, me?

DELAYED ANSWER TO ORAL QUESTION

Senator Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked on March 24 by Senator Molgat regarding polling on Bill C-113.

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

REQUEST FOR POLLING RESULTS

(Response to a question raised by Hon. Gildas L. Molgat on March 24, 1993)

The government did conduct research on the changes to UI in December 1992. This information has been released and is available to the Honourable Senators. There was further research conducted in recent weeks. The results of this most recent study have not yet been received by Employment and Immigration.

The media did report on other research done by the media and others. We do not have access to these polls and are unable to provide any further information on them.

ORDERS OF THE DAY

BUDGET IMPLEMENTATION (FISCAL MEASURES) BILL, 1992

THIRD READING — MOTION IN AMENDMENT OF SENATOR PERRAULT NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Bolduc, for the third reading of Bill C-76, An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992,

And on the motion in amendment of the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Robichaud, P.C., that Bill C-76 be amended by deleting Clauses 2 and 3 at pages 1 and 2, Clauses 4, 5, 6 and 7 at pages 2 and 3, Clause 8 at pages 4, 5, 6 and 7 and Clauses 9 and 10 at pages 7 and 8.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

And two honourable senators having risen.

Hon. William M. Kelly: I suggest a 30-minute bell, honourable senators, with the vote to be taken at 3:25 p.m.

The Hon. the Speaker *pro tempore*: Is it agreed that the vote be taken at 3:25 p.m., honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Call in the senators.

• (1530)

Honourable senators, it was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Bolduc, that Bill C-76 be read the third time.

It was further moved in amendment by the Honourable Senator Perrault, P.C., seconded by the Honourable Senator Robichaud, P.C., that Bill C-76 be amended by deleting Clauses 2 and 3 at pages 1 and 2, Clauses 4, 5, 6 and 7 at pages 2 and 3, Clause 8 at pages 4, 5, 6 and 7 and Clauses 9 and 10 at pages 7 and 8.

Motion in amendment of Senator Perrault negatived on the following division:

YEAS
THE HONOURABLE SENATORS

Adams	LeBlanc
Bonnell	Lewis
Bosa	MacEachen
Cools	Marchand
Corbin	Molgat
Davey	Neiman
Frith	Olson
Gigantès	Petten
Grafstein	Robichaud
Graham	Stewart
Hastings	Thériault
Hébert	Watt—24.

NAYS
THE HONOURABLE SENATORS

Atkins	Lynch-Staunton
Balfour	Macdonald (*Cape Breton*)
Baroutes	MacDonald (*Halifax*)
Berntson	Macquarrie
Bolduc	Marshall
Buchanan	Meighen
Carney	Molson
Chaput-Rolland	Murray
Cogger	Phillips
Comeau	Poitras
Di Nino	Rivest
Doyle	Robertson
Forrestall	Ross
Johnson	Rossiter
Kelleher	Simard
Kelly	Spivak
Keon	Stratton
Kinsella	Sylvain—37.
Lavoie-Roux	

ABSTENTIONS
THE HONOURABLE SENATORS

Nil

[*Translation*]

MOTION IN AMENDMENT OF SENATOR CORBIN NEGATIVED

Hon. Eymard G. Corbin: Honourable senators, I would like to take this opportunity, not to comment on the decision that the house just made but to try to bring the senators back to their senses, if I may say so.

We may have over-reacted on both sides in what we said and did. We may have over-reacted to the Minister of Finance who wants to control the national debt, and the government supporters too no doubt over-reacted by refusing any compromise to soften the impact of its legislation.

We all heard the representations, especially from the Canadian Federation of Students. We heard a young man from New Brunswick who took a sabbatical year to work full-time for the interests of university students throughout the country. He took a year off from St. Thomas University in Fredericton to spend it in Ottawa. Like most senators, I believe, I was very impressed with his eloquence, his correct reasoning and his appropriate recommendations.

Since we may have over-reacted, let us admit that for the sake of argument, and since we rejected Senator Perrault's amendment just now in that we refused to support as a package the amendments to all the clauses which he presented, I would like us to have a second chance, in the interest of students. For this, I move:

> THAT Bill C-76 be amended by deleting clauses 3 and 4 on pages 1, 2, and 3 of the bill.

[*English*]

• (1540)

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by Honourable Senator Corbin, seconded by Honourable Senator Lewis:

> THAT Bill C-76 be amended by deleting clauses 3 and 4 at pages 1, 2 and 3.

Is it your pleasure to adopt the motion, honourable senators?

Hon. Noël A. Kinsella: Honourable senators, I should like to speak to the amendment brought forward by the Honourable Senator Corbin. I laud the motivation that brings the amendment forward, but the government is simply facing up to the reality facing it, as the Minister of Finance of the province of New Brunswick yesterday was facing up to the reality facing that province.

Notwithstanding the interest of the Deputy Leader of the Opposition in my haematology, as expressed the other day, we are dealing with two issues. One issue is the contribution of all sectors of Canadian society to the problem of the debt and deficit reduction. The Minister of Finance of my province, in meeting the challenge yesterday, kept two-thirds of the non-repayable part of the bursary program.

The Liberal government of that province and the federal Tory government are not against students or higher education. As I said the other day, we spend a tremendous amount of money in support of higher education in this country, but we have to get more results for the money we are investing. The amendment fails to address the issue of having an important segment of Canadian society, the student segment, making its contribution to deficit reduction.

Let me turn to the other part of it. I agree with the Honourable Senator Corbin that we did have excellent testimony from the Canadian Federation of Students. I also thought that we adduced good evidence from the officials of the Department of the Secretary of State with reference to the Canada Student Loans Program. They are going to conduct, for the first time since 1964, a program evaluation and they said that the students would be consulted in that process.

I have read the testimony over again and I have read things in the media. There has been a lot of misunderstanding. I should like to make it clear that one of the Canadian Student Loans Program measures in Bill C-76 is the removal of the six-month interest-free period after borrowers have completed their studies. A number of points need to be made about that, because there has been a fair amount of misunderstanding on it.

First and foremost, the elimination of the interest-free period is only going to affect borrowers after the completion of their studies. Second, former students will continue to have up to six months to make repayment arrangements with lenders. Interest on the loan will accrue. The first payment on the loan will not be due until the end of the six-month period. Borrowers will have the option of paying the accrued interest at the end of the six months or capitalizing it into the loan.

For former students, the financial burden of eliminating the six-month, post-graduation, interest-free period should be minimal. For a student finishing school with an average loan of $6,130, the monthly payment will increase by less than $3.50 as a result of capitalizing the accrued interest, an amount well within the financial capacity of most borrowers.

Third, borrowers encountering difficulty in repaying their loans will continue to have what is already in the act, namely, access to interest relief which operates for up to 18 months while interest relief payments are made by the federal government. It is in this context that the Interest Relief Program has been responsive to economic conditions.

[*Translation*]

Hon. Jean-Maurice Simard: Honourable senators, I would like to ask Senator Corbin a question. Would the honourable senator agree to tell us what his amendment is about or what it is for?

Senator Corbin: It is for the same purpose as Senator Perrault's amendment, except it applies to the clauses which I enumerated in the motion that I gave the Chair.

In other words, it would remove the interest on student loans for six months. It is as simple as that.

Senator Simard: Honourable senators, I would like to say a few words on a news item in this morning's *Telegraph Journal* from Saint John, New Brunswick.

The headline contains accusations like those made about Bill C-76. If they are true, the bill would hurt the student loan program and would limit access to education. The first line of this headline reads as follows:

[*English*]

— "Student loan changes 'scary'".

We heard that last week and earlier this week about Bill C-76.

• (1550)

I will read for the record, colleagues, an extract from an article written by Alan White in today's *Telegraph Journal.*

> "It's scary," said Roxane McCarthy, student vice-president at St. Thomas University in Fredericton. "It seems like they're trying to make education for the rich and not for the ones who need it and who are intelligent.
>
> "I don't think that's the best thing because the richest aren't necessarily the smartest," she said.
>
> "Students are not going to be able to afford two loan programs where interest is going to come in later," said Paul Ward...
>
> "Now we're going to be talking about $30,000-$35,000 in loans owed on graduation," he said.
>
> "It's been pretty disappointing to find out that yes, it's going to be a split, when the students are having a hard enough time now paying off student loans," said McCarthy.
>
> "The access has been impossible in a two-stage area and now we have a three-stage area?" said McCarthy.

Honourable senators, those comments were made not about Bill C-76, but in reference to yesterday's provincial budget in New Brunswick.

I sent a telegram to Premier McKenna this morning congratulating him on the general thrust of his budget.

Senator Frith: How embarrassing.

Senator Simard: One can agree or disagree with that provincial budget, but I believe that Premier McKenna and his government are doing exactly what the Mulroney government has attempted to do for the last seven or eight years. So those comments are not about Bill C-76, but they happen to be timely.

Senator Frith: A not very elegant insult.

Senator Simard: Those comments happen to reflect criticisms generally heard in the streets of New Brunswick today because the McKenna government has aligned itself with the federal loan program and has cut the provincial subsidy program by 66 per cent.

Senator Frith: Talk about a kiss of death. There goes Mr. McKenna's budget.

Senator Simard: There must be measures that governments can implement. There must be measures that the Liberal opposition in this place can support. How can Bill C-76 and the elimination of the six-month interest free holiday be so terrible when seen in the light of what a provincial Liberal government has done?

Mr. Allan Mahar, the Minister of Finance for New Brunswick, in trying to explain the position he was in and what led to his decision, said that the change will result in improved access to financial assistance for students.

Honourable senators, it is good to be partisan, and I can be as partisan as anyone in this house, but I would hope that the Liberal senators for once see the light and oppose this amendment, as we opposed the previous amendment of Senator Perrault's.

This amendment is, on the part of the Liberal opposition, another smoke screen. This exercise amounts to nothing more than grandstanding. They are trying to mislead Canadians into believing that only the Liberal Party of Canada thinks that deficits can be reduced, taxes lowered and social programs maintained as originally planned in the 1970s before all governments spent and borrowed.

For those reasons, reasons that are obviously supported and shared by the McKenna government, a Liberal government, I plead with my colleagues on both sides of this house to reject the amendment for what it is — just another smoke screen.

Some Hon. Senators: Hear, hear!

Hon. L. Norbert Thériault: Honourable senators, I am sure that the Premier of New Brunswick received today the first kiss of death — a telegram from Senator Simard congratulating him for what he is doing in New Brunswick. He is looking over the budget again to see what he has done that deserves such congratulations.

Senator Marchand: April fools.

Senator Thériault: New Brunswick will be the only province, apart from Quebec, with at least a small bursary program. That bursary program can be added to the total loan a student can obtain, which was frozen at $3,300 in 1984, if my memory serves me correctly. No wonder people are writing articles like the one Senator Simard has quoted. There is a lot of truth in what is being said in that article.

As I said, the total loan available under the Canada Student Loans Program was frozen at $3,300 in 1984, and since that time and the Minister of Finance has twice promised to increase that limit. In New Brunswick, students were able to continue their studies because, on top of that loan, there was a bursary program of up to $2,700 available to students in need. If my figures are correct, next year in New Brunswick all a student will be able to obtain will be one-third of that $2,700, or $900.

Is the government prepared to promise the students of New Brunswick that it will provide jobs for them this summer; students who have nothing but the $3,300 loan plus the $900 that may be available in bursaries? They come from poor families, from Senator Simard's region as well as mine. Is Senator Simard or are the Tory senators prepared to sign these students' notes at the bank so the students can go to university? No. None of us can. I could not do it. I am sure not too many people could do that.

There is a deliberate plan afoot to keep some students from continuing their post-secondary education on the same level as other students. Senator Simard is the first one to recognize that. I will quote from a letter penned by him. This is the second time Senator Simard has done this since I have been in this place.

When we travelled around Nova Scotia on the UI bill, Senator Simard made statements to the unemployed, leading them to believe that he would get amendments to the bill, or he would not support it. After all was said and done, Senator Simard got no amendments to the bill, In fact, he supported it!

Senator Olson: Shame!

Senator Hébert: People remember that.

Senator Thériault: This time, I am quoting from a letter that Senator Simard wrote to Ms Tracy Sletto, External Vice-President, Saskatchewan Students' Union, Room 65, Place Riel Campus Centre, Saskatoon, Saskatchewan. The letter reads as follows:

> Dear Ms Sletto:
>
> Thank you for your recent letter expressing concern for the provision of Bill C-76 which would eliminate the six-month interest free period on student loans.
>
> I share your concern and I have expressed my intention to seek a modification to this bill which would maintain the six-month interest free period. For your information, I am including a transcript of the remarks I made at the Senate National Finance Committee on March 4th 1993.

Honourable senators, I was not at that meeting and I did not read the report, but the students tell me that they left that committee meeting with the full understanding that Senator Simard was supporting them.

• (1600)

The letter goes on to state:

> I trust this information will please you and am quite confident that we will be successful in our endeavour.

Their "endeavour", honourable senators, was to delete that section in the bill. Those students will be responsible, work or no work, job or no job, revenue or no revenue, for the first six months of interest after they are finished their studies.

I wish to tell Senator Simard that the impression I got from the University of Moncton students was that he was on their side. The federation thought he was on their side. Today, he rises and, using the mere excuse of what has happened in New Brunswick — which, in fact, would reinforce his position — he opposes this bill; he does an about-face and supports his party when it is hurting the students of my province and his.

Senator Simard: Honourable senators, obviously Senator Thériault has not heard. I wish to ask a question of Senator Thériault.

Some Hon. Senators: Resign, resign!

Senator Murray: Question.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I will not retrace all the steps that we have gone through in this debate, but I do wish to make a few comments. What is going on is an exact example of the futility that we are engaged in in this house. It is absolute futility. The student federation appeared before us in committee. Senator Kinsella and Senator Simard agreed with them. They made a very fine presentation, an excellent presentation. What they were saying was sensible; it was correct, and those senators agreed with it. We have presented amendments to achieve what they had agreed with, but what will happen today? Those senators will vote en bloc with the government.

I ask you, my honourable friends, are we achieving what we are supposed to achieve in the Senate when we do that? Surely it is not the purpose of this institution to stand up as a bloc and support, in the case of senators opposite, what the government wants, and in our case what the opposition wants. That is not the objective of the Senate. If we persist on that route, quite frankly, we ought to abolish the place because it is not serving a useful purpose in our Canadian system. It is simply not doing what it ought to do. We should be looking at legislation in the light of what that legislation means for Canadians, not what it means for our parties.

The first amendment that we proposed yesterday was a broader one dealing with more of the elements with respect to students. It was turned down. We are now proposing a much more modest one — in fact, a very modest one.

I remember Senator Kinsella stating that we should not make changes until such times as a program evaluation had been carried out. I agree. Then why should we propose now to make these changes? Let us consider what this chamber is all about. It is not here to be a rubber stamp for the House of Commons, for the cabinet, for the bureaurocracy. It is here to give serious, sober second thought to what is being done.

Senator Simard and Senator Kinsella agreed with the students in the committee, and they were correct. I urge honourable senators now to throw off the shackles of the party and let us vote for what is good for Canadians.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion in amendment moved by the Honourable Senator Corbin, seconded by the Honourable Senator Lewis, that Bill C-76 be amended by deleting clauses 3 and 4 at pages 1, 2 and 3?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

And two honourable senators having risen.

Hon. William M. Kelly: I suggest a 10-minute bell, honourable senators, with the vote to be taken at 4:10 p.m.

The Hon. the Speaker *pro tempore*: Is it agreed that the vote be taken at 4:10 p.m., honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Call in the senators.

• (1610)

Motion in amendment of Senator Corbin negatived on the following division:

YEAS
HONOURABLE SENATORS

Adams	Hébert
Bosa	Marchand
Cools	Molgat
Corbin	Neiman
Frith	Olson
Gigantès	Petten
Grafstein	Robichaud
Graham	Thériault
Hastings	Watt—18.

NAYS
HONOURABLE SENATORS

Baroutes	Macdonald (*Cape Breton*)
Berntson	MacDonald (*Halifax*)
Bolduc	Macquarrie
Carney	Marshall
Chaput-Rolland	Meighen
Cogger	Murray
Comeau	Phillips
Di Nino	Poitras
Doyle	Rivest
Forrestall	Robertson
Johnson	Ross
Kelleher	Rossiter
Kelly	Simard
Keon	Spivak
Kinsella	Stratton
Lavoie-Roux	Sylvain—33.
Lynch-Staunton	

ABSTENTIONS
HONOURABLE SENATORS

Molson—1.

• (1620)

THIRD READING

The Hon. the Speaker *pro tempore*: Honourable senators, it was moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Bolduc, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

CANADA POST CORPORATION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Meighen, seconded by the Honourable Senator Rossiter, for the second reading of Bill C-73, An Act to amend the Canada Post Corporation Act.— (*Honourable Senator Molgat*)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Bill C-73 is about Canada Post, as is evident from its title and as Senator Meighen has told us. Let me begin by declaring myself a life-long supporter of Canada Post and of postal services in general around the world. I have never overcome my first impression as a youngster of the miracle of being able to stick what was then a one or two cent stamp on an envelope and having it show up hundreds — and even thousands — of miles away, or arriving at our home from similar distances. It seemed a miracle at that time, and still does.

Senator Murray: By stage coach?

Senator Frith: Not quite that long ago. By train, I guess, was how it was conveyed then. They had a special postage car.

I say it is a miracle, and I do not say that with the sarcasm that so often accompanies any comment about the post office. The post office traditionally is the target of what it calls cheap shots. If you work for the post office, and particularly if you are an official in the post office, you have to accept the role of what Tom Wolfe called the flak catcher.

The realm of postal service, including long distance delivery and couriers, has changed a great deal since those years. Here in Canada, our postal service has gone through many struggles to emerge as a highly efficient, dynamic and competitive service, delivering millions of pieces of mail each day through the efficient, cooperative effort of thousands and thousands of hard-working and devoted public servants.

Certainly, one of our great cultural figures is our most common and regular contact with the post office: the postie, as he or she is sometimes called, or the public servant who actually delivers the mail to our homes.

Honourable senators, for a different perspective and deeper understanding of just how efficient Canada Post is, I recommend to honourable senators, and any others invited, to accept Canada Post's invitation to witness the action — and it is action — at its early morning national control centre right here in Ottawa. If you want to go and see it for yourselves, I will put the information on the record so you can consult it. The contact person is Mr. Antoine Normand — at the time I went it was John Ferguson — at 734-7574. He is the corporation manager of communications at Canada Post.

What happened in my case is that they came and picked me up at about a quarter to 8 in the morning, and we went out to Tunney's Pasture, I think it is. You go in and see Mr. Donald Lander in his office for about five minutes, and then you go into a large room. I do not know whether any of you have been there. You enter this huge room where the basic set-up is round, and where a woman stands at a podium with a microphone. It is a big room. I would say it has probably as much space as this Senate chamber, but it is circular in shape. All of the postal heads of services and so on are there, like the United Nations, with their advisors behind them. The woman at the podium starts going through an agenda about the delivery of the mail yesterday, the day before, and up to the time you are there, in that 24-hour period.

Everyone is called to account. They are asked for any complaints, large or small. They go across the country geographically. What problems were there in British Columbia yesterday? What were the problems in Alberta? They talk. Someone will stand up and say, "There was a snow storm in this part and we did this," or "We had this problem with that," right down to a piece of mail.

I remember when I was there, Mr. Lander said to someone, "Were there any complaints about your department?" "Yes, we had a complaint from a customer about some very important business mail that was misdelivered." "What did you do about it?" "Well, we phoned them and told them we were sorry; that we had found it. We did find the mail, and that we would deliver it." They had put tracers on the lost mail overnight and, in that particular case, had found it. Mr. Lander then said, "So then what happened?" and the reply was, "Well, the customer said he was sorry because he realized he had misdirected the mail." They had traced it right down to that one thing, out of all the complaints that had been filed in that day.

It is a very impressive sight to see. You are through in about an hour and a half. I do not care whether you are for or against the post office: I guarantee you that it will be a memorable experience, and you will not feel that you have wasted your time by going out and seeing how our Canadian post office conducts its business.

Canada Post enjoys a world-wide reputation, earned particularly in the last five or six years when it actually delivered a dividend to its shareholders, namely the Canadian public, the taxpayer and the government. It lost money last year, but made a handsome profit in prior years and expects to do so again this year.

It is against that background that I want to explain our opposition, on two grounds, to this bill concerning Canada Post. Our opposition is to the bill, and not to Canada Post's successes, which we commend.

I circle for attention the following two elements of the bill: The first element is the bill's employee share savings plan, and the second element is its potential effect on postal service, particularly to certain sectors of the post office's customers.

The proposed amendments, as Senator Meighen explained them to us, would enable employees of Canada Post to acquire 10 per cent of non-voting shares — and I underline nonvoting, issued as well as outstanding, in the Crown corporation. Participation in an employee share savings plan, or ESSP, would be voluntary, but a large number of employees would have an option to buy up to 10 per cent of shares held by the corporation.

One of the stated advantages of an ESSP is improved labour/management relations, also underlined by Senator Meighen. Supporters of the legislation sincerely believe that giving employees a direct financial incentive will increase productivity and efficiency. Government supporters, including Senator Meighen, have repeatedly denied that this bill is the first step towards privatization of Canada Post, although as Senator Meighen said on March 25 at page 2947 of *Hansard*:

• (1630)

> This government has never hidden its intentions to privatize the corporation, and such is the case. When and if the decision is made that privatization is an appropriate course of action, the government would of course make no secret of such a decision. Legislation would have to be brought forward, because this bill before us specifically restricts the ownership of shares to the Crown and to employees of Canada Post. The merits of this plan, honourable senators, will determine its success with the employees of Canada Post.

There's the rub, honourable senators, because from my information, postal employees, seniors and others no longer believe this government. After eight years of saying one thing and doing another, I cannot blame them. They believe that this is an important step toward privatization.

I am speaking of labour organizations such as the Canadian Labour Congress, the Canadian Union of Postal Workers and the Public Service Alliance of Canada. I am also speaking of seniors' organizations, such as the National Pensioners and Senior Citizens Federation and the Alberta Council on Aging, as well as organizations such as Rural Dignity of Canada and the Canadian Post Masters and Assistant Association, who are particularly concerned about the effects of privatization on rural Canada. They firmly believe that Bill C-73 is this government's first initiative toward privatizing Canada Post.

I expect and hope we will hear from these organizations at committee, because Senator Meighen intends to move that the bill be referred to committee if it receives second reading.

That brings me to a second aspect, which merits our closer attention; whether passage of Bill C-73 jeopardizes the quality of postal service in Canada, service to rural areas and would interfere with the independence of Canadian citizens, all in the name of generating larger profits. I will explain in a moment what I mean by "independence".

Though the question of rural post offices is not specifically mentioned in the bill, my research, correspondence and phone calls I have received have convinced me that many are concerned that this legislation will hasten the erosion of postal services to Canadians residing outside our metropolitan areas.

To be sure we have a clear understanding of what Bill C-73 contains and to find out what changes it might make to the way things are now, I will start with the nature of its existence legally at the moment. Canada Post is a Crown corporation which has no share structure. The Government of Canada simply owns the equity of Canada Post. Bill C-73 would give authority for the issuance of different classes of shares.

The bill provides that the Canada Business Corporations Act, which is the act governing the normal affairs of Canadian business corporations, would direct the manner in which Canada Post could issue, acquire or redeem its shares. Canada Post would be authorized to prescribe its own bylaws, which is a normal authorization one gets when one is incorporated under the act. However, unlike most corporations, it could disregard large portions of the Canada Business Corporations Act.

I am saying all this because one main purpose of the act, as Senator Meighen has pointed out, is this corporate structure aspect and the issuance of shares. That gives the impression we are organizing Canada Post on a normal share-structure basis and then offering the employees shares. It is irresistible for us to think that what will happen is that Canada Post will be made a corporation. We have all had some experience with corporations. The employees will then have an option to pick up 10 per cent of the shares and be shareholders in the normal sense that we give to the word "shareholders".

Because the corporation could disregard large portions of the act, the act in this case would serve primarily as a guide or guidebook for Canada Post. The board of directors, comprising a chair, the President of Canada Post and nine other directors, would be required to seek approval of proposed bylaws from the Governor in Council, the minister responsible for Canada Post, the Minister of Finance and the Treasury Board.

Under the bill before us, employees could secure a maximum of 10 per cent of the corporation's shares. The bill prescribes that the capital of Canada Post, the share capital, would consist of an unlimited number of shares. As honourable senators know, in the normal circumstance one applies for an authorization to issue a certain number of shares, what in the lingo is called the authorized capital or the amount one is authorized to issue. However, in this case, as I read it, the capital would consist of an unlimited number of shares. There would be no authorized capital limited in the old sense. The board could define separate classes of shareholders, which is normal, and attach rights, privileges, restrictions and conditions to a specific class. That is also normal.

Therefore, the board is given the right to set conditions, make adjustments and apply restrictions, but any such actions would be subject to final endorsement of the appropriate government authorities. The minister responsible for Canada Post would be able to acquire and retain shares in trust for the Queen. Canada Post would be able to release the first issue of shares to the minister without collecting any payment. That is certainly an anomaly in the normal framework — a mutation, as Darwin would call it — in share capital organizations where the whole point of issuing shares is to raise capital.

I imagine honourable senators realize by now that what I am trying to underline is that we must look carefully at this bill. What I am saying is not necessarily a reason to reject it. When we talk about the 10 per cent share and this plan for allowing the employees to become involved as shareholders, we must realize that what we are looking at here is, indeed, a mutation or an anomaly, not the kind of share capital organization with which most of us are familiar.

The result is that the minister would be the only shareholder entitled to vote because the shares to which the employees are entitled are non-voting shares. Honourable senators will remember the experience with normal corporations. One of the important privileges or rights that attach to a share is the ability to vote at a shareholders' meeting and, in particular, to be able to vote for directors of the corporation who then run the corporation.

As I read this bill, we must not assume that by giving the employees the right to hold shares that we are giving them the same kind of power they would have in a normal corporation. In many large corporations 10 per cent of the shares can, as Senators Kelly, Meighen, Ross and many others know, sometimes mean control. I am not suggesting that would be the case here. It certainly is not if you do not have any voting rights.

How is it that gains or improvements would occur to postal services as a result of employees owning 10 per cent of non-voting shares? One would assume that if changes were to be made they would be made for the very purpose of improving the service that already exists. Therefore, assessing the benefits of an employee share savings plan involves seeing how the residents of Canada will receive improved postal services as a result of these proposed amendments.

• (1640)

That is not the only reason, but it was the only reason advanced by Senator Meighen, and I think quite properly, because I believe that is the legislative intent. I think that the main thrust, or the main object of this part of the bill is to improve employee/employer relations, and therefore productivity, because we have all, perhaps, not known in much detail — but I for one have been an admirer who probably should learn more about it — of the Swedish corporations where there is a very active participation by employees.

This bill tends to come under that banner, but does not seem to me to justify it because of the restrictions on the plan and the differences in distinctions between this plan proposed here and what we would normally think of when we hear the word "shareholder".

[*Translation*]

Honourable senators, how is this plan perceived by the employees of Canada Post? Under the employee share ownership plan proposed in Bill C-73, employees of Canada Post will be able to buy shares in their employer's business. Employees will expect the plan to help improve labour-management relations in the corporation. They will also expect the plan to help them save money to meet short-term or medium-term needs or to build up retirement income.

In my opinion, share ownership plans are useful only if the kind of advantages I just mentioned exist. However, in this particular case, how can labour-management relations be expected to improve when Canada Post employees were not consulted during the negotiations that led to the current proposals? Labour-management relations are not exactly what they should be, when the Canadian Postal Workers Union is so emphatically against privatization and sees the bill before us today as a first step by the government in that direction.

Instead of trying to improve postal services, the government seems to be more concerned about maximizing the corporation's profits, at the expense of Canadians in rural areas and the elderly across this country.

[*English*]

What do those actively concerned Canadians think of this bill's effect on rural areas? I have a pamphlet here entitled "Rural Canadians and Canada Post". They call it "Blowing the Whistle on Customer 'Satisfaction' Surveys". In that pamphlet, Rural Dignity of Canada reports that, to date, 376 federally-operated rural postal offices have been closed in Ontario alone. This number increases significantly when one looks at the total number of shutdowns in the country — 1,409. It further reports that, if the government has its way, the remaining 4,000 rural offices will be closed by 1996.

These offices are being replaced sometimes by inadequate retail postal outlets, called RPOs, which are oftentimes located in gas bars, garages, beauty salons and stores. I know that, in Perth, our local full-service post office was shut down almost a year ago and replaced by two retail postal outlets. One is located downtown in a drug store, the other in a shopping mall on the outskirts of the town.

I know, from my own experience and the experiences of which I am told by other Perthites, that the services which they provide, although not full services, are very good. I know the people involved in both cases. Two friends of mine are giving the RPO service in the downtown drugstore; and with respect to the one out at the shopping mall, I hear nothing but good things about that service, too. However, it is a limited service. Some of my other friends in Perth tell me that now they feel schizophrenic in that there are certain services they can get from the drugstore, but for the rest, they need to have a box at the old post office. There is inconvenience then, but not bad service in the case of my hometown.

However, there is no guarantee for other places. If I believe the pamphlets I have been receiving, we cannot guarantee that many of these other outlets will provide the same level of service that once was provided by the post office.

As I say, I understand that most Perthites are satisfied with the service they do receive at the RPOs. However, I am told that some RPOs employ people who are not as well-qualified as were their predecessors, who were specialists qualified to carry out customer service. There are reports that children as young as eight years of age are stamping and sorting mail. I wonder what Charles Dickens would say about that.

In some areas, I am told the hours of service have been cut back from 32 hours per week to four. We can get this information at committee, but I am putting it on the record now because I hope the committee will ask about it.

What of those communities who use the post office to fulfil their banking needs? Can the same level of service in such transactions be provided by RPOs? According to one resident of Black Point, Nova Scotia, who had to wait one week for money orders to arrive at the RPO because the operator forgot to order new ones once he ran out, the answer would be no. That is from another rural dignity pamphlet called "Post Privatization — What Canada Post surveys don't say".

You can see that the common theme running through all of this is the fear that any control which the taxpayers have over Canada Post will be lost, because this is just an important and perhaps irreversible step towards privatization. I sense a real fear among Canadians that the post office will no longer be something that they consider their post office, but rather a new corporation, no different from any of the other corporations playing the roles that they play in their lives, where they feel the motivation is simply increased profits.

Rural residents are forced to spend valuable time and gas to drive to other communities — although this is not the problem in Perth but in some cases it is — to receive a service that once was provided to all Canadians, urban and rural residents alike. The act of picking up one's mail is made more difficult. Another serious problem with this legislation is that the difficulty is only for some Canadians. The closings I am talking about do not seem to be consistent. Rural Dignity of Canada in further material, another pamphlet and a letter, have said:

> How is it that in Dunville, Newfoundland, the mayor and council were able to get a reversal of the Canada Post decision to close their post office after the intervention of their MP, the Honourable John Crosbie?

• (1650)

That is no criticism of John Crosbie. He was being a good MP in that case. In playing the role of ombudsman, he succeeded. It is the inconsistency that is the problem.

> How it is the mayor and citizens' committee were able to get an "indefinite postponement of the closure of their post office following the intervention of their MP, the Honourable Jean Charest?"

My source for the references pertaining to Mr. Crosbie and Mr. Charest is a Rural Dignity of Canada pamphlet entitled, "Are Rural Canadians Truly Satisfied".

> How is it that the communities of Avonmore, Ont.; Mabou, N.S.; Marystown, B.C.; Qu'appelle, Sask; Clair, N.B.; and Anse aux Griffons and La Rédemption, Qué. "get to keep their lock boxes inside the federally owned building, along with a commitment from Canada Post to pay maintenance costs, while other towns...

such as Berwick —

> ...had themselves to buy the building in order to provide an indoor location for the boxes?"

That is from the same source.

Such inequities jeopardize the universality of service and indicate to the public that our federal postal service, which was once mandated to provide "basic customary service" to communities in all parts of the country now has standards that are becoming increasingly more inconsistent and unpredictable. In fact, if we believe this material, and I do — and I hope we will have it on the record at the committee — it is discriminatory.

With regard to the effects on the autonomy or independence of citizens — and I promise to explain that before concluding — according to Rural Dignity of Canada, of Canadians 65 years and over, one-third live in communities with populations of 10,000 people and under. Furthermore, over 3,000 of Canada's small towns have concentrations of seniors over twice that of the national average. That reference comes from the House of Commons Debates of February 5, 1993, page 15514.

In the Perth area, 20 per cent of the citizens are aged 55 years or over and approximately 15 per cent are 65 years and over. I got those figures from Anne Farquharson of the Chamber of Commerce in Perth.

It is evident that in communities like Perth, seniors, as a segment of the population, may be justified if they feel discrimination by privatization. For many seniors and all citizens alike, the post office has always been a friendly gathering place where one can meet and talk with neighbours and friends; a practical, working, day-to-day community centre, you might say — the local post office. Super mailboxes and the closing of local post offices cause a loss of social contact and, for some, in that sense, a loss of their personal independence because they often have to depend on others to pick up their mail, and it is not picked up in the same atmosphere, anyway.

Seniors, as a whole, do not own as many vehicles as other segments of the population. Also, seniors over 65 do not hold as many driving licences as people under 65. Super mailboxes are often inaccessible to seniors. They are placed in unprotected areas and are often lacking in proper lighting and maintenance, for example snow and ice removal.

With continued privatization, many seniors will have to become dependent on others to pick up their mail, meaning — and this is why I use the word "independent" — a less independent and less enjoyable retirement day after day, month after month, for the rest of their lives. They believe that receiving one's mail is a freedom that should be available to everyone. Seniors, as well as all other residents of rural areas, should have the same access to public services as people living in urban areas. We have a post office that is felt to belong to all taxpayers, even though it may be a nuisance, and it is not very profitable, as we know, to provide exactly the same service everywhere in the country. The CBC has the same problem, but that is why it is publicly owned, or why people want it to be publicly owned.

In April, 1992, the government issued a news release in which the House Leader in the House of Commons stated:

> Canada Post is now recognized as a modern, effective postal system able to compete with the best in the world at a price Canadians can afford.

Much of what is said there was illustrated to me when I made that visit approximately a year ago, the one about which I told you.

Millions of Canadians want and are proud of such an affordable service, but it is a service that should belong to all Canadians. The main purpose of my intervention today, honourable senators, is to say that I believe that many Canadians sense a threat to their dignity and independence by the threats to the universality of such services and in what they see as the elimination of whole communities from the national postal system.

I have told you the organizations that are concerned. Significant and diverse or heterogeneous groups of citizens are all concerned with what they believe this bill is leading to. As we identify problems that exist with our postal system, let us not create new ones which could potentially result in the deterioration of a system that is already recognized globally, and is becoming more appreciated at home.

Essential public services belong in public hands. That is our feeling. That is the main thrust of the material I have received from the organizations to which I have referred, and it is the main point I want to impress upon you today, honourable colleagues, as we consider this bill. That is our feeling, and it is the feeling of labour organizations, postal workers and Canadian citizens across the country.

Privatization of Canada Post may not be evolutionary just because it is different. There is a tendency for us all to think that anything that is changed is progress; anything that is new is good. It is true that things are always changing and nothing stands still, but that does not mean that every change is evolutionary. It might be degenerative, to apply the Darwinian vocabulary and metaphor. Is it progress if it interferes directly with the independence of our citizens, particularly our senior citizens? We should not support any process that discriminates as to who will or will not receive postal services, accessible or otherwise.

Let us pursue carefully and sympathetically in committee the concerns that I have tried to put on the record here at second reading. Let us be sure that all of these organizations are invited to present their viewpoint to the committee, and let us listen to them. To do otherwise produces an effect that is too serious for the day-to-day lives of millions of Canadians who count on us here not to pass laws with such effects.

The Hon. the Speaker *pro tempore*: If the Honourable Senator Meighen speaks now, his speech will have the effect of closing the debate.

[*Translation*]

Hon. Michael Arthur Meighen: Honourable senators, I listened with great interest to our colleague, Senator Frith. I must tell you that I am very glad that he had time to visit the postal centre here in Ottawa. Otherwise, it might have been a little more difficult for him to believe what I told him the other day!

I see that, like me, he has great admiration, generally speaking, for Canada Post and its efforts to improve service.

[*English*]

• (1700)

I wish to re-emphasize to all honourable senators that the bill before us seeks primarily to improve labour-management relations and permit employees to share in the prosperity which they have played such a large role in creating. That is the thrust of this bill.

Some of the subjects raised by Senator Frith are ones which I, too, hope can be explored at committee, although I do say to him and to other honourable senators that they are not directly the subject of this bill.

Senator Frith pointed out that the corporate structure will be somewhat different from that of many corporations. It is precisely for this reason that I suggest there is no hidden agenda here; because the corporate structure will be somewhat different, it does not make for a corporation which could be easily privatized.

If there were ever a move to privatize the post office — and I know of no such move — that would have to be the subject of particular legislation which would allow us to debate the matter from A to Z. It is clearly evident from the type of structure this bill will create that there is no privatization motive behind it.

The details of the plan will be worked out with employees so that the highest level of satisfaction can be achieved with a view to improving labour-management relations, which has shown dramatic improvement, as has the service, with a 98 per cent on-time delivery record.

The introduction of business practices into the post office has done much to improve service. Anomalies may have been created by some of these practices which we all applaud. If this is so, in the climate of improved labour-management relations, I am confident — and hope other honourable senators share my confidence — these stand a better chance of being corrected.

I look forward, as does Senator Frith and other honourable senators who will be at the committee, to hearing witnesses with a direct interest in this bill. However, I suggest to some extent we should spend our time concentrating on the bill itself and not on possible, theoretical and unlikely — if not impossible — repercussions of introducing an employee share savings plan. We are hoping employees will participate —

Senator Frith: The committee's job can be to decide what is theoretical and what is not.

Senator Meighen: It will be up to each of us to decide. We must then decide who falls into the category of an eligible witness.

A very widely held corporation could be considered effective control, but I suggest to honourable senators that it is generally not so and that numerous Canadian corporations have voting and non-voting stock. I do not pass any judgment on that. I merely say it exists.

As Senator Frith has correctly pointed out, this stock will be non-voting, but since we are dealing with sharing profits and not sharing management, it is not inappropriate that the stock, which only amounts to 10 per cent, be non-voting. Senator Frith, however, may want to get into that. It is important that this stock gives employees a greater sense of appurtenance, a greater share of the prosperity of their corporation. It is my view that this bill before us will accomplish that.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Meighen, seconded by the Honourable Senator Rossiter, that this bill be 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 *pro tempore*: Will those honourable senators in favour on the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

Senator Molgat: On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Meighen, bill referred to the Standing Senate Committee on National Finance.

CONFLICT OF INTERESTS OF PUBLIC OFFICE HOLDERS

APPOINTMENT OF SPECIAL JOINT COMMITTEE

Hon. John Lynch-Staunton (Deputy Leader of the Government), pursuant to notice of March 31, 1993, moved:

> THAT the Senate do unite with the House of Commons in the appointment of a Special Joint Committee of the Senate and the House of Commons for the committee stage consideration of Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendments to other Acts;

THAT the House of Commons Order for resuming second reading of Bill C-116 be amended by having the Bill referred to the Special Joint Committee rather than a Legislative Committee in the Departmental envelope;

THAT the said Special Joint Committee be composed of fourteen members of the House of Commons, and seven members of the Senate;

THAT, notwithstanding Rule 86(1)(*b*), the Members to act on behalf of the Senate on the Special Joint Committee be the Honourable Senators Balfour, De Bané, Grimard, Kelleher, Oliver, Olson, and Stanbury;

THAT the said Special Joint Committee have power to sit during sittings and adjournments of the Senate, to send for persons, papers and records, to examine witnesses and to print such papers and evidence from day to day as may be ordered by the Committee;

THAT the quorum of the Committee be a majority of members, whenever a vote, resolution, or other decision is taken, so long as both Houses are represented; and

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

He said: Honourable senators will recall that in December 1991, we agreed to join with the House of Commons to appoint a special joint committee on the subject matter of Bill C-43, which was a conflict of interest bill. The report was tabled in both houses in June. In this house, both Senator Stanbury and Senator Grimard spoke to the report in the same month.

Following the receipt of the report and other discussions, the government decided to reintroduce the subject matter under Bill C-116, the bill having been subsubstantively changed from Bill C-43.

The House of Commons has now asked us, through this message, to recreate the joint committee in order to give it an opportunity, with the experience it gained from its previous hearings, to study Bill C-116.

Senator Stanbury was the co-chairman of this first committee. I was not able to reach him, but I spoke to his office today. I understand from a staff member that he is in full agreement with this procedure.

Based on that and on the importance of this bill, I wish to secure the agreement of the house to this motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the proposal is a rather new departure from the way we have operated, where the House of Commons would be giving second reading of a bill and referring it to a joint committee. I do not know if that has happened before.

In view of the fact that we did establish this committee some time ago and it did a study, I see no reason why we could not do the same thing, but I would have some very definite provisos or caveats on the matter.

This house could only accept that type of committee on the condition that when the bill eventually comes here from the House of Commons, the Senate would not be prevented from having a committee of its own study the bill. If we were not to do that, we would leave ourselves in a difficult position. We would be in a situation where this joint committee, where we are numerically inferior, would have made the decisions for the House of Commons and then imposed them on us.

• (1710)

This house could go along with that proposal on the clear condition that when the bill does come to the Senate, it will go through the normal procedures in the Senate, be referred to a Senate committee so we can have a look at it from the standpoint of the Senate and then decide what we want to do. If we were not to do that, we would be putting ourselves in a dangerous position for the future.

I am prepared to accept the proposal on that clear condition: There will be no limitations when the bill returns to us, nor will there be limitations on having our committee study it, having witnesses appear before the committee and doing whatever the Senate decides it wants to do with the bill. We must remain masters of our own operations.

I want to go further. In a sense I am retracing ground that I have previously covered. In the Senate we have to consider seriously any joint committees that we agree to do with the House of Commons. We have to look on this body as a separate, independent body. That is how it is in the Constitution. We did not decide that. The Constitution established that this is a separate, independent house that is master of its own rules and affairs. If we are to perform our proper role, we have to insist on that independence.

When we enter into joint committees there is a grave risk for the Senate. If we are dealing with joint committees on things like statutory regulations or studying legislation, having the normal ratio that we used in the past may not be so bad. However, whenever we have a committee that deals with either the management of this house or the other house, the privileges of this house or the other house, anything touching upon how we conduct our affairs, it is not proper to have a committee that is not equal in numbers.

Senator Frith: Equal impact; equal representation.

Senator Molgat: We are then putting ourselves in the hands of another body to determine what we are doing here. That is very bad.

That is why some years ago, when the House of Commons proposed there should be a joint management committee for the hill, we discussed it in the rules committee. It was unanimous that if we were to join that kind of committee, it had to be on an equal basis. That was when the Liberals had the majority. Otherwise, the House of Commons would run everything and we would be their pawns.

We have to stop and seriously think each time we agree to enter into a joint committee about what it is we are doing to this institution; how we have to ensure that we protect the integrity and independence of this Senate.

I am prepared to agree with the proposal, but let us be careful where we go in the future on any kind of joint committee. We can be sure of one thing: The House of Commons would never agree to a committee considering privileges dominated by the senators.

Hon. Roch Bolduc: In reality, that has not been my experience. The Scrutiny of Regulations Committee is driven by the Senate.

Senator Molgat: Yes, in practical terms it is driven by the Senate.

Senator Frith: But that does not affect privileges, and so on.

Senator Molgat: The reason why that committee is driven by the Senate is that the senators are consistent in their presence. In fact, those of you who have had experience with joint committees will agree that generally, the Senate has more of an input in joint committees than the House of Commons because senators consistently attend. In committees it is not the individuals who appear once every now and then who are the people who do the work of the committee; it is done by those who are regulars. That is where the Joint Committee on the Scrutiny of Regulations has a great advantage. It does not impact on the House of Commons or affect what they do, but it does have an impact over all the regulations.

I am prepared to proceed with this committee, but I trust that when we are discussing any joint committees in the future, we will be careful before we simply accept what the House of Commons wants.

Hon. Hartland de M. Molson: Will Senator Molgat accept a question?

Senator Molgat: Certainly.

Senator Molson: In a joint committee such as this, what is the validity of the report when it is made with a minority Senate presence on the committee making the report? Would that not be a situation that might present considerable difficulties for the Senate?

Senator Molgat: Senator Molson, you mean if the proposed joint committee were to come out with a minority report?

Senator Molson: No, with a report in which the committee was composed naturally of a great number of members of the House of Commons. The report then comes out, but the committee would have been made up of a minority of the Senate and a majority of the House of Commons. When a report is made, what weight does that carry from the point of view of the Senate and the House of Commons?

Senator Molgat: That is an interesting concept, Senator Molson. I should ask you the question as an ex-president of the rules committee yourself.

Depending on what kind of report, neither house has to accept the report of a committee. The report of a committee is simply what the committee thinks. Both houses can reject it or one house can reject it and the other can accept it. It would be an interesting situation. Neither house is bound by the report of a committee. I presume that is how they would get out of it.

Senator Lynch-Staunton: Might I just assure Senator Molgat and colleagues that, no matter the tenor of the joint committee's report, there is no question that the bill, once it arrives here, will go through exactly the same procedures and stages as if there had been no report whatsoever, or a giant committee created.

Senator Molgat: Thank you.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Doyle:

> THAT the Senate do unite with the House of Commons in the appointment of a Special Joint Committee —

Senator Molgat: Dispense!

The Hon. the Speaker *pro tempore*: Dispense?

Is it your pleasure, honourable senators to adopt the motion? Will those honourable senators in favour of the motion please say "yea"?

Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators against the motion please say "nay"?

Hon. Senators: Nay.

In my opinion, the "yeas" have it.

Senator Molgat: On division.

Motion agreed to, on division.

[*Translation*]

BANKING, TRADE AND COMMERCE

SPECIAL STUDY ON DRAFT REGULATIONS— REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the twenty-fifth report of the Standing Senate Committee on Banking, Trade and Commerce, presented in the Senate on March 25, 1993.

Hon. Jean-Marie Poitras: Honourable senators, I move the adoption of this report.

The Hon. the Speaker *pro tempore:* Is it your pleasure to adopt the motion, honorable senators?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTY-FIRST REPORT OF COMMITTEE ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Doody, for the adoption of the Thirty-First Report of the Standing Committee on Internal Economy, Budgets and Administration (Senators' Secretaries Annual Leave), presented in the Senate on March 23, 1993.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I shall not be very long. I want to ask the committee chairman a question. I agree with the report, but the report says that secretaries can ask to be paid in full now or when they leave the service.

Whatever they choose, it means a lump-sum payment that could have a tax impact because they would have to take this amount, which could be large in some cases, in a single year. Would it be possible for a secretary to take part this year, part next year, and part the year after and so on — that is, spread the payment over a number of years? They would not be cheating in any way but simply reducing their income tax perfectly legally.

Hon. Thérèse Lavoie-Roux: Honorable senator, you were on the subcommittee yourself. We overlooked that point. Unless someone in this house objects, could a secretary spread these payments over a certain period? I understand that some of them have fairly large amounts. Should the number of payments be limited to three or four in principle? Could we accept this in principle and examine this provision to make sure that we are not creating additional obligations for the Senate and that we are being fair to the secretaries at the same time? If you agree to adopt the report, we could look into the point you just raised later on.

Senator Molgat: I was present at the meeting and I accepted what was said there, but later, when I thought it over, I realized that we may have committed an injustice in a way. Since these secretaries had accumulated this entitlement over many years, it might be fairer to let them withdraw it in the same way. With your recommendation that it is not necessarily graven in stone and that we are prepared to make changes, I accept what you said.

Senator Lavoie-Roux: There are terms and conditions for payment. We agree that leave should no longer be accumulated beyond a year. As for spreading the payment of amounts we owe them, we will reconsider it to make it as fair as possible for everyone.

The Hon. the Speaker *pro tempore:* The Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Doody, moved the adoption of this report. Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

• (1640)

THE ESTIMATES, 1993-94

MOTION TO CHANGE COMMITTEE DESIGNATED TO CONSIDER CERTAIN COMMUNICATIONS VOTES WITHDRAWN

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Doody:
>
> THAT Communications Votes 35, 40, 45 (Canadian Broadcasting Corporation), Vote 80 (National Film Board) and Vote 65 (CRTC), wherein the said Votes deal with the Valour and the Horror, of the 1993-94 Estimates, which were referred to the Standing Senate Committee on National Finance on 25th February, 1993, be withdrawn from the said Committee and referred to the Standing Senate Committee on Social Affairs, Science and Technology.—(*Honourable Senator Lynch-Staunton*)

Hon. Jack Marshall: Honourable senators, I have decided to withdraw this motion.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Honourable Senators: Agreed.

Motion withdrawn.

QUESTION OF PRIVILEGE

SPEAKER'S RULING

The Hon. the Speaker *pro tempore*: In her submission yesterday, the Honourable Senator Carney rose on a question of privilege. She stated that her privileges were infringed by the publication of certain allegations which were false, and the publication of which was damaging to her reputation.

What the Chair has to decide is whether a *prima facie* case of privilege has been established.

I refer honourable senators to rule 44 of the *Rules of the Senate*. The procedure is succinctly described in *Parliamentary Privilege in Canada* by Joseph Maingot, Q.C. p. 189-190:

> A *prima facie* case of privilege in the parliamentary sense is one where the evidence on its face as outlined by the member is sufficiently strong for the House to be asked to send it to a committee to investigate whether the privileges of the House have been breached or a contempt has occurred and report to the House.
>
> While the Speaker may find that a *prima facie* case of privilege exists and give the matter precedence, it is the House alone that decides whether a breach of privilege or a contempt has occurred, for only the House has the power to commit or punish for contempt.

Parliament is an institution where, protected by the Constitution, its members are free to perform their duties without the interference of improper allegations.

The citations in this ruling are from a ruling in the House of Commons. Obviously there are differences in practice between the two chambers. The matter of privilege, however, adheres to members as members of the parliamentary institution of whichever chamber.

In searching for precedents within the Canadian Parliament, I wish to refer Honourable Senators to a ruling of Madam Speaker Sauvé in the House of Commons on March 22, 1983 (*House of Commons Debates* p. 24027):

> The effect of parliamentary privilege is to place a Member of Parliament above the law in circumstances where it provides his only protection in the fulfilment of his duties as a Member. It is not designed to create a privileged class of citizens as such. The Member enjoys his privileges on behalf of those he represents, not for his personal advantage. Defamation of a Member of Parliament certainly falls within the ambit of privilege.

Since 1969, at least 7 different occurrences with question of privilege were raised in the Senate with reference to printed allegations.

In this case, the Honourable Senator Carney has asked the Chair for a ruling on a *prima facie* case of privilege so that the matter could, by motion, be referred to a committee of the Senate.

I would like to quote from the previously mentioned ruling:

> A reflection upon the reputation of an Hon. Member is a matter of great concern to all Members of the House. It places the entire institution under a cloud, as it suggests that among the Members of the House there are some who are unworthy to sit here. An allegation of dishonourable conduct inevitably affects the Member's ability to function effectively while the matter remains unresolved.

The Speaker also referred to a memorandum submitted by Mr. L.A. Abraham, to the British Select Committee on Parliamentary Privilege in December 1967 and I quote:

> The object of an action for defamation is to obtain for the plaintiff compensation for the loss of that esteem in which other people previously held him. But when the House proceeds against a person who has published a libel on a Member in his capacity as a Member it is not moved by concern for the injury to the Member's reputation, nor is its object to secure reparation therefor..

[*Translation*]

> No, the reason for treating libels on Members in their capacity as Members as contempts is their tendency to obstruct Members in the performance of their functions by bringing them into hatred, contempt or ridicule...
>
> Bearing in mind the dilatoriness and uncertainty of litigation, the possibility of the defamed Member's succeeding in an action for defamation cannot be regarded as an adequate substitute for the summary infliction of punishment by the House itself as a means of preventing Members from being obstructed in the performance of their functions.

[*English*]

• (1650)

This argument would appear to be conclusive justification for finding that a *prima facie* case of breach of privilege exists following the submission of the honourable senator.

I would also like to refer honourable senators to a ruling of former House of Commons Speaker Jerome, given on July 23, 1977 which supports what has been said earlier and which Madam Sauvé herself referred to in the ruling previously cited.

Upon review of the submission by the Honourable Senator Carney and of parliamentary precedents cited, I therefore rule that a *prima facie* case of privilege has been established.

REFERRED TO COMMITTEE

Hon. Pat Carney: Honourable colleagues, I should like to thank the Speaker for his ruling. I did not realise that it had been so rarely granted in the past. I move:

> THAT the allegations made in the Canadian Press article by Mr. Gordon MacIntosh which appeared in a number of newspapers on or about March 27, 1993 concerning the issue of the missing ministerial international trade papers be referred to the Standing Committee on Privileges, Standing Rules and Orders.

On motion of Senator Carney, matter referred to the Standing Committee on Privileges, Standing Rules and Orders.

BUSINESS OF THE SENATE

The Hon. the Speaker *pro tempore*: Honourable senators, I am in a somewhat difficult situation. I have to ask for the opinion of honourable senators.

I am referring to rule 45(8). Rule 45 deals with the situation which just occurred. When a *prima facie* case has been made and there is a motion such as the motion which has been carried, subsection (8) states:

> If the Senate had previously completed consideration of the Orders of the Day for that sitting, after the debate on the motion is concluded —

That is, the motion which was just passed.

> — and the question has been put, a motion to adjourn the Senate shall be deemed to have been moved and adopted.

Therefore, I can only try to solicit the will of the Senate as to whether a motion to adjourn is deemed to have been moved and passed, or whether there is an agreement not to implement that provision.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, can we assume that we will remember this the next time, and for today we shall waive the rule?

The Hon. the Speaker *pro tempore*: Is that agreed, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I am, frankly, tempted not to. I think we have stupid rules and here is a perfect example. However, I will not be obstinate. The rest of the matters before us are not of great import, so I am prepared to carry on with the balance of the Order Paper. I think most of it will stand, in any case.

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS
INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related acts.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, April 5, 1993.

The Senate adjourned until tomorrow at 9 a.m.

THE SENATE

Friday, April 2, 1993

The Senate met at 9 a.m., the Speaker *pro tempore* in the Chair.

Prayers.

[*Translation*]

ROUTINE PROCEEDINGS

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators —

Senator Lavoie-Roux: We would not miss that.

Senator Hébert: Senator Lavoie-Roux, I know you would not miss that, so I do not want to disappoint you —

Honourable senators, I have the honour to present petitions signed by 140 citizens of Quebec — the province of Senator Lavoie-Roux — who oppose the goods and services tax.

These petitions come mainly from Rougemont, St-Paul, St-Césaire, Ange-Gardien, Esplanade, Montréal, St-Ambroise, Pierrefonds and Dollard-des-Ormeaux.

All these are cities and towns that Senator Lavoie-Roux knows well!

If the government will not hear those citizens, they will make themselves heard loud and clear on election day, which has been delayed for too long!

[*English*]

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993— NOTICE OF INQUIRY

Leave having been given to revert to Notices of Inquiries:

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I give notice that on Tuesday, April 6, 1993, I will call the attention of the Senate to the disastrous record of the Mulroney administration, beginning in 1984 when it first broke faith with the Canadian people, to 1993 when the Prime Minister announced his resignation.

QUESTION PERIOD

QUEBEC

MOVEMENT FOR SOVEREIGNTY— SUPPORT BY GOVERNMENT OF FRANCE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I see that the Leader of the Government has arrived. I am not objecting to the fact that he is late; I was afraid that we might not have an opportunity to question him.

My question refers to an article in the *Globe and Mail* with the headline "Parizeau buoyed by U.S. talks." The problem is that at the very end of the article, it states:

> And after a private meeting last week with French President François Mitterrand in Paris, Mr. Parizeau says that France has begun exploring ways to "actively support" Quebec's march toward sovereignty.

Perhaps the minister could tell us whether he has any information on that situation. Has the Department of External Affairs taken note that apparently the French government is actively supporting Quebec's march toward sovereignty? Has the Canadian ambassador to Paris spoken to the French government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, those are valid questions if there is any foundation to the news article and to the statement attributed to Mr. Parizeau. However, all I can say for now is that the record of President Mitterrand, in all of the time he has been in office, has been one of unequivocal support for Canada, and total determination to respect the right of Canadians to make their own decisions on the matters that concern us. There has never been, throughout the time that President Mitterrand has been in office, the slightest misunderstanding between our two governments or countries on those matters.

Senator Molgat: I am pleased to get that statement from the minister. Could you enquire of the department to see whether or not Mr. Parizeau's statements are correct?

While you are doing that, could you also enquire whether there is any change in the views of the American administration? Mr. Parizeau also interprets that there is a clear sign that the Americans view Quebec sovereignty with a high degree of probability, and indeed have changed their attitude, because now, apparently, representatives of various government departments, the State Department in particular, have been attending his dinners, something they did not do in the past. Does that indicate a change in the position of the American government?

Senator Murray: Honourable senators, have we not been hearing the same story from leaders of the Parti Quebecois for many years now? I very much doubt that there is any foundation at all for Mr. Parizeau's statements in that regard, but I will obtain a statement from my Cabinet colleague Ms McDougall on the matter.

HEALTH AND WELFARE

PATENTED MEDICINE PRICES REVIEW BOARD— REQUEST FOR REPORT

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday in Question Period we discussed the report of the Patented Medicine Prices Review Board, and I take it the Leader of the Government in the Senate is not in a position to table that report yet.

The impression one might have from our exchange was that we would await the analysis that he promised us before we received the report. I see him shaking his head, so perhaps I did not give him the wrong impression, or he did not get the wrong impression.

There is no reason why we should not have the whole report in the meantime, if it is available. I hope that during any break that we have, he will consider this matter. Perhaps we can consult on how the report and the analysis could be the subject matter of an investigation by a Senate committee, and we might settle on which committee that should be.

Hon. Lowell Murray (Leader of the Government): To take the last part of the question first, as I said to Senator Thériault yesterday, let us take this matter in steps. The first step concerns the report itself.

I must say I do not know any reason why the report would not be available, but that is why I undertook, yesterday, to take the matter up with my Cabinet colleague Mr. Bouchard, the Minister of National Health and Welfare.

Assuming it is available, I will bring it to the Senate. In the meantime, I will send a copy to my honourable friend during the recess.

Hon. Philippe Deane Gigantès: I am not sure I understand what you mean by "assuming it is available." It has been published. Other people have seen it. Why would it not be available?

Senator Murray: Honourable senators, I am not aware whether the study was published by the commission or a copy of it was obtained in some other way through the media. I am just leaving myself some latitude should I have to come back here and tell the Senate that for some reason, which I would want to share with honourable senators, the report is not available from official sources.

Senator Gigantès: That is what worries me. Suppose it has been made available to the media. Is it proper that something is made available to the media and then not made available to the Senate?

Senator Murray: The honourable senator professes to be worried about these matters. He, perhaps better than most of us, is familiar with the technique of the plain brown envelope. There are documents and parts of documents that sometimes are leaked, or circulate over transoms and under doors.

• (0910)

I am referring here to documents that are not officially in the public domain. I have just left myself that latitude, because I have not had an opportunity to discuss the matter with Mr. Bouchard, or to ask him whether this report is ready for release to the public by his department or by the commission which reports to him. That is all.

Hon. Roméo LeBlanc: Honourable senators, may I ask the Leader of the Government if people like Dr. Goyer, who was on Radio Canada last night, are wrapped in brown envelopes? I do not think you could have slid him under a door.

The reality is that the members of the commission have done their job. They have investigated. They seem to have reported, although we have not seen the report. They are certainly giving interviews.

There was a very lengthy interview on Radio Canada's *Téléjournal* last night, which I thought was very enlightening. I hope that such information might be shared with members of Parliament.

Senator Murray: The honourable senator will not be surprised to know I was long since in my bed at the time *Téléjournal* came on, so I did not see the report to which he refers.

I do not disagree with anything my friend has said. I have undertaken to speak to Mr. Bouchard to ask whether there is any reason in the world why this report has not been, or is not being, released by him or by the Patented Medicine Prices Review Board which commissioned the study.

Senator Gigantès: You mean any reason other than the fact that it is embarrassing for your government?

Senator Murray: No, honourable senators.

Senator LeBlanc: That is the brown envelope — the embarrassment.

TRANSPORT

TRANS-CANADA HIGHWAY—RECONSTRUCTION OF NEW BRUNSWICK SECTION

Hon. Eymard G. Corbin: Honourable senators, while the honourable Leader of the Government was attempting to put himself to sleep at an early hour last night, I wonder if instead of counting sheep he perhaps counted the number of times I have risen in the Senate to attempt to find out from the government if and when they intend to contribute to the road rebuilding program in the Maritime provinces, especially in New Brunswick.

I ask this question in view of the fact that the Prime Minister did state very emphatically some years ago, in the course of a visit to Saint John, New Brunswick, that the New Brunswick portion of the Trans-Canada Highway urgently needed rebuilding.

Did the minister give himself enough time last evening to think about that? Perhaps if he had, he would be in a position today to give me an answer, which would be comforting not only to me but to New Brunswick senators who sit on the same side as he and, indeed, to all the people who have to use that terrible road in New Brunswick.

Senator LeBlanc: He would not sleep if he had to ride on that road.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I mean no offence in saying that my last thoughts as I fell asleep last night were not of Senator Corbin.

Senator Lynch-Staunton: You wanted to sleep well.

Senator Corbin: Don't worry about me, think of New Brunswick. Think of what your Prime Minister said, and of his commitments.

Senator LeBlanc: That is his nightmare.

Senator Murray: The honourable senator wants to know whether we intend to contribute to that road building program, as he puts it. I hope there is no misunderstanding between us. The answer is yes.

Senator Corbin: When?

Senator Murray: An announcement is imminent, honourable senators.

Senator Corbin: Is it part of the slush fund we are voting for Treasury Board in view of election programs?

Senator Murray: Honourable senators, as I recall, there was an announcement contained in the budget of February 1992 relating to infrastructure, and quite detailed and intensive discussions have taken place between the federal government and the provinces of Nova Scotia and New Brunswick, as well as other provinces, on this matter. There will be a series of announcements in the coming weeks.

Senator Corbin: I would thank the minister. I think we have made some slight progress over the last five years.

Senator Murray: More than slight.

Senator Corbin: I am still anticipating the announcement to see to what extent the federal government is, indeed, committed to rebuilding the Trans-Canada Highway.

Senator Murray: If my friend has driven those roads as recently as I have, he will have observed that a good deal of the work is already under way, and notably so in his part of New Brunswick. It is just a matter of the federal government's sending a share of the cost.

Senator Corbin: I will acknowledge that there has been some progress. In fact, I was instrumental in starting this debate when I was an elected member of the House of Commons. I remind him of that. I did my job. You do your share.

Senator Murray: It certainly takes a long time. The last time I drove on that road in the republic of Madawaska was last fall, and the machinery was quite busy.

Senator Corbin: It so happens that was the worst section, and it had been neglected for a long time by a certain government which I will not mention at this time.

Hon. Philippe Deane Gigantès: I thought the leader of the Conservative Party opposite was a member of a government that maintains that everything was done by the Liberals. Therefore, if he started the work ten years ago, that is what happened.

HEALTH AND WELFARE

PATENTED MEDICINE PRICES REVIEW BOARD—TIMING AND CONTENT OF REPORT

Hon. Philippe Deane Gigantès: I wish to come back to the question of the drug legislation. Would the Leader of the Government also ask his colleague Minister Bouchard whether he had any inkling of what that report might contain before the introduction of the drug patent legislation here in the Senate?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will convey to my Cabinet colleague all of the questions that have been asked on this matter in the last couple of days.

TRANSPORT

NATIONAL AIRLINES—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, yesterday I asked the Leader of the Government whether or not the federal government has a national policy respecting airlines, and I was amazed to learn that they do not have such a policy.

Hon. Lowell Murray (Leader of the Government): But we do.

Senator Olson: Just deregulate, and then hands off. That is the gist of what he said. Yesterday, Nationair was grounded for a number of reasons, but primarily because they are in financial difficulty and apparently unable to pay their insurance fees and that sort of thing. Of course, some passengers who have been stranded in various places around the world have been able to make reservations on other airlines and to get home.

Is the government taking enough interest in air passenger policy to do whatever is necessary to make sure that two other airlines, namely Canadian Airlines International and Air Canada, who have also admitted that they are having severe financial problems, will not find themselves in a situation where, at some point, the National Transportation Agency will just simply suspend their permit to fly, thus leaving Canadians stranded all over the world?

Senator Murray: Honourable senators, with regard to Nationair, that was primarily a charter operation. It did not have a national system of scheduled services. The information that I have is that the National Transportation Agency does maintain the framework within which charter services operate, and the regulations require that advance payments made by consumers and tour operators for international charter service must be protected. In the event that an air carrier fails to provide charter transportation, the protected funds become available to the tour operator. The tour operator may use these funds only to reimburse consumers or to charter another air carrier.

While I do not have any information further than that from my colleague the Minister of Transport, the information I hear through the news media this morning is that the usual process is being followed in the case of Nationair.

Senator Olson: I have a supplementary question. The minister mentioned that, for airlines who run a charter service, there is a requirement that the funds be protected so that passengers who may be stranded in various places around the world can get home. I understand that is going on.

• (0920)

Does that requirement apply to regularly scheduled aircraft too? Do people who buy return tickets have a guarantee that they will be able to get back in the event that an airline is suspended from flying? I do not think it does, but I should like to hear from the minister.

Senator Murray: Honourable senators, the regime is somewhat different and I would have to get a precise statement on the matter from the Minister of Transport.

Senator Olson: That is what we would expect, but are we not moving towards having a national policy so that the people of Canada know what the future of their airlines will be? Or is it simply that, now that the industry has been deregulated, the market can take care of things from here on, as I understood the minister to say yesterday?

Senator Murray: Honourable senators, we do have a policy, and I told the honourable senator yesterday what that policy was. It is a fact, and the honourable senator alluded to it yesterday, that there remains considerable over-capacity in the overall airline industry network in this country.

My colleague Mr. Corbeil has already indicated that we shall probably have to examine the regulatory regime to ensure that it continues to promote a healthy and competitive environment for the airline industry.

Senator Olson: So the answer is that you are just monitoring this situation at the present time to see what might happen, and in the meantime you will stand idly by while these airlines continue to sink deeper and deeper into debt. That is what has been happening, and I am just trying to find out if the government, on behalf of the Canadian people, intends to take any interest in this problem and do something about it before both airlines go broke.

Senator Murray: Honourable senators, I am sure that Senator Olson knows as well as anyone in this chamber that our Canadian airlines are not unique in the world in terms of going through a period of financial difficulty. The airline industry, worldwide, has for some time been going through a severe shakedown with a great deal of restructuring taking place. We are not immune to that. It is taking place here as well.

The government is determined not to over-react or over-simplify these very complex issues in dealing with any given corner of the problem. We believe that our policy is sound. We agree that the regulatory system has to be, as my friend puts it, monitored, and we want to ensure that it is such as to promote a healthy and competitive environment for the airline industry in the interests of consumers.

Senator Olson: Honourable senators, financial disaster or financial collapse is, in my view, not simply one corner of the industry, as the honourable minister puts it. It is the whole industry, and that is what Canadians are interested in. They want to know whether their federal government, which has the responsibility for the air industry because it is a trans-provincial industry, will show some interest and set up some rules and regulations respecting that industry so that it does not collapse.

There is absolutely no doubt in anyone's mind that it will collapse unless the two airlines change their predatory pricing policy. Does the Government of Canada not take any further interest in it?

Senator Murray: Honourable senators, there are some constraints on what the Government of Canada can do with regard to telling companies in the private sector what to do with regard to their pricing and scheduling practices. There is a competition law in this country that we must respect, and no minister of the Crown can involve himself or herself in a way that contravenes that law. Further to that, while my friend has not quite had the gall to say so explicitly —

• (0930)

Senator Frith: That is one thing this government is an expert on: gall.

Senator Murray: — Senator Olson is longing for the good old days of a regulatory regime under the heavy hand of the federal government, in which it was cheaper to buy a ticket from Toronto to Switzerland than it was to buy a ticket from Toronto to Calgary. He longs for the good old days.

Senator Molgat: It is cheaper now; substantially cheaper.

Senator Olson: Honourable senators, I do not think the Leader of the Government has any right to impute motives to me.

Senator Lynch-Staunton: What gall!

Senator Olson: That is not what I am longing for.

Senator Murray: What are you longing for?

Senator Olson: The Leader of the Government says that there are limitations to the government's authority. There was a satisfactory regime in place when it was necessary to make application to an air transport authority for routes. At that time there was not the overcapacity that is killing both airlines now. The Leader of the Government knows that; I know that. The government knows it can make rules respecting which routes scheduled airlines fly.

Honourable senators, my question is this: Will the government stand idly by and watch the Canadian airline industry collapse?

Senator Murray: Honourable senators, there is overcapacity. As a matter fact, we estimate that there may be 15 to 20 per cent overcapacity in the industry in Canada today. There is also competition in the industry today.

Senator Olson: There is predatory pricing.

Senator Murray: The honourable senator talks about predatory pricing, but he wants a regime in which the government will dictate to the airlines what routes they are to follow. We do not think that is in the interests of consumers who are looking for travel at economical prices.

As a former free enterpriser, the honourable senator will recall —

Senator Olson: Not former..

Senator Murray: — that there is a difference between competition and the effects of overcapacity.

Senator Olson: I have a final supplementary.

The Honourable Minister knows as well as I do that sooner or later the government will get involved in this matter unless management changes its views dramatically.

By the way, the government is a major shareholder in one of the airlines. Will the government simply stand back and let it collapse?

Senator Murray: Let what collapse?

Senator Olson: The airline industry. The two major airlines in Canada lost over $500 million each last year on top of the losses of the year before. In fact, they have lost money every year since deregulation.

Hon. Philippe Deane Gigantès: Honourable senators, I also have a supplementary.

Is there a school of thought that it is best that we lose our airline industry, that it be bought up by the Americans piece by piece, that we no longer have a Canadian airline industry, but that we have American carriers servicing Canada as they see fit on the hub and spoke principle?

Senator Murray: The last time I looked, honourable senators, Canadian airlines were buying American airlines; not the reverse.

Senator Gigantès: Canadian airlines were buying American airlines? Surely you mean Air Canada is buying Continental.

Senator Murray: Yes, a Canadian airline, Air Canada.

Senator Gigantès: Incidentally, I just bought a return ticket to London for $490. I cannot get to Calgary and return for that amount.

Senator Di Nino: I thought it was one way!

Senator Gigantès: You would like that, wouldn't you.

Senator Lynch-Staunton: Can I drive you to the airport?

Senator Gigantès: The Tories in Britain would not like me, either.

Senator Lynch-Staunton: Don't send a postcard.

ORDERS OF THE DAY

GOVERNMENT EXPENDITURES RESTRAINT BILL, 1993 NO. 2

THIRD READING

Hon. Roch Bolduc moved the third reading of Bill C-113, to provide for government expenditure restraint.

MOTION IN AMENDMENT OF SENATOR MOLGAT NEGATIVED

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I move:

> THAT the Bill be not now read the third time, but that it be referred back to the Committee for further consideration.

Honourable senators, the bill certainly requires that much. Those who attended yesterday's committee meeting are quite aware of that.

Senator Murray: Question!

The Hon. the Speaker *pro tempore*: Honourable senators, in amendment, it was moved by the Honourable Senator Molgat, seconded by the Honourable Senator Frith:

> THAT the Bill be not now read the third time, but that it be referred back to the Committee for further consideration.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, speaking to the motion, on Wednesday evening of this week at 7:30 p.m., while the Conservative members in the other place were forcing through the NAFTA agreement at second reading in the House of Commons under closure, their Conservative colleagues in the Senate were imposing closure on Bill C-113 in committee. Before even a single witness had been heard on the bill, the Deputy Leader of the Government, Senator Lynch-Staunton, moved that the hearings of the Standing Senate Committee on National Finance on Bill C-113 be concluded by Thursday, April 1, at 1 p.m. Not a single witness had been heard at that point; not a single opinion or view had been expressed by anyone, not even by departmental officials. However, that did not stop the motion for closure by Senator Lynch-Staunton. After the motion was carried by the Conservative majority that evening, departmental witnesses were then heard.

The committee met again at nine o'clock on Thursday morning. For a while, it did not seem that the Conservative senators were interested in attending — or not enough of them — so the committee adjourned. It reassembled at 10 to hear from non-governmental witnesses. Then, after three-and-a-half hours of hearings at 1:30 p.m., the guillotine came down. Canadians wanting to tell us — that is, the senators — their views, could go home.

The Conservative members of the committee now, apparently, knew everything there was to know about all aspects of Bill C-113. If so, they did not share this knowledge with the other members of the committee, or with us.

Honourable senators, here is legislation affecting Canadians in every single town, village, hamlet in every corner of this country. This government decides that three-and-a-half hours of testimony from their fellow Canadians, whose taxes maintain this institution and whose constitutional duty includes listening to them, is sufficient. However, not a single witness had been heard, not a single word, when Senator Lynch-Staunton, on behalf of the Conservative government, decided to impose closure. The committee was allowed to hear, apart from departmental officials, only seven witnesses.

Honourable senators, perhaps Senator Lynch-Staunton would write a letter — and I ask that he do so on behalf of all senators in this chamber — to the other witnesses who wanted a chance to appear but were denied the opportunity. If he does so, perhaps he might share with us how he will explain what took place.

I can help the honourable senator with the witnesses to whom he could write. The following is a list of potential witness who were not heard, and some who did appear as witnesses: Solidarité populaire Québec, "no"; Mouvement action-chômage de Montréal, "yes"; Action travail des femmes, "yes"; Au bas de l'échelle, "no"; Mouvement Action Chômage de Longueuil, "no"; Des Centres de Femmes du Québec, "no"; Centrale de l'enseignement du Québec, "no"; Regroupement des chômeurs et chômeuses de l'Abitibi-Temiscaminque, "no"; Conseil des travailleurs et travailleuses du Montréal métropolitain, "no"; Ontario Coalition Against Poverty, "no"; Canadian Labour Congress, "yes"; United Van Lines Canada Limited, "no"; Prince Edward Island Federation of Labour, "no"; Action Canada Network, "no"; Canadian Union of Postal Workers, Toronto Local, "no"; Labour Council of Metropolitan Toronto and York Region, "no"; Thunder Bay and District Labour Council, "no"; Ms L. Tremblay, "no"; Tunnel and Rock Workers, Local 168, "no"; Université du Québec à Montréal, "no"; United Steelworkers of America, "no"; Canadian Centre for Policy Alternatives, "no".

Incidentally, this document, which I will be glad to table, includes a column stating the date the request was received. All of the requests I have just referred to were received between March 17 and March 31.

Hon. Jean-Maurice Simard: You are the one who knows these people. You picked the names, so maybe it would be interesting to know that. Maybe Senator Olson has said "No" to these people.

Senator Hébert: Why don't you stand up? We do not see you well.

Senator Hastings: Use a bull horn!

Senator Simard: You are shooting at your own gallery now!

Senator Frith: Honourable senators, Senator Lynch-Staunton is amused, as I am —

Senator Simard: And rightly so.

Senator Frith: — by the fact that Senator Simard is mumbling away.

Senator Simard: I may be mumbling, but you heard me. It is on the record. Senator Olson said "No" to them, and rightly so. So don't shoot at us but at Senator Olson.

Senator Molgat: The committee said no. A majority said no.

Senator Simard: You have been scoring into your own net for some time.

Senator Frith: Is there no button that can shut off the motor of that mouth?

Senator Simard: Well, you can try to shut me up. Other people have tried before.

Senator Frith: If so, I ask your colleagues to push it. We were up to Request No. 21.

Senator Molgat: It is a real perpetual motion!

Senator Gigantès: He has to become as good as Senator Flynn, so he has to practice. Let him do so!

Senator Frith: Request No. 22 was from the Canadian Centre for Policy Alternatives and the reply was "No".

This list continues: International Union of Operating Engineers, Local 793 "no"; International Association of Bridge, Structural and Ornamental Iron Workers, Local 97, "no"; National Union of Public and General Employees, "no"; Northwest Territories Federation of Labour, "no"; Ontario Federation of Labour (CLC), "no"; Nova Scotia Federation of Labour (CLC), "no"; Peace River District Labour Council, "no"; Shipyard General Workers' Federation of B.C., "no"; Professional Institute of the Public Service of Canada, "no"; Mr. Jack Miller, "no"; International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada, "no"; Nova Scotia Government Employees Union, "no"; Strait Area and District Labour Council, "no"; International Association of Machinists and Aerospace Workers, District Lodge 78, "yes"; New Glasgow and District Labour Council, "no"; Operative Plasterers' and Cement Masons' International Association of the United States and Canada, Restoration Steeplejacks Local 172, "no"; Fredericton and District Labour Council, "no"; Hoyt's Group of Companies, "no"; Cape Breton and District Labour Council, "no"; Toronto-Central Ontario Building and Construction Trades Council, "no"; Public Service Alliance, "no".

The number of requests on this list is 43. The number of groups that were told "yes" amounted to four; those told "no" were 39.

I have all of the requests here. I would ask leave to table them and I would ask that the master list of requests of people wanting to appear before the committee, as I have just referred to it, form part of the record of our *Debates of the Senate* today.

(*For list of requests, see appendix, p. 3069*)

It would be excessive to put all of the letters on the record, but each one of those names that I read out is supported by a letter. I am handing the sheet and the letters to the page now.

Honourable senators, that list, together with the actual events of the last couple of days, tells the story.

Hon. Consiglio Di Nino: For the record, honourable senators, I am one of those senators accused of not wishing to be at the hearings yesterday morning.

Senator Hébert: You were late!

Senator Di Nino: My colleague, Senator Simard, and I were transported by the bus, but it was 15 to 17 minutes from the time we were waiting at the door of the Victoria building until we arrived.

Senator Hébert: You should have left an hour before!

Senator Di Nino: Allow me to finish, please. Unfortunately, the weather yesterday morning was not the best. We got there some six or seven minutes after nine and we apologized to the chairman for being late.

Circumstances were such that they were beyond our control. When we arrived we were informed that the meeting had just been adjourned. There were six members plus the chairman. Certainly, a quorum existed. There were witnesses in their chairs waiting to make their presentation. With a quorum present the witnesses certainly could have been heard.

The record should show that what happened yesterday morning was just silly games being played by the opposition.

Senator Frith: You always characterize anything you lose as being "silly".

[*Translation*]

• (0940)

Hon. Jacques Hébert: Honourable senators, one of the great successes of this government is that it has mocked our parliamentary system to such an extent that public opinion no longer reacts to abuses of the worst kind. We still remember the scandal created a long time ago when a Liberal government used the guillotine during the pipeline debate.

Now, that type of scandal is commonplace since the Tories came to power.

A few days ago, my colleague Senator Molgat quoted what Professor Robert Jackson said at a workshop organized here in the Senate. I may add that Senators Lynch-Staunton and Barootes were also present. I was there and I could not believe my ears when the distinguished professor revealed that, since 1988, the present government has used the guillotine more often than all prior governments combined since Confederation, so much so that the media do not react anymore.

Canadians will end up believing that democracy demands that the opposition be stifled and that ordinary citizens or agencies that represent them be prevented from saying they disagree with a bill.

Bill C-113 is a typical example of this reactionary attitude. Time allocation was imposed first, in the House of Commons, at all stages, and then in the Senate.

In fact, it was even worse when they restricted public hearings to four hours and seven witnesses, although dozens of other witnesses were prepared to come, as Senator Frith just pointed out, from all over Canada, because the committee refused to leave Ottawa and go to the regions to listen to present and future victims of Bill C-113.

Yesterday morning, a little after nine o'clock, as Senator Di Nino said just now, Liberal members of the National Finance committee tried to persuade the government to reverse its decision. All they managed to get — because the Conservative majority was late — was an hour's adjournment. They hoped that meanwhile the government would reconsider and give a little more substance to this pretence at public hearings.

Senator Bolduc made quite a hue and cry, accusing the Liberals of wasting one hour of the four hours available for these hearings. Doesn't the senator realize that three, four or even ten hours wouldn't make a difference?

A bill that will affect millions of Canadians who are among the neediest in this country certainly deserves to be examined indepth, and Canadians should have been given a chance to express their views. The committee should have held public hearings at least in the country's five regions, and preferably in each province. It should have announced the schedule for the hearings well in advance. The hearings could have been spread over a period of several weeks without any serious inconvenience.

The few witnesses the government bothered to invite were outraged at the way they were treated. It was probably the first time or, at most, one of the few times they were ever asked to present a brief with less than 24 hours' notice.

I am surprised that these witnesses, who represent major groups of union and non-union workers, well known women's groups, and so forth, came in spite of all that. I am surprised they bothered to come, since the whole thing is so useless. It was a farce. Some Conservative senators had no compunction about demonstrating their disagreement with the eminently reasonable arguments that were submitted. Senator Simard, with his usual tact, even interrupted some witnesses to contradict them. Now I ask you!

It was obvious the government would go through the motions of hearing a few witnesses but had no intention of making the slightest changes in Bill C-113. Harvie Andre gave Senators Murray and Lynch-Staunton their orders: "I need a Royal Assent by April 2. Get with it!" I am sure that is the kind of language Mr. Andre would have used.

In an editorial published in *Le Droit* on February 11, under the heading " a biased bill", columnist Murray Maltais hit the nail on the head. He said, and I quote:

> The Unemployment Insurance Bill is generating more than opposition. It is raising a veritable storm. Employers and employees both finance the unemployment insurance plan. The government bill is biased: it gives employers all the rights and employees all the obligations. Non-union workers will be the worst off. For instance, a crooked employer —

Any businessman!

> — will be in a better position to take advantage of his employee because the burden of proof in all cases will be on the employee. This ruthless measure is a flagrant contradiction of the presumption of innocence.

> Mr. Valcourt must rethink his bill, eliminate its offensive aspects and above all avoid tarring abusers and victims with the same brush. The intrinsic evil of this legislation explains the outrage of its opponents. If the government insists on having this legislation passed, it will consecrate the right of the strong to crush the weak.

[*English*]

• (0950)

As I mentioned during my speech at second reading of the bill, the Conservatives are alleging that they must impose this measure in order to reduce the debt and deficit. I would suggest that this is another convenient excuse prepared by a cynical administration to undermine Canada's social programs.

[*Translation*]

As honourable senators probably know, unemployment insurance will be the largest item of program expenditure item for the federal government in 1993, nearly $22 billion.

Before Bill C-21 in 1990, the federal government's contribution to the unemployment insurance fund was about 20 per cent. Then the Conservatives decided to end the federal government's contribution and decreed that the fund would be financed solely through premiums paid by workers and employers.

Nevertheless, the Conservatives increased these premiums twice. They pay nothing but they increase the premiums that the others pay! In July 1991, premiums rose by 24 per cent and in January 1991 by 7.1 per cent. These premiums amount to $18 billion in 1992-93. However, the cost of the program has risen by $7 billion since 1990.

The reason for this increase is obvious: With this government's disastrous economic policies, unemployment went from 8.1 per cent in 1990 to 10.3 per cent in 1991 and 11.3 per cent in 1992. Furthermore, the costs related to unemployment insurance are constantly rising, and finally, the government decided in 1990, as you will recall, to finance training programs with money from the fund, whose total deficit is $4.9 billion, as we predicted in the debate on the first bill.

What impact will the proposed changes in Bill C-113 have on the unemployment insurance fund?

By lowering the benefit rate from 60 to 57 per cent and by denying unemployment insurance benefits to those who are dismissed or quit their jobs voluntarily, the government is hoping to save about $2.5 billion in two years. Nevertheless, despite these reductions, the deficit of the unemployment insurance fund will reach $7.6 billion by the end of the year.

Obviously, the impact of the changes imposed by Bill C-113 will be laughable. If the Minister of Finance wanted to control spending with this bill, as he said on December 2, he has failed miserably. As I said the other day, if the government honestly cared about putting its finances in order, it would have avoided measures like Bill C-92 which extends the tax break for trusts and thus deprives the government of hundreds of millions, even billions, of dollars in revenue.

So what will the consequences of Bill C-113 be for Canadian society? This measure will neither reduce nor limit the deficit in the unemployment insurance fund. It does not go after the real cheaters but attacks those who quit their jobs, thus affecting a negligible number of unemployment insurance recipients. Therefore the Conservatives put up the pretense that they want to weed out abusers and quitters from the UI system. That is nothing more than a diversion from the real problem.

[*English*]

In fact, the government is at a complete loss as to how they can resolve the unemployment crisis, a crisis they created in the first place. However, the price unemployed Canadians will have to pay for the government's ignorance could be quite high. For instance, when the government tabled its 1990 UI restrictions, thousands of families were thrown into poverty. The percentage of unemployed workers covered by the program fell from 70 per cent to 58 per cent, forcing many people to apply for welfare, which is paid by the provinces, of course. If Bill C-113 becomes law, many more people will be ineligible for unemployment insurance, and many more people will be forced to turn to the already overburdened welfare system.

The bill is so completely unacceptable to the civil servants who process UI applications that they have written a booklet to give job seekers tips on how to cut through unemployment insurance red tape. This brochure was also designed to help the unemployed qualify for maximum benefits and overcome barriers to qualifications under Bill C-113; legislation, as we know, that will cut off people who quit their jobs without just cause, or who get fired for misconduct.

I believe this brochure sums up the problem with the bill and with the government very succinctly. It is written by the people who administer these programs and it reads in part:

> Unemployment is a bad experience for most people. It causes a lot of stress and costs you a lot of money. You may never make up for the money you lose if you have to take a new job with lower wages or less hours.

> UI was intended to make things easier for you until you found a new job but the Conservative government has been cutting UI benefits and they are cutting them again on April 4, 1993. The result is that it is more difficult for you to get by while looking for a new job. You are paying the price through no fault of your own...The union that represents Canada employment centres has prepared this handbook to help the unemployed... However, it would be a bigger help if the UI cutbacks...were to be stopped...and it would be the biggest help of all if the Conservative government were to be defeated in the next election.

• (1000)

In its statement of solidarity the booklet states, as follows:

> Today, we stand together with the victims of Tory policies, programs and promises. In 1993, we will fight back, on the job, in the streets, and at the ballot box. In 1993, we will remember.

As far as I am concerned, this statement reflects the feelings of the majority of Canadians.

Finally, I should like to read into the record excerpts from an Ottawa *Citizen* editorial dated March 12. Indeed, this article underscores the nature and extent of Tory cynicism, as well as the reasons Canadians have had their fill of this jaded and withered government:

> What could cause four Tory MPs in committee to act like a band of self-important fascists? A witness speaking the truth about Tory corruption.
>
> The witness was Val Bourgeois, Canadian Vice-President of the International Association of Machinists and Aerospace Workers. He was testifying...on the government's unemployment insurance bill...until the committee's Conservative majority banished him — and expunged his testimony — in a vindictive act of censorship.
>
> This was a shocking and malign —

Senator Lynch-Staunton: Were they not one of the witnesses yesterday, senator?

Senator Hébert: Yes, I am coming to that.

Senator Lynch-Staunton: Why quote what happened over in the other place? Why don't you quote what happened here?

Senator Hébert: What happened over there has some importance in this country, or so I thought.

Senator Lynch-Staunton: It is completely irrelevant. We are supposed to be an independent chamber, remember.

Senator Hébert: The quotation continues:

> This was a shocking and malign abuse of parliamentary power. Having accepted the committee's invitation to appear, having spoken on his union's behalf, Bourgeois was subjected to an outrageous suppression of his own freedom of speech...This miserable episode in censorship would have been reprehensible had it occurred anywhere in Canada. It is scandalous occurring on Parliament Hill, the very site and symbol of Canadian democracy.

Senator Lynch-Staunton: Upheld by the Speaker of the House of Commons.

Senator Hébert: Yes, to his shame.

The editorial also raised the question as to where Canadians could speak freely, if not before Parliament. The answer, presumably, is the ballot box, and I quote, "with the graft and injustices of the Tory record clear in the public memory."

The Hon. the Speaker *pro tempore*: Honourable senators, I am obliged to point out that the honourable gentleman's time has expired.

Senator Hébert: Senator Lynch-Staunton —

Senator Cogger: Please sit down. No one said that you should continue.

[*Translation*]

Senator Hébert: You made dozens of witnesses shut up. Do you want to make me shut up, too? You want me to shut up. Sit down.

Senator Cogger: Senator Hébert should sit down.

Senator Hébert: Mr. Bourgeois, following pressures from Liberal senators—

Senator Cogger: Did Senator Hébert get permission to carry on? I simply ask if he did get that permission.

Senator Hébert: —was among the privileged ones to get an invitation to testify before the finance committee—

[*English*]

The Hon. the Speaker *pro tempore*: I have to ask if there is unanimous consent, honourable senators?

Hon. Senators: Agreed.

Senator Cogger: There is consent. All you have to do is ask.

[*Translation*]

Senator Hébert: When I was rudely interrupted by Senator Cogger who, of course, follows the rules in their minute details, I was saying that Mr. Bourgeois, following pressures from Liberal senators, was among the privileged ones to be

invited to testify before the finance committee — let us not forget that he was invited on a few hours' notice to face a group of upset and aggressive Conservative senators. Of course, since I cannot abuse the time which was so generously and spontaneously given to me, I will stop here for now.

Hon. Roch Bolduc: Honourable senator, it was almost like hearing literature when you started talking about those upset Conservative senators.

Senator Hébert: Literature is not for dogs.

[*English*]

Hon. H.A. Olson: Honourable senators, there seems to be a fairly severe division of opinion with respect to some of the activities that have taken place respecting Bill C-113. Therefore, as chairman of the committee, I should have made a report of what happened in the committee when I reported back to the chamber; I should not have waited until third reading.

However, we are now discussing an amendment to the motion. The main purpose of the amendment, although it is not so stated in the amendment, is for the committee to hear more witnesses. A bill can be referred back to a committee with instructions simply to hear more witnesses. Although not so stated in the motion, however, it is fair to assume that that seems to be the reason for referring it back.

What I intend to do will probably shock members on both sides of this house, because I will try to give a completely objective and nonpartisan analysis or explanation of what happened in the committee. I hope that those on this side will not be too badly shocked, and I also hope those on the other side will not be too badly shocked. It could almost be considered a complete change in personality.

Senator Murray: As soon as I heard my friend was rising to speak, I came in.

Senator Gigantès: That is taxing loyalty, sir. It does you honour.

Senator Olson: Bill C-113 seeks to implement a number of measures announced in the economic and fiscal statement of December 2, 1992. Your committee held two meetings to review the bill. At the first meeting on Wednesday, March 31, officials from the Department of Employment and Immigration and other affected departments appeared as witnesses to explain the bill and to respond to questions.

We met again on Thursday morning to hear representatives of seven groups and their concerns about different aspects of the bill. Various views were expressed at the meeting when we started and we were obliged to shorten some of the time for hearing witnesses, because we started hearing them at 10:00 a.m. instead of at 9:00.

Clauses 1 to 12 of Bill C-113 give effect to the two-year wage freeze announced in the December statement. This freeze is retroactive to the date of expiry of the previous zero-and-three compensation plan in the case of public servants and the Governor and Deputy Governor of the Bank of Canada. For the Governor General, Lieutenant Governors and members of Parliament it is retroactive to January 1, 1993. It is supposed to be effective April 1 for the federally appointed judges.

• (1010)

The freeze requires amendments to the Public Sector Compensation Act, the Governor General's Act, the Judges Act, the Parliament of Canada Act, and the Salaries Act. For MPs and senators, the effect of Bill C-113 is to forgo the 0.6 per cent increase in the tax-free allowances that were scheduled for 1993 under Bill C-29 and to freeze both the sessional indemnity and the allowances at their 1991 levels through 1994 and 1995.

Honourable senators will recall that Bill C-76 extended the 5 per cent cut in ministerial salaries through 1995 as well.

Witnesses raised objections to the suspension of collective bargaining that is extended by Bill C-113. Clause 13 reduces payments to the provinces under the Public Utilities Income Tax Transfer Act by 10 per cent of the amounts otherwise payable. Clauses 14 to 17, dealing with transportation subsidies, amend the Atlantic Region Freight Assistance Act, the Maritime Freight Rates Act and the Western Grain Transportation Act to reduce the amount payable by the federal government under those acts.

Your committee heard from witnesses from Prairie Pools Inc. and the Canadian Dehydrators Association, who rely on rail transportation to ship their grain and other products and who believe that the proposed reduction in federal payments under the Western Grain Transportation Act, known as the Crow Benefit, will raise the costs of producers and lower their income in contravention of previous commitments. They named those commitments, and I will not name them now.

The Prairie Pools representatives also drew the committee's attention to the current review of grain transportation policy, which they stated would be adversely affected by reduction of federal support at this time.

Clauses 18 to 25 of the bill amend the Unemployment Insurance Act. These were the clauses over which there was the most controversy, of course. For claimants who establish benefit periods between April 4, 1993 and when the bill comes into force, unemployment insurance benefits payable will be reduced from 60 to 57 per cent of insurable earnings. Since there is no indication of what will happen after April 1, 1995, the benefit rate will presumably revert to 60 per cent at that time.

The government has argued that this provision brings the unemployment insurance benefit rate more into line with that payable in other industrialized countries. As well, because the maximum level of insurable earnings is being increased, the provision amounts to a freeze in the absolute amount of benefits for many claimants rather than a reduction.

Clause 18 sets out 13 specific circumstances that amount to just cause for voluntarily leaving employment, including sexual or other harassment, movement of a spouse or a dependent child, discrimination, and unsafe or significant changes in working conditions. It also provides the authority to prescribe other circumstances by regulation.

Clause 21 establishes a new rule that a claimant who is dismissed for misconduct or who voluntarily leaves employment without just cause is disqualified from receiving unemployment insurance benefits for the entire benefit period. Currently the act prescribes a penalty of several weeks' waiting period for such claimants but does not disqualify them altogether. Opponents of the bill have argued that the present penalty is a sufficient deterrent and that the bill and, indeed, the existing act unfairly place the burden of proof on the claimant to establish that he or she left employment for just cause or was not fired for misconduct.

Your committee heard from five groups. They have already been named by the Leader of the Opposition, so I will not go through that again. Primarily they objected to what they viewed as the insurance confiscation of benefits from the unemployed amounting to about $1 billion a year, a shift in the balance of power to employers, and the effect of the bill in fostering a negative view of the unemployed. They also voiced their concerns about the limited time available to consider the bill in committee and indeed in this chamber.

In response to these concerns, the government points to other countries where claimants who have left employment voluntarily or been dismissed for cause are disqualified. It insists that the benefit of the doubt is likely to be given to the claimant when eligibility is being determined.

Clause 22 in particular specifies that where the claimant appears to be ineligible for benefits, both the claimant and the employer must have an opportunity to explain the circumstances, and the reasons offered must be considered in the adjudication of the claim.

Furthermore, Clause 25 authorizes the chairperson of the board of referees to conduct *in camera* hearings of sexual or other harassment cases and to prevent details of such hearings from being published.

Honourable senators, that generally summarizes what took place in the committee. I should just like to correct perhaps one or two other points. Senator Simard indicated that I, as chairman, decided who was going to be heard by the committee. I did ask the staff of the Committees Branch and some people in my office to do an analysis so that groups that were known affiliates could be reduced. I also asked them to do an analysis of the requests, because I wanted to know which of the groups had been heard before the committee of the other place.

I had some working papers — and we called them "working papers", not "recommendations" — as to the results of that condensation.

Senator Frith is perfectly correct when he says there were some 43 requests to be heard by the committee. There is no question about that. We went through them all to determine which groups were affiliated with each other, and where they had stated they were affiliated with each other, and we came up with one group. We also looked at it in terms of who had already been heard before a committee of Parliament.

It was not I who decided. I do not care whether you want to blame me or not, Senator Simard. I made it abundantly clear in the meeting that I was not making any recommendations. I was simply putting the facts before the committee; they made up their own minds. They moved a motion dealing with essentially what was in one of the working papers. The chairman is obliged to do what the committee orders him to do, and that is the way I proceeded.

I am not so thin-skinned that I am bothered by this all that much, but, as I said, with my new personality, being completely objective, non-partisan, and cooperative, I wanted the Senate to know what happened in the committee.

• (1020)

Senator Hébert: May I ask a question of the honourable senator?

Senator Olson: Certainly.

Senator Hébert: I should like to know what kind of advertising the committee undertook to inform the population of Canada that they could appear before the committee. In which newspapers were advertisements run? What other media sources were used to announce the hearings of the committee? How long ago were such announcements made? I ask these questions in order to find out if people who wished to appear before the committee had enough time to prepare a brief and to arrange their visit to Ottawa.

My second question is this: Was it envisaged that the committee leave Ottawa and go to the people of this country in other regions, perhaps into the region of the Honourable Senator Olson, for example?

Senator Olson: I will answer the latter part of the first question first. I do not think that we advertised in any newspapers so that people could have some time to prepare a brief, to use the words of the honourable senator. It was perfectly obvious to me that they did not need any more time. They had their briefs ready. The requests started to come to the clerk of the committee long before the Senate received the bill. How they found out, I cannot answer. I do not know. I suppose they read about it in the paper. They sent requests to be heard. In many cases, they also sent the brief that they intended to present.

As far as the other part of the honourable senator's question is concerned, to my knowledge the committee did not undertake any advertising at all.

Hon. Eymard G. Corbin: I have a question for Senator Olson, whose last words I did not quite understand.

The minister's riding is called Madawaska-Victoria. There are four weeklies in that area. Three of them are the *Victoria County Record*, *The Cataract/La Cataracte* and *Le Madawaska*. It seems to me that the committee ought to have advertised in those weeklies, in view of the fact that these changes to the Unemployment Insurance Act are of great concern to workers in the minister's own riding. It is an area of high unemployment, of seasonal employment. Jobs are not readily available. Many people pull themselves up by their bootstraps and travel great distances to find employment.

I am surprised that whoever is responsible at the administrative level of the committee would not have advertised the holding of these abridged hearings in the minister's own riding. What defence have these people against the dictates of the minister, the government and the Minister of Finance? How can justice be done to these people when no opportunity is given to them to be heard?

Senator Murray: That's a speech.

Senator Olson: Honourable senators, I cannot answer those questions. I do not know what effort was made to advertise in the minister's constituency.

I have to say this: When I look over the list of people who made a request to appear before the committee, they apparently knew about the committee hearings because we received a request from the New Brunswick Fredericton District Labour Council and the New Glasgow District Labour Council, and one or two more as well. They are organizations in areas close to the minister's riding.

The only reason I mention that is, whether there was advertising in the weekly papers there or not, they apparently knew about the committee hearings.

Senator Corbin: With due regard, I say to Senator Olson, and I say this charitably — this being the lenten period, I am even more charitable — that there is an aberration in the way Ottawa — and I use the term loosely and include Parliament in it — looks at the rest of the country. It is similar to the weather reports we get from Environment Canada which are broadcast on various television channels and on radio. They give the weather for Halifax, Fredericton and St. John's, Newfoundland, but not much in between.

The chairman of the committee was a former Minister of Agriculture, and he probably knows that there is a great deal of variance in weather and storm systems within regions. Saint John, New Brunswick can be enveloped in fog for days while we enjoy sunshine up in the Republic of Madawaska.

To take the view that if the people of Halifax know it, and the people of Fredericton know it, and therefore to assume that the people in the minister's riding know it is the wrong approach. It is an aberration. I think the committee ought to have advertised in every weekly in New Brunswick.

Some Hon. Senators: Question.

Senator Olson: I do not know whether that was a question or a comment. If it was a question, I did not quite decipher what it was. I will leave it at that.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton, that the bill be read the third time.

In amendment, it is moved by the Honourable Senator Molgat, seconded by the Honourable Senator Frith:

> THAT the Bill be not now read the third time, but that it be referred back to the Committee for further consideration.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

And two honourable senators having risen.

Hon. William M. Kelly: Honourable senators, I suggest that there be a 30-minute bell.

Senator Hébert: A 15-minute bell would suit us, honourable senators.

Senator Kelly: The vote will be taken at 10:40 a.m., then.

The Hon. the Speaker *pro tempore*: Is it agreed, honourable senators, that the vote be taken at 10:40 a.m.?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Call in the senators.

• (1040)

Motion in amendment of Senator Molgat negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Hébert
Cools	LeBlanc
Corbin	Molgat
Davey	Neiman
Frith	Olson
Gigantès	Petten
Graham	Robichaud—15.
Hastings	

NAYS

THE HONOURABLE SENATORS

Atkins	Lavoie-Roux
Balfour	Lynch-Staunton
Barootes	Macdonald (*Cape Breton*)
Berntson	MacDonald (*Halifax*)
Bolduc	Macquarrie
Buchanan	Molson
Chaput-Rolland	Murray
Cochrane	Oliver
Cogger	Phillips
Comeau	Poitras
Di Nino	Rivest
Doyle	Robertson
Eyton	Ross
Forrestall	Rossiter
Johnson	Simard
Kelleher	Spivak
Kelly	Stratton
Kinsella	Sylvain—36.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

• (1100)

MOTION IN AMENDMENT OF SENATOR HÉBERT NEGATIVED

Hon. Jacques Hébert: Honourable senators, I move:

THAT Bill C-113 be not now read the third time but that it be amended:

(*a*) on pages 7 to 12, by striking out Part IV and renumbering Part V accordingly;

(*b*) on page 12, by renumbering clause 26 as clause 18, by striking out clauses 27 and 28 and by renumbering clause 29 as clause 19; and

(*c*) on page 13, by striking out lines 22 to 24.

The purpose of this amendment is to delete Part IV of Bill C-113, that is, clauses 17 to 24. These clauses include the reduction in unemployment insurance benefits from 60 to 57 per cent of average weekly earnings, the "just cause" provisions defined by section 28 of the Unemployment Insurance Act that stipulate that people who lose their jobs through personal misconduct or voluntarily quit will no longer receive UI benefits, as well as other measures related to unemployment insurance which Canadians find totally unacceptable.

Clearly this bill, indeed this government, is not acceptable to the Canadian people. Since a majority of Canadians, 54 per cent according to a February 20 Gallup poll, are outraged by this bill, since it will increase the hardship endured by the unemployed throughout the land, and since it unfairly targets workers in difficult situations, I feel that the government must delete the most odious provisions of this legislation, which is the purpose of my amendment.

The Hon. the Speaker *pro tempore*: Honourable senators, it was moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton, that the bill be read the third time.

In amendment, it is moved by the Honourable Senator Hébert, seconded by the Honourable Senator Gigantès:

THAT Bill C-113 be not now read the third time, but that it be amended:

(*a*) on pages 7 to 12, by striking out Part IV and renumbering Part V accordingly;

(*b*) on page 12, by renumbering clause 26 as clause 18, by striking out clauses 27 and 28 and by renumbering clause 29 as clause 19; and

(*c*) on page 13, by striking out lines 22 to 24.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion the "nays" have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion in amendment of Senator Hébert negatived, on division.

MOTION IN AMENDMENT OF SENATOR COOLS NEGATIVED

Hon. Anne C. Cools: Honourable senators, I rise to render my very strong opposition to Bill C-113, and also, at the conclusion, to propose an amendment.

I should like to begin my remarks by placing on the record a few comments that I think might contribute to keeping this debate and our conclusions in proper perspective.

As we recall, on the particular issue of unemployment insurance, this chamber and a special committee had spent considerable time studying Bill C-21. As honourable senators will recall, the issue of the department's simulation model and their econometric analysis were of serious concern at the time to the committee.

I wish to read from the Senate committee's report of the day, because that matter remained largely unsettled, and for that matter is still unsettled and, for me, remains a matter of a deep concern. I quote from the Senate committee report on Bill C-21, Issue 25, page 42, as follows:

> Your Committee devoted a great deal of time grappling with estimates of the bill's likely financial impact. Though a number of studies were presented to your Committee, their results varied widely. For example, according to the figures in Table B, Employment and Immigration Canada estimates that some $800 million would be made available for reallocation due to changes in the entrance requirement and benefit duration. On the other hand, the Canadian Labour Congress estimated that these changes would reduce regular benefits by approximately $1.1 billion, a difference of $300 million. One reason cited by the Department for the wide gap between its results and the others was that the other studies did not use departmental administrative data files. The Department told your committee that it is the only one that can provide an accurate assessment of the financial impact of the bill because it is the only one with access to this information. These data were not made available to other groups conducting an analysis of the bill. Your committee requested access to the Department's data and set the assumptions underlying its econometric analysis. This was not provided. The Committee authorizes the Chairman to request this information from the Minister. When a reply is received, the Committee will meet on this matter.

Honourable senators, that was three years ago. The ministers of the day, Ms McDougall and Mr. Andre, never responded — another example, honourable senators, of Tory disregard for our institution. It is of interest that in questioning the Canadian Labour Congress at the National Finance committee meeting of April 1, I asked if the Congress had performed a similar analysis on the available data and they told me that the status quo remains. They still cannot get the complete data. I put that on the record because it remains a sore point for me. The issue, unresolved as it is, continues to upset me and those who care about the tradition of the Senate.

I remind the chamber and honourable colleagues that, at the time, the committee chose to make many serious amendments to Bill C-21. When most of those amendments were rejected by the then House of Commons, this Senate took the decision that it would insist on its amendments.

I am told that, procedurally, when the Senate insists on amendments the bill is then technically dead. I remind honourable senators on both sides that the result was that the Senate was ignored, and, following the invocation of section 26 of the Constitution Act, the Senate numbers were expanded by individuals of a certain stripe and who sit across the way. Bill C-21 was re-tabled, in a most improper way, and passed.

I take the view that if Bill C-21 had been dealt with properly then, we would not have this bill before us today. However, that is another matter.

I am reminded that among the brilliant testimony given before us when we seriously studied Bill C-21 was the testimony of the Canadian Conference of Catholic Bishops. "Catholic" in this context would mean Roman Catholic, not English Catholic, that is, Anglicans. At the time Bishop Charles Valois made a very strong point that the legislation was very immoral. He said then, and it is valid today, that "Emasculating the unemployment insurance plan at the very time it is most needed is unacceptable morally and politically".

I should like to direct my amendment to the issue of benefits for common-law spouses or partners.

One of the acceptable reasons for voluntarily leaving a job under Bill C-113 is to accompany a spouse to another residence. It is commonly accepted that "spouse" means either a married spouse or a common-law spouse. This, however, is not the case for unemployment insurance benefits. Nowhere in the Unemployment Insurance Act does it say that the word "spouse" refers to either a married spouse or a common-law spouse. This means that if a spouse chooses to voluntarily quit a job to follow his or her common-law spouse to another residence, that spouse will not be entitled to UI benefits.

The Parliamentary secretary to the Minister of State for Finance and Privatization, Mr. Jean-Marc Robitaille, recognized that this problem existed in the legislation but claimed that it was taken care of in UI policy. Speaking to an amendment similar to the one we are proposing, one which would give equal status to common-law and married spouses, Mr. Robitaille said:

> I cannot support this motion because it is not entirely necessary. Practically speaking, people who have lived together for at least one year are already treated as spouses according to UIC policy.

That statement is found in the *Debates of the House of Commons* of March 19, 1993.

Jurisprudence, however, claims otherwise. In a case between one Frances Barzan and the Minister of Employment and Immigration, Federal Court Judge Max Teitelbaum, acting as umpire, ruled, on October 2, 1992, that although Ms Barzan voluntarily quit her job to accompany her common-law spouse to another residence, she was not entitled to unemployment insurance benefits. The reason, in the judge's words, was:

> If Parliament, in its wisdom, wanted to include, and I believe it should be so included, that it would be "just cause" to quit one's job to follow a "common-law spouse" Parliament would have so stated in the statute... subsection 28(4)(*b*) of the Act only speaks of a "husband" or "wife", as these words are ordinarily defined, and not of a "common-law husband or wife".

• (1050)

This case is currently before the Federal Court of Canada Appeals Division, and I believe that a decision is imminent. What would then occur if that court confirms the decision? All of those who leave their jobs to follow their common-law spouse to a new residence will not be eligible for unemployment insurance.

We know from committee testimony Wednesday night that proportionally more women voluntarily leave their jobs than men. Since, unfortunately, it is still true that women, more often than men, follow their spouse's career moves — this is not my personal experience — this provision will, proportionately, affect more women, and to their detriment. As in so many other instances, it is women who will bear the brunt of this government's policies.

The government has indicated, in other circumstances, that it is willing to extend equal rights to both common-law and married spouses. In fact, Bill C-92, which is currently before the Standing Senate Committee on Banking, Trade and Commerce in pre-study, amends the Income Tax Act so that common-law couples are treated exactly the same as married couples under the tax system.

The amendment I am proposing would clarify that common-law spouses should be treated the same as married spouses for purposes of the Unemployment Insurance Act by ensuring that the word "spouse" is defined to mean either a common-law spouse or a married spouse. The wording of the amendment is virtually identical to that proposed by the government in Bill C-92.

Therefore, I move:

> THAT Bill C-113 be amended in clause 19 by adding immediately after line 2 at page 9 the following:
>
> (5) For the purposes of paragraph 4(*b*), "spouse", in relation to a person, includes the person of the opposite sex who cohabits at that time with the person in a conjugal relationship and
>
> (*a*) has so cohabited with the person throughout a 12-month period ending before that time, or
>
> (*b*) is a parent of a child of whom the person is a parent.

I place that amendment before honourable senators in the sincere belief that it is perfectly consistent with an honourable, good and positive initiative that the government is taking, and in the sincere belief that the senators across the way would find it perfectly palatable.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* It was moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton, that Bill C-113 be read the third time.

In amendment, it is moved by the Honourable Senator Cools, seconded by the Honourable Senator Davey:

THAT Bill C-113 be amended in clause 19 by adding immediately after line 2 at page 9 the following:

(5) For the purpose of paragraph 4(*b*), "spouse", in relation to a person, includes the person of the opposite sex who cohabits at that time with the person in a conjugal relationship and

(*a*) has so cohabited with the person throughout a 12-month period ending before that time, or

(*b*) is a parent of a child of whom the person is a parent.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Senator Cools' point is very well taken. However, I wish to repeat what she said; that is, that the recognition of common-law spouses is already in the UIC guidelines. These are written guidelines binding all officers of the commission.

The reason I was prepared for this amendment is that a similar amendment was made in the House of Commons; it was expected here as well.

Under the Unemployment Insurance Act, common-law spouses are afforded the same treatment as traditional spouses where they have cohabited for at least a year, or if there are children as a result of the relationship. This policy has been in effect since the late 1970s. The reference itself can be found in the *Digest of Benefit Entitlement Principles*, page 44, chapter 6.

Senator Cools mentioned a court judgment of last fall. I wish I had the reference with me, but I understand that no later than this week, the Federal Court of Appeal upheld the unemployment insurance jurisprudence. I do not have it with me today. It is a recent judgment that confirms that principle.

Even if this were not so, this is an important issue. We cannot treat it lightly and suddenly make an amendment recognizing common-law spouses unless we study it carefully. It should be studied, and it should eventually go into the law.

In the meantime, we do have guidelines. They are written, they are being applied, and they have been confirmed by a court.

Senator Cools: Senator, am I correct in saying that I am not being rushed? This is not sudden. We proposed a few minutes ago to send the matter back to committee for further consideration. So, there is no rush on my part. What I am saying is this: If you say the policy is in place, put it in the statute.

Senator Murray: Question!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before the question is put, I note the comments of my honourable friend opposite.

The facts are that Bill C-92, which is now before our Banking committee, contains this exact provision. Therefore it is accepted by the government as a proper provision.

My friend says that the courts have ruled that it is within the UIC. I do not have any judgment to that effect, but what I do have is a court judgment by the Federal Court of Canada, Appeal Division, between Frances Barzan and the Minister of Employment and Immigration. My colleague Senator Cools read part of that judgment, but here is the specific conclusion of the judge. He says:

> I am satisfied that the Board of Referees did not err in deciding, on the facts before it, that the claimant did not follow her common-law spouse. Furthermore, I am satisfied that to voluntarily quit one's job to follow a common-law spouse is not "just cause" as defined in section 28(4)(*b*) of the *Unemployment Insurance Act.*
>
> The appeal is denied.

The judgement is signed by Max M. Teitelbaum, Umpire, and dated Ottawa, October 2, 1992.

Therefore, honourable senators, at least one court decision outlines that there is no protection for a common-law spouse.

Senator Lynch-Staunton: Can my honourable friend tell us exactly who made that decision? Was it a court, an arbiter, or an umpire?

Senator Molgat: I would be very pleased to table the document. It is Court File No. A-373-92, a Supplementary Case in the Federal Court of Canada. It is signed by Max M. Teitelbaum.

Senator Berntson: Is he an umpire?

Senator Molgat: I presume he is a judge of the court of appeal. I do not know all the judges of the Federal Court of Appeal, but that was the decision. There is certainly some question as to whether or not the Unemployment Insurance Act covers this area.

If we are concerned about women's rights, let us make sure that we put it in the act. Why take a chance? One judge has already ruled against Frances Barzan. Let us be clear. What harm would we do by putting it in the act? If we do, there is absolutely no argument, and we do not have to depend on regulation. I say to my honourable friends opposite, if you are sincere in working towards the equality of women, support this amendment.

The Hon. the Speaker *pro tempore:* It was moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton, that the bill be read the third time.

In amendment, it is moved by the Honourable Senator Cools, seconded by the Honourable Senator Davey:

THAT Bill C-113 be amended in clause 19 by adding immediately after line 2 at page 9 the following:

(5) For the purposes of paragraph(4)(*b*), "spouse", in relation to a person, includes the person of the opposite sex who cohabits at that time with the person in a conjugal relationship and

(*a*) has so cohabited with the person throughout a 12-month period ending before that time, or

(*b*) is a parent of a child of whom the person is a parent.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Senator Molgat: On division.

Motion in amendment of Senator Cools negatived, on division.

MOTION IN AMENDMENT OF SENATOR CORBIN NEGATIVED

Hon. Eymard G. Corbin: Honourable senators, this morning, for breakfast, I had the beef stew I was supposed to have Wednesday evening. Given that we sat from 5 until slightly beyond 10 o'clock, I could not enjoy my wife's excellent cooking. As you all know, beef stew sometimes improves with age. I want to tell you that I am in great shape this morning.

• (1110)

Some Hon. Senators: Hear, hear!

Senator Corbin: However, I know that some unemployed people in Canada were not as fortunate as I was. It is on their behalf that I wish to stand and make some comments on Bill C-113.

Perhaps you will allow me to reflect for an instance on the remarks that Senator Di Nino made earlier with respect to his arriving late at the National Finance committee yesterday morning. Someone on that side said that we were simply mischievous. In fact, one of the members over there said that it was just another damned Grit tactic. Frankly, if it was a tactic, it was quite a legitimate tactic, and one that the Chair recognized. Questions were duly put.

The funny thing about Senator Di Nino's excuses for not being on time is that there was a problem with the Senate bus, or something like that. There is Senator Di Nino. I can see that he can also walk.

Senator Di Nino: Very well, thank you.

Senator Corbin: We had stormy weather yesterday morning. I usually give myself some 15 minutes to come to work from my residence here in Ottawa, especially on days when I have committee assignments. That usually suffices. Yesterday morning, in view of the stormy weather, I left 45 minutes earlier to make sure that I did get here on time for my committee. In fact, I did. I barely made it, but I was there at about nine o'clock.

Senator Olson: You were there at nine o'clock!

Senator Corbin: I had much more road to cover than either Senator Di Nino or Senator Simard. In fact, my colleague Senator John Stewart, who is unavoidably absent today, tells me that he rarely takes the bus. He walks. It is good for his arteries and his thinking.

Senator Hébert: Maybe we should not sit when it snows!

Senator Corbin: I did not see Senators Di Nino or Simard walking with a cane or crutches yesterday. I think you have a pretty lame excuse. It is a crybaby excuse for not being there on time.

[*Translation*]

Honourable senators, as we debate this bill in what unfortunately, I must confess, seems to be its final phase, I received at 10:31 a.m. sharp this letter dated today and addressed to me, which reads:

Dear Senator:

This letter is to bring to your attention the fact that, as an organization representing unemployed men and women from the RCM Bas-Richelieu, in Quebec, we feel that the application of Bill C-113 is very arbitrary, especially regarding non-unionized employees. Some relaxation is needed to strike a balance between employers and employees.

In that respect, your intervention is essential to remedy this situation.

Your consideration of our request is greatly appreciated. Sincerely, —

And it is signed by Jean-Pierre Péloquin, President of the Regroupement des chômeurs, 324, boul. Fiset, Sorel, Québec, J3P 3R2.

Well, I want to tell Mr. Péloquin and the people he represents that we, on this side of this chamber, have done all we could to oppose this government bill.

I could not agree with you more, Mr. Péloquin. I endorse your choice of words — carefully weighed words no doubt — when you describe Bill C-113 as arbitrary. Unfortunately, we are outnumbered by the Conservative senators, in the same way that there was an overwhelming number of members in the other place who were insensitive to your needs, to your request. However, on this Friday morning, we are attempting a last-ditch effort to bring this government and its supporters to reason.

[*English*]

Honourable senators, Bill C-113 contains mostly inequities, but one of the worst is the potential loss of insurable earnings if a worker voluntarily leaves his or her job. We know — and the entire country knows — that if a worker leaves his or her job for a reason that the government believes is without just cause, that worker will be denied UI benefits by virtue of Bill C-113.

What fewer people realize is that not only will that worker be denied any UI benefits but he or she will also lose all his or her weeks of insurable earnings, which is the currency upon which a UI claim is based. Let me give you an example of that:

A worker is employed for four or five years in a factory. We know as a matter of fact that workers have been on the job without receiving any UIC for long, extended periods. In fact, 30 years is not unusual. He or she quits and applies for unemployment insurance. The UI Commission determines that the worker has quit without "just cause" and denies benefits. The worker immediately obtains other employment, perhaps even in the same factory, but eight or nine weeks later is laid off because the factory closes — something that has become all too common. He or she goes to the UI Commission, expecting to get benefits, but is told: "You only had nine weeks of insurable earnings and that is not enough weeks of employment to establish a UI claim." The laid-off worker replies, "What do you mean? Only weeks before this job I had five years of continuous employment." The Conservative government and its agents say, "Too bad". When the worker left her job without so-called "just cause," she lost those five years of insurable earnings. It is as if they never existed. Wiped out.

• (1120)

Under Bill C-113, those five years of employment cannot be used to establish a UI claim and, for good measure, the government put into Bill C-113 a clause that specifies that those prior years of employment cannot be used to determine the length of a claim or the amount of money to which a claimant is entitled. That is certainly overkill.

It gets worse. What if, after five years of steady employment, a worker quit her job but did not make any claim for unemployment insurance. If she then obtained another job within a week or two and then, a few months later, she was laid off for reasons beyond her control, can she successfully make a claim in these circumstances? The answer: Not necessarily. The Unemployment Insurance Commission will go back to see why she quit her first job. If they determine that she quit without that notorious "just cause", she retroactively loses those five years of insurable earnings, and thus does not qualify for benefits. What a diabolical system.

Bill C-113 not only denies any benefits to those whom it decides have sinned; it retroactively strips them of all their weeks of insurable earnings, as if they were not being punished enough already. That is wrong. It borders on the immoral. It is a vendetta on those people who kept some of the wheels of the economy turning in this time of government-inflicted recessionary policies.

I am proposing an amendment that would ensure that a worker is not stripped of his or her weeks of insurable earnings even if he or she is denied benefits. They worked those weeks; they earned those weeks; they paid into the fund with their money. It is one thing for the government to deny benefits, but it is quite another to say that those prior weeks and years of contributions never existed. If they did not exist, if they were not weeks of insurable earnings, why not, at the very least, have the decency to return the UI premiums that were paid?

Therefore, I move, seconded by Senator Cools:

> THAT Bill C-113 be not now read the third time, but that it be amended:
>
> *a*) On page 10, by striking out lines 16 to 29 and substituting the following therefore:
>
> "tial claim for benefit, the weeks of insurable employment before the week in which the event giving rise to the disqualification occurs, and the weeks of insurable employment in any employment that the claimant loses, after the event, shall be used for the purposes of subsection 6(2) or (3)
>
> (5) The weeks of insurable employment mentioned in subsection (4) shall be used for the purposes of sub-"

The Hon. the Speaker *pro tempore*: It was moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton that the bill be read the third time.

In amendment, it is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Cools:

> THAT Bill C-113 be not now read a third time, but that it be amended:
>
> *a*) On page 10, by striking out lines 16 to 29 and substituting the following therefore:
>
> "tial claim for benefit, the weeks of insurable employment —

An Hon. Senator: Dispense.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

MOTION FOR ADJOURNMENT NEGATIVED

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Before the vote is put, I was hoping that there would be some kind of response from the government side. I do not think they could have been listening to what my honourable colleague was saying. The proposal in this bill is absolutely immoral. If an individual leaves a job, supposedly without just cause, that individual loses all the accumulated UI contributions of past years.

Senator Corbin: It is robbery.

Senator Frith: They paid that money in themselves.

Senator Molgat: Yes. So I think my honourable friends need some more time to think things over. I move the adjournment of the debate.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Molgat, seconded by Honourable Senator Petten that the debate be now adjourned. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Those in favour, please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Those against, please say "nay."

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion the "nays" have it.

Senator Molgat: If there is to be closure of this kind, let's find out.

Senator Murray: The time for debate is over.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore*: Call in the senators.

Hon. William M. Kelly: Shall we have a 15-minute bell?

The Hon. the Speaker *pro tempore*: Then at 11:40, the vote will take place.

• (1140)

Motion for adjournment negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Hébert
Cools	LeBlanc
Corbin	Molgat
Davey	Neiman
Frith	Olson
Gigantès	Petten
Graham	Robichaud—15
Hastings	

NAYS

THE HONOURABLE SENATORS

Atkins	Lynch-Staunton
Balfour	Macdonald
Barootes	(*Cape Breton*)
Berntson	MacDonald (*Halifax*)
Bolduc	Macquarrie
Buchanan	Murray
Chaput-Rolland	Oliver
Cochrane	Phillips
Cogger	Poitras
Comeau	Rivest
Di Nino	Robertson
Doyle	Ross
Forrestall	Rossiter
Johnson	Simard
Kelly	Spivak
Kinsella	Stratton
Lavoie-Roux	Sylvain—33

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

[*Translation*]

• (1150)

Hon. Philippe Deane Gigantès: Honourable senators, yesterday, the Leader of the Government in the Senate was so kind as to release the results of a survey done by his party.

Hon. Lowell Murray (Leader of the Government): By the government, honourable senators.

Senator Gigantès: I thought the government and the Conservative Party, at least for the time being, were so close as to be indistinguishable. But if you prefer, the government.

Senator Murray: The Conservative Party also does surveys, but these are not released to Parliament.

Senator Gigantès: Honourable senators, I timed the Leader of the Government and subtracted that from my 15 minutes.

This poll is astonishing. Not because they ordered it, but because they ignored the results. The polling results are absolutely damning for Tory policy.

The firm that organized the poll was supposed to find out if there were problems and whether advertising was necessary to deal with the problems. They polled six groups, three in Montreal and three in Toronto, both unemployed and employed, male and female.

Senator Murray: That is what we call a focus group, not a poll in the usual sense. It is a focus group.

Senator Gigantès: With 1,224 respondents, it is more than the Gallup poll. I subtracted a few more seconds, honourable senators. This focus group, consisting of 1,224 respondents, showed that 63 per cent of respondents were opposed or strenuously opposed to the idea of reducing unemployment insurance benefits. Sixty-three per cent objected. If we look at the various groups, 55 per cent of high school graduates were opposed, compared with 38 per cent who supported the legislation. Language made no difference.

There was the following question: Do I feel more or less in control of my economic future? Here, 74 per cent of respondents said no. They did not feel in control of their economic future, considering the government's proposals.

Next question: Will women be harassed more or less as a result of this legislation which will put them in a position where they may lose their job if they leave a workplace where they are harassed by the employer? People were polled in groups of 7. Among male respondents, 4.7 out of 7 said that women would be harassed more than they were before. Among females, the result was 5.3 out of 7.

In response to the question about economic insecurity, 5.3 out of 7 males answered they were less secure than before as a result of this legislation.

Is it likely that women will be reluctant or afraid to quit their job, even when they are sexually harassed? Forty-two per cent said it was very likely they would be afraid to quit. Nineteen per cent said it was likely. Another 13 per cent said almost likely. In other words, 75 per cent said it was very likely they would be afraid to leave their job if they were sexually harassed.

Forty-nine per cent of respondents said that eligibility for unemployment insurance benefits should not depend on the reason or the manner in which someone quit his job. Eleven per cent had no opinion and 39 per cent said no. This is extraordinary.

There was a question about social justice: Does this legislation indicate that the federal government wants to reduce the deficit at the expense of the unemployed? You will probably recall the headlines in *La Presse*:

> The government is attacking the unemployed, not unemployment.

Forty-three per cent said yes, it was going to reduce the deficit at the expense of the unemployed, and 39 per cent said no.

Don't they know how to read polls?

Senator Hébert: They aren't interested!

Senator Gigantès: Are these changes a departure from the Canadian tradition of providing a measure of monetary support to those who lose their jobs? Fifty-four per cent of respondents said yes and 25 per cent said no. Nineteen per cent didn't know. The conclusions of this survey are most interesting. That is what the polling firm told the Conservatives —

Senator Cogger: The government!

Senator Gigantès: The Conservative government?

Senator Hébert: Of course it's the Conservative government, because we certainly are not involved!

Senator Gigantès: That's the difference. We don't want to be tarred with the same brush. It's your baby, not ours!

The polling firm said, and of course I just read the figures, that "strong opposition" was higher than "strong support". A reduction in unemployment insurance benefits is not considered to be desirable. Support, where there is support, reflects economic interests and class concerns.

He goes on to say that the country is very divided along class lines. There is a big difference between those who feel economically secure and those who feel economically insecure. The latter represent a majority of 57 per cent.

The polling firm also said that the impact on the deficit would be marginal, according to the individuals polled.

Another conclusion: Most of these people, 1,224 — a pretty large sample for a focus group — feel that the power of the employer will increase considerably. Harassment will increase. This is an insidious consequence of this legislation. People who are economically insecure and who feel powerless say this legislation will make their situation even worse.

Finally, I will read you a quote in English, and I will translate it.

[*English*]

• (1200)

Only weak evidence of distress among élites about shifting compassion, ethic denial, some discomfort...

[*Translation*]

Of course, the elite, the rich consider that it is quite normal to hit the poor! For the Conservatives, there is nothing wrong with that, it is just normal! If you are poor, if you are a widow, if you are retired, if you are a student from a poor family, you are fair game for them. This is what the poll says.

Senator Molgat: Let the poor pay!

Senator Gigantès: This is clear, and we have been saying it for a long time!

They are asking a question: Is there a problem? Do you think that people's hostility to this bill will fade or not? The poll says that there is a strong possibility that the problem might remain.

Then there is —

[*English*]

— a stronger negative response.

The voluntary quit issue has strong emotional and interest implications; for example, women are twice as likely to have voluntarily quit in the past.

[*Translation*]

Women fear the most, because they are usually the ones who are being harassed.

The last conclusion is:

[*English*]

— increasing evidence that class split is becoming the new locus for political conflict in Canadian society.

[*Translation*]

Division along class lines is becoming a new reality in Canada, says this pollster. Whose fault is it? We always believed that Canada was a country where class was not as important as it is in some other countries, but we see here that a pollster hired by the Conservative government is warning them that they created a schism, that they divided the country.

The majority of people in this country do not feel financially secure. They are scared and they feel abandoned, slighted and held in contempt by the rich, by the elite who spent money to have the Conservatives elected.

This trend is a tragedy for Canadian society. Sometimes, people in elevators object to my saying the things I say now. But this is the truth, it's not my fault! The truth is you have split the country in two. On one side are those who are scared and on the other those who support you. And then, there are the others.

In my opinion, this is unforgivable and it shall never be forgiven. You have destroyed the social cohesion of this country.

This is why —

The Hon. the Speaker *pro tempore*: Honourable senators, I wish to inform Senator Gigantès that his time is up.

Senator Gigantès: Then, I propose:

> THAT Bill C-113 be not now read a third time but that—

[*English*]

The Hon. the Speaker *pro tempore*: Order, please. I must point out that there is already before the Senate an amendment to the motion for third reading.

Senator Barootes: And you are totally out of order!

Senator Gigantès: I will propose it later.

The Hon. the Speaker *pro tempore*: There is already an amendment before the Senate, and that will have to be dealt with now.

Senator Molgat: What amendment is before us now?

The Hon. the Speaker *pro tempore*: I refer to the amendment of Senator Corbin, seconded by Senator Cools.

It was moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton, that the bill be read the third time now.

In amendment, it is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Cools:

> THAT Bill C-113 be not now read the third time, but that it be amended:
>
> *a*) On page 10, by striking out lines 16 to 29 and substituting the following therefore:
>
> "tial claim for benefit, the weeks of insurable employment before the week in which the event giving rise to the disqualification occurs, and the weeks of insurable employment in any employment that the claimant loses, after the event, shall be used for the purposes of subsection 6(2) or (3)
>
> (5) The weeks of insurable employment mentioned in subsection (4) shall be used for the purposes of sub-"

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore:* In my opinion, the "nays" have it.

Senator Molgat: On division, Your Honour.

Motion in amendment of Senator Corbin negatived, on division.

MOTION IN AMENDMENT OF SENATOR HASTINGS NEGATIVED

Hon. Earl A. Hastings: Honourable senators, I have listened this morning with great interest to the debate and the various amendments —

Senator Barootes: You have hardly been in the chamber. What are you talking about?

Senator Hastings: I have been here as long as you have.

Senator Frith: You were the wrong person to raise that one, Senator Barootes.

Senator Hastings: If the honourable senator will sit still, I do not intend to delay him much longer.

I have noticed that there is a great deal of uncertainty with respect to this bill. There is a great deal of unfairness. There is a great deal of concern.

Therefore, honourable senators, in all fairness, I move:

> THAT the Bill be not now read the third time but that it be read a third time six months hence.

The Hon. the Speaker *pro tempore*: In amendment, it is moved by the Honourable Senator Hastings, seconded by the Honourable Senator Hébert:

> THAT the Bill be not now read the third time but that it be read a third time six months hence.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division, Your Honour.

Motion in amendment of Senator Hastings negatived, on division.

[*Translation*]

Hon. Eymard G. Corbin: Honourable senators, I would like to say that I am extremely disappointed by the attitude of the government which showed no inclination toward compromise, which has shown total disregard...

The Hon. the Speaker *pro tempore*: I must inform Senator Corbin that he has already spoken at third reading, if my information is correct, and we are still at that stage.

Senator Corbin: I could speak for two weeks, Your Honour! Do you give me permission to speak?

Some Hon. Senators: No.

Senator Corbin: No, very well. Unemployed people will know about it!

[*English*]

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Bolduc, seconded by the Honourable Senator Lynch-Staunton, that the bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

Senator Molgat: On division, Your Honour.

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

• (1210)

Hon. Thérèse Lavoie-Roux: Your Honour, we wish to have a standing vote.

The Hon. the Speaker *pro tempore*: As I understand it, we have already voted. However, the Senate is master of its own procedures. We have already voted, and a new matter has been entered into. If the Senate wishes, by unanimous content, we can retrace our steps.

Hon. Royce Frith (Leader of the Opposition): It should be made clear that if Senator Lavoie-Roux and some of her colleagues want to have a standing vote, we will not object to that.

The Hon. the Speaker *pro tempore*: I am open to guidance or suggestions. However, it is my understanding that there would need to be unanimous consent to hold a standing vote at this time.

Hon. John Lynch-Staunton (Deputy Leader of the Government): In all fairness, honourable senators, I know that two senators did stand. However, it is automatic that the Speaker would look to his left, rather than to his right, to see the request for the vote. Nevertheless, I could hear some of the senators on this side saying, "Vote, vote", so I think we should give them the opportunity to have the recorded vote for which they were standing.

The Hon. the Speaker *pro tempore*: If that is the case, I have to apologize to the honourable senators. If they stood, I did not see them, and I give my apologies. It would be a different matter then. Therefore, I think it is agreed that we will have a standing vote.

Senator Corbin: Your Honour, I think you said that you required unanimous consent to revert?

The Hon. the Speaker *pro tempore*: That was before I was informed that the honourable senators stood when they were supposed to stand, although I did not see them. The fault is mine. If I can rectify it, the only way I can do so is by asking honourable senators to agree that there be a standing vote. The fault was mine; I did not see them. In a sense, I inadvertently acted unfairly towards those senators. However, I would need a bit of cooperation, obviously, from honourable colleagues so that this matter can be resolved to everyone's sense of fairness.

Senator Corbin: Your Honour, I am prepared to give unanimous consent. I think they want to go out with a resounding blow. They want to restate again, every one of them over there, that they are definitely against the workers, and they are definitely for this proposal. Therefore, I think we ought to have their names on the record.

The Hon. the Speaker *pro tempore*: Honourable senators, is there then unanimous consent for a standing vote?

Senator Simard: No, no!

The Hon. the Speaker *pro tempore*: If there is not unanimous consent, there is nothing I can do. Honourable senators, do we have unanimous consent?

Some Hon. Senators: No.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I want to make it very clear that the opposition to unanimity does not come from our side.

FARM CREDIT CORPORATION BILL

THIRD READING

Hon. Eileen Rossiter moved the third reading of Bill C-95, to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof.

Motion agreed to and bill read third time and passed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore* informed the Senate that the following communication had been received:

RIDEAU HALL

April 2, 1993

Mr. Speaker,

I have the honour to inform you that the Honourable Gérard La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 2nd day of April, 1993, at 12:45 p.m., for the purpose of giving Royal Assent to certain bill.

Yours sincerely,

Anthony P. Smyth
Deputy Secretary,
Policy, Program and Protocol

The Honourable
The Speaker of the Senate
Ottawa

MEETING NEW CHALLENGES: CANADA'S RESPONSE TO A NEW GENERATION OF PEACEKEEPING

CONSIDERATION OF REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE CONTINUED

On the Order:

Resuming the debate on the consideration of the eleventh report of the Standing Senate Committee on Foreign Affairs (peacekeeping), tabled in the Senate on 25th February, 1993.

Hon. Earl A. Hastings: Honourable senators, with the permission of the Honourable Senator Corbin, I would seize this opportunity to direct a few remarks with respect to the report of the Standing Senate Committee on Foreign Affairs, entitled, "Meeting New Challenges: Canada's Response to a New Generation of Peacekeeping." This, of course, is based on the work of the Subcommittee on Security and National Defence.

At the same time, I wish to seize the opportunity to report on my participation in the second meeting of the North Atlantic Assembly's Presidential Task Force on Europe and America. While the linkage between these two Senate initiatives may not be immediately clear, I hope that they will become clear over the next several minutes.

As I mentioned previously, this report that we have before us is of the same high calibre that we have come to expect from the committee over the years. I would like to thank my colleague Senator Balfour, the chairman of the subcommittee, for drawing our attention in particular to the need for reform at the United Nations, and for the need for more extensive and specific training of our soldiers, sailors, airmen and airwomen, before they are dispatched abroad on their various missions.

• (1220)

We are heartened by the news that a Canadian, Major-General Maurice Baril, is the senior military advisor to the Secretary-General of the United Nations, working closely with the Under-Secretary General for peacekeeping operations. We are also pleased at the news that a Canadian will head a UN team that will oversee the development of UN standardization procedures for logistics. These are timely beginnings on the long road to help make the UN equal to the emerging task of being a shepherd for global peace, security and development.

We are delighted at the news that the Department of National Defence is recognizing, in the new area of peacekeeping, with so many new and different roles, that training will have to be expanded to meet the new challenge to which the committee's report has alluded.

Traditional peacekeeping, as we have all known it, has evolved to encompass a set of tested principles. Among these are neutrality, a minimal use of force, a clear mandate, agreement of the parties involved, and secure financing. However, in this new era, new principles are being created with each successive mission. No longer is consent of all parties required; no longer is force always used only by the strictest rules of self defence; no longer is neutrality always possible; no longer are mandates clear, and financing is becoming more tenuous as missions become more expensive and as the possibility of immediate success is reduced by complexity.

The UN is taking on missions guided by new principles in large part because major contributing states agree to those principles, and Canada is one of those nations. The new principles that Canada supports are evident in statements of policy, but more often in the actions of our government. Canada's foreign policy should not only reflect our interests but our values.

Human rights and human dignity must indeed be a cornerstone of our new era of peacekeeping. When fundamental rights are repressed by human actions, or battered by catastrophic natural tragedy, we must urge the world to act with all speed, and we must support our own rhetoric with action. We must be prepared to develop pragmatic responses to existing situations while they are under way. I was given startling evidence of the importance of pragmatism in modern peacekeeping during a recent meeting in Brussels of the North Atlantic Assembly's Presidential Task Force on Europe and America.

At the same time, evidence of limitations of the United Nations as an organization for conducting peacekeeping on a modern scale became evident; limitations which are drawn out in the committee's report.

The task force met with several of the highest political and military authorities in NATO. Deputy Secretary-General, General Amadeo de Franchis, opened the task force meetings by identifying the two new missions that NATO has adopted since its strategy was transformed at the 1991 Rome Summit. These are the projection of stability into central and eastern Europe, and contributing to crisis management, peacekeeping and peacemaking. The former is currently accomplished through the North Atlantic Cooperation Council whose purpose, according to Mr. de Franchis, included keeping the enlargement of NATO off the agenda.

Honourable senators may recall that I expressed support for the enlargement of NATO in my last statement about the task force, and I still hope the task force will endorse a more proactive policy by NATO in this regard. But it was Mr. de Franchis' revelation that NATO is studying the implementation of the Vance-Owen plan for peace in Bosnia-Herzegovina, essentially a giant peacekeeping operation, that energized the task force meetings.

The UN has evidently asked NATO to at least plan an operation, and perhaps play a direct role in implementation as an organization, rather than just as a group of individual countries. This is not the first request from the UN to NATO to help in planning possible operations. NATO, which has been having considerable difficulty defining and agreeing on its role in peacekeeping from a conceptual point of view, has seized on this opportunity to perform a necessary peacekeeping function in a very pragmatic way. Initial planning is going on as I speak.

I believe that Canada, as a committed member of NATO, a committed member of the United Nations and a committed supporter of peacekeeping, should look upon these developments favourably. It is essential that NATO use its capabilities, particularly in areas of joint planning and habits of close military cooperation and coordination, in a pragmatic way to ensure a more secure Europe. This is especially the case to the extent that the United Nations lacks the capability to perform necessary tasks. I therefore find myself in full agreement with the recommendation of Senator Balfour's subcommittee that the government urge NATO members to take appropriate steps to act more decisively in support of UN missions, and can report that that process is well under way.

Obviously, Canada's participation in peacekeeping over the years, and the expertise we have developed as a result, is recognized at NATO headquarters. We have considerable potential to contribute to the new roles that NATO is taking on in the future. However, I believe that the absence of Canadian units in Europe unnecessarily limits that contribution, both militarily and politically.

When I last spoke in this chamber about the Presidential Task Force after our meeting in Washington in January, I was asked by the honourable Senator Grafstein whether any criticism was directed against Canada for withdrawing our troops from Europe. I reported at that time that the matter was not discussed, and that Canadian preoccupations were not then dealt with at any length.

This time, however, Canadian issues did receive a substantial airing, and the question of the withdrawal was raised several times. I had arranged, as part of the meeting program, for the task force to be received at the residence of Ambassador James K. Bartleman, the Canadian permanent representative to NATO. I asked that the ambassador use the opportunity to present some Canadian positions on transatlantic issues, and to invite the Canadian Ambassador to the European Community, Gordon S. Smith, and Raymond Chrétien, the Ambassador to Belgium, to participate and express their views. All three were able to attend and did an outstanding job of presenting the position of the Canadian government on, among other things, the troop withdrawal which generated a lively discussion. Afterwards, I heard my task force colleagues describe the evening as the highlight of our meetings.

Our diplomats can perhaps say that, in their polite world, the withdrawal of Canadian units is no longer an issue at the diplomatic level, but it is very much an issue at the parliamentary level, as was demonstrated by a plea of task force members from several countries for Canada to at least retain a token presence in Europe, and I find myself in accordance with their views. That view was adequately expressed by Mr. Claus Francke of the German Bundestag. In his presentation, he said:

> At the close of this century, marked by two world wars, nobody can historically deny that the United States of America and Canada have a central role to play in matters of European security. The important point here is not so much the number of US troops stationed in

> Europe but rather the political readiness in principle to permanently recognize European responsibility as a projecting dimension of American foreign policies. The presence of American soldiers in Europe symbolizes the substantial partnership contribution made by the USA within the framework of the alliance. The USA have a vital interest in making sure that Europe is provided with a stable security structure following the fall of the Iron Curtain. This would not be possible without the commitment of the USA and Canada, all the more so in view of the extremely volatile situation in Russia. For this reason a reduction of American troops in Europe to below 100,000 servicemen would serve neither American nor European interests.

He might have added that the withdrawal of our Canadian forces in Europe serves neither Canadian nor European interests.

It seems to me folly for Canada to withdraw from Europe at this delicate time. Our ambassador, of course, made the point that Canada is not abandoning Europe, that we remain fully committed to European security and that we retain contributions to various sorts of NATO force structures in Europe, through, for example, staff positions in NATO headquarters and through our substantial contribution to NATO Airborne Early Warning Force. As well, we have demonstrated our preparedness to put Canadian men and women "in harm's way", to quote our ambassador, in pursuit of greater European security through our contribution to peacekeeping in the former Yugoslavia.

• (1230)

However, it seems to me that that is not good enough. Some say that the arguments in favour of retaining Canadian troop presence on the ground in Europe are nothing more than nostalgia. I say there are compelling, continuing and current reasons for continuing a Canadian troop presence, for having a distinct Canadian flag planted somewhere in Europe, other than at a cemetery. In the first place, there is no shortage of positive and constructive military roles that could be performed by even a handful of Canadian troops providing a forward presence in Europe, including support for peacekeeping operations, as was alluded to in the report of the subcommittee.

The majority of Canadian troops currently deployed on peacekeeping missions are in Europe and the Middle East, which are historically the regions that have demonstrated the greatest requirement for peacekeeping troops, and those regions are not becoming noticeably more stable in the new world order. Canadian troops and Canadian support facilities in Europe would surely be better placed than those in Canada to respond to the future needs from these regions, as is demonstrated by the rapidity and ease with which Canadian forces in Germany were redeployed to the Gulf for the peacekeeping enforcement, and to the former Yugoslavia for humanitarian assistance. I am pleased that the Senate committee recognized the validity of this point in recommending that the Canadian government consider providing a staging area in Europe — preferably in Germany — to facilitate the movement of troops for peacekeeping purposes to "areas of conflict in eastern Europe and the Middle East".

The Canadian military presence in Europe has always been more political than military, and it would be so in the future. A continued Canadian presence would demonstrate solidarity with our American allies, who are continuing to station relatively large numbers of foreign troops in Europe; provide reassurance to our European allies and to our former enemies; and would ensure that Canada continues to be looked on in a favourable light in Europe, which will be reflected in economic and political terms, as well as military terms.

In eastern Europe, the desire to see a continued Canadian troop presence is, if anything, even stronger than in the West. eastern Europeans see NATO as the guarantor of their security, in large part because it, alone, assures the commitment of North America. When they discuss European security and peace in terms of "Vancouver to Vladivostok", honourable senators, they are not referring to Vancouver, Washington, but to Vancouver, Canada. That security can only be provided by Europe and North America together, and Canadian troops contribute significantly to the solidarity of that linkage, in the opinion of eastern Europeans. It is ensuring the solidarity of that linkage over the long term that is the ultimate purpose of the Task Force on Europe and America.

Obviously, peacekeeping is generating a great deal of current excitement at NATO. It is, furthermore, an area in which Canada has a great deal to offer, as indicated by the report of the Senate committee, and so will hopefully serve to enhance Canada's standing in NATO. Nevertheless, I am concerned that — and this is my final point — in the NATO context especially, it is a distraction from the fundamentals of the North Atlantic Alliance.

In the committee's report, Professor Jack Granatstein is quoted as observing:

> For too many Canadians, peacekeeping has become a substitute for policy and thought.

I fear the same situation may arise in NATO.

I intend to impress upon my colleagues in the task force, at our final meeting in Washington next month, how important it is that our final report explain clearly and unambiguously why there is a Euro-Atlantic community and the central role that NATO plays in sustaining it. New missions, new purposes like peacekeeping, are necessary and valuable, but we must not allow them to obscure the fundamental and enduring interests of trans-Atlantic solidarity.

Honourable senators, the subcommittee report before us and the efforts of the Task Force on America and Europe are ways in which the importance, complexity and consequences of a changing world can be part and parcel of our Canadian debate, out of which can emerge a consensus and consent for the enhanced role we see Canada playing in today's world.

The Hon. the Speaker *pro tempore*: I wish to inform the honourable senator that his time has expired.

Is there unanimous agreement to allow the honourable senator to continue?

Hon. Senators: Agreed.

Senator Hastings: The positive and active role we are playing as Canadian senators through our committee initiative and the North Atlantic Assembly participation can surely forge a new sense of pride and commitment in Canada's contribution to world peace and security.

I am grateful that Senate of Canada procedures, travel policy and regulations have permitted me to participate in the valuable and worthwhile work of the President's Task Force on America and Europe.

Hon. Senators: Hear, hear!

On motion of Senator Corbin, debate adjourned.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Tuesday, April 27, 1992, at two o'clock in the afternoon.

The Hon. the Speaker *pro tempore*: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

TRANSPORT

PROPOSED SALE OF RAIL LINES—LACK OF INTEGRATED NATIONAL TRANSPORT POLICY

Hon. Eymard G. Corbin rose pursuant to notice of February 23, 1993:

> THAT he will call the attention of the Senate to the repercussions of the sale or proposed sale of certain rail lines in Canada, and the lack of a truly integrated national transportation policy.

He said: Honourable senators, before I launch myself into full flight, I wish to dedicate this speech to the memory of the late Honourable Charles Turner, who was always a convincing spokesman for the interests of the transportation workers of Canada, and who occupied the seat immediately to my left for many years.

[*Translation*]

The Canadian transportation industry has never been in such a terrible mess. I have heard cynical people, or maybe they were prophets, say that things will even get worse! The morale of managers and employees is at an all-time low and the government and the ministers are doing everything they can not to get involved. Since I began research for this speech, the situation has drastically worsened. We hear nothing but bad news, including government policies.

These last few years, rarely has a month gone by without some statistics or statements depicting the trouble transporters are having. Recently, Nationair made the headlines; actually, it felt like a death watch over the company. Just look at the article published in *Le Devoir* on March, 30, where it says that Corbeil, the honourable Minister of Transport, will let Obadia, president of Nationair, bounce back all by himself. In fact, with everything that has been happening to this airline during the last week, I would have had to rewrite my speech twice a day.

Earlier this month, CNR made the headlines with the announcement of 11,000 lay-offs in the next three years. Who would have expected such chaos five years ago? And who rose on the other side to expose the situation, besides the Honourable John M. MacDonald?

The slump is mainly due to a total lack of cohesive and truly national policies. The National Transportation Act, 1987, which enshrined the principles of deregulation and non-interference by the government, except where their friends are concerned, was considered at the time by the Conservative government and its supporters to be the beginning of a new era. Who inside the Conservative caucus worried about the unavoidable side effects of the deregulation policy? Stunned by the devastating impact this policy has had on national transporters, the Conservatives are unable to react after rejecting out of hand all the alternatives and reasonable compromises for the orderly development of our industry. A bad dream turned into harsh reality.

The new president of CN, Mr. Paul Tellier, announced early in the month that CN's losses for last year were estimated at $150 million. Moreover, if the railway company does not manage to reduce its operating costs, its accumulated losses could total $1.5 billion by 1997. CN's debt would therefore jump from $2 billion to $4 billion. This is why CN announced that it will layoff 3,000 employees this year. In 1994 and 1995, there will be 7,000 more lay-offs in Canada and 1,000 in the United States.

The company is also considering selling its secondary lines, which bring in a "marginal profit" — the company uses its own definition of marginal profit — and simply abandoning those lines which, again based on its "in-house criteria", are incurring losses.

At the same time, the vice-president for CN's Atlantic region, Mr. Marv Blackwell, gave the details of the impact of these cuts for the Atlantic region. Five hundred jobs, that is 2 out of 4, will be eliminated this year in those provinces which still have a rail service, and 1,000 additional jobs will also be abolished in 1994 and 1995. This will take place in a region where governments have invested and are still spending fortunes to try to stimulate the economy. Talk about going against the flow.

The situation is just as chaotic with rival CP Rail — if we can still refer to it as a rival, given the current economic context. This private company, and thus the more-than-perfect model of the Conservatives, incurred losses of the order of $175 million in the third quarter alone last year. CP also announced the gradual lay-off of 1,600 railway workers in November.

Last November 17, we learned that CP would ask permission of the National Transportation Agency to end its freight activities east of Sherbrooke.

The company claims to have lost $52 million in the last three years in the operation of this line alone, which is linked to Saint John, New Brunswick. This decision would eliminate 320 jobs, many of which are located in New Brunswick.

Therefore, after the ill-advised and backward saga of the sale of the Sydney-Truro line in Nova Scotia to American interests — we knew that this was an experiment to test politicians as well as the public mood — we must now witness the simple abandonment of another historic railroad, and not the least, namely the line which directly links eastern Canada to the centre of Quebec and, therefore, to the heart of the country, central Canada.

Railroad services having been completely eliminated in two Atlantic provinces, namely Newfoundland and Prince Edward Island, one wonders if existing services in New Brunswick and in Nova Scotia will continue much longer before being totally dismantled or sold.

The lack of a coherent national transportation policy, including specific long-term objectives, has done the most to destabilize the rail transport sector. An attitude of letting the market forces work themselves out has served as a pseudo-policy, resulting in the unprecedented slide that we see now. The famous painting of the Raft of the Medusa and all it depicts of human despair is too weak an image to illustrate the national disaster of abandoning the railways and the negative impact on tens of thousands of Canadian families and dozens of railway centres.

In this market of free competition, the trucking industry has also had some failures! American carriers are fierce competitors who have the advantage of cheaper fuel in the United States and the Americans' continental political ambitions. The operating costs of American competitors are 10 to 20 per cent lower than those of Canadian carriers. Cabotage and the inconsistency of provincial trucking regulations also give the leaders of this industry headaches. The provinces want to control their own territory as they like. They do not necessarily have a Canada-wide or continental view. We see the results of this today in a vast country like ours. Everything has to be started over.

Just like the railways, the aviation industry is hard hit by this policy of free competition or non-interference or complete absence of policy. The 1987 changes have put the airlines in a tailspin. They are going through the worst crises in their history. Air Canada is running considerable losses, Canadian Airlines International, the former Canadian Pacific Airlines, is fighting desperately to avoid bankruptcy and ensure its survival and Nationair, as we know today, is no longer viable. We might even say that it is all over for Nationair.

The director of sales and external relations for Air Nova Inc., our small carrier in the so-called Atlantic region, wrote to me on March 15 to say that the financial losses of the whole airline industry in the past three years have virtually eliminated all the profits recorded since the very first Wright brothers' flight in 1903. That is something for the *Guinness Book of Records* or *Ripley's Believe It or Not.*

Completely destabilized, the airlines suffer from chronic overcapacity which is directly related to the policy of deregulation: too many planes, too many available seats, too high prices, taxes, surtaxes and the GST. To add to their troubles, the recession drags on. But also, to quote my correspondent from Air Nova:

> We are discouraged by the government which helps our competitors with revenue from our taxes, risking our own profitability.

The coming months will be decisive for this industry. Can it pull through? Does the government have answers? Can it still react? Does it want to react? Will it be satisfied to watch the agony of these airlines which, like the great railways, were once synonymous with national destiny and the great Canadian adventure?

The answers to the aviation industry's problems and to those of the other transportation sectors should be contained in the report of the commission reviewing the National Transportation Act, 1987, which was just published.

This review commission produced a report on competition in the transportation industry, a review of policy and legislation, which contains 56 — yes you heard right, 56 recommendations!

The Chairman, Mr. Gilles Rivard, and his group agreed that the reform — listen to this:

> The regulatory reform had in fact created major competitive strains for Canadian carriers, but...

And this is incredible on the part of members of the commission; they say that regulatory reform —

> ... is still the best policy for Canada.

You heard me right.

The commission even suggests that we accelerate the deregulation process and let the Tory government policy prevail; in other words that we should have no policy whatsoever.

Many of the commission's recommendations go against the best economical interests of the Atlantic region. Take for example regional development. The commission and I quote:

> ...recommends that, in section 3 of the National Transportation Act, 1987, regional development be withdrawn as an element of the transportation policy.

What better proof of their abysmal ignorance of the geopolitical reality in Canada? Or maybe those were ghostly voices speaking for government or the ministers themselves who told the commission to put that in its report; I would not be surprised at all.

In developing a true national transportation policy it is unbelievable that one could put aside regional economic development. Such reasoning would destroy whatever transportation infrastructures still exist in the Atlantic provinces. I speak for my own community. Another recommendation suggests, and I quote:

> ...that government take all necessary measures in order to privatize the national railroads in Canada.

You heard right. They recommend that all Canadian railways be privatized. Go figure! Tell me how CN's privatization would solve the crisis this corporation is going through. CP has already been privatized. Did it change anything?

Here is what the report says about that privatization:

> ...a company of that size will be hard to sell. It would be surprising that a single buyer could afford it all. Creative strategies will probably be required. There are several possibilities, one of which being selling the network piece by piece.

The Hon. the Speaker *pro tempore*: I must inform the Honourable Senator Corbin that his speaking time has expired.

Senator Corbin: Perhaps I could be allowed to continue until the Governor General arrives. May I?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Very well.

Senator Corbin: Thank you for your kindness.

So, quoting one of the recommendations from the National Transportation Act, 1987, Review Commission, I was saying:

> ...a company of that size will be hard to sell. It would be surprising that a single buyer could afford it all. Creative strategies will probably be required. There are several possibilities, one of which being selling the network piece by piece.

The author of the report should have gone one better and added "to foreigners, to the Americans". It goes on:

> Innovative approaches such as track-sharing by different railways could also be pursued. Various strategies should be explored to find the one that profits the taxpayers the best.

The recommendation is to demolish in order to rebuild. It is absolute nonsense! That would be like reinventing the wheel, like going back to the stone age! What a waste of financial, structural and human resources! Instead of demolishing and standing by, government should strengthen the foundations of the railway industry to make it a first rate national system.

The Hon. the Speaker *pro tempore*: Honourable senators, I wish to inform Senator Corbin that the Deputy of His Excellency the Governor General has arrived.

Senator Corbin: Thank you.

Hon. Royce Frith (Leader of the Opposition): Do you wish to adjourn the debate?

Senator Corbin: No, I will just stop here, especially considering that Senator Oliver has put a motion for deferral of the Rivard Report to the Standing Senate Committee on Transport and Communications. I will gladly pursue the matter at that time.

I think I have said all I wanted to say for now. I just wanted to warn the honourable senators. There is worse yet, but I will tell you about it later.

The Hon. the Speaker *pro tempore*: If no other honourable senator wishes to participate in the debate this inquiry is considered debated.

The Senate adjourned during pleasure.

[*English*]

• (1300)

ROYAL ASSENT

The Honourable Gérard La Forest, Puisne Judge of the Supreme Court of Canada, in his capacity 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 Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992 (*Bill C-76, Chapter 12, 1993*).

An Act to provide for government expenditure restraint (*Bill C-113, Chapter 13, 1993*).

An Act to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof (*Bill C-95, Chapter 14, 1993*).

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, April 27, 1993 at 2 p.m.

APPENDIX

(See p. 3044)

Government Expenditures Restraint Bill, 1993 No.2

List of Requests to Appear before
Standing Senate Committee on
National Finance
on Bill C–113

Requests to Appear Before Senate National Finance Committee on C–113
(Sorted by Date Received)

	#	Group/Individual	Request Received
No	1.	Solidarité populaire Québec	March 17, 1993
Yes	2.	Mouvement Action-Chômage de Montréal	March 17, 1993
Yes	3.	Action Travail des Femmes	March 19, 1993
No	4.	Au bas de L'Échelle	March 22, 1993
No	5.	Mouvement Action Chômage de Longueuil	March 23, 1993
No	6.	Les Centres de Femmes du Québec	March 23, 1993
No	7.	Centrale de l'enseignement du Québec	March 23, 1993
No	8.	Regroupement des Chômeurs et Chômeuses de l'Abitibi-Témiscamingue	March 25, 1993
No	9.	Conseil des travailleurs et travailleuses du Montréal métropolitain	March 26, 1993
No	10.	Ontario Coalition Against Poverty	March 29, 1993
Yes	11.	Canadian Labour Congress	March 29, 1993
No	12.	United Van Lines (Canada) Ltd.	March 30, 1993
No	13.	Prince Edward Island Federation of Labour	March 30, 1993
No	14.	Action Canada Network	March 30, 1993
No	15.	Canadian Union of Postal Workers, Toronto Local	March 30, 1993
No	16.	Labour Council of Metropolitan Toronto and York Region	March 30, 1993
No	17.	Thunder Bay and District Labour Council	March 31, 1993
No	18.	Tremblay, Ms L.	March 31, 1993
No	19.	Tunnel and Rock Workers, Local 168	March 31, 1993
No	20.	Université du Québec à Montréal	March 31, 1993
No	21.	United Steelworkers of America	March 31, 1993
No	22.	Canadian Centre for Policy Alternatives	March 31, 1993
No	23.	International Union of Operating Engineers, Local 793	March 31, 1993
No	24.	International Association of Bridge, Structural and Ornamental Iron Workers, Local 97	March 31, 1993
No	25.	National Union of Public and General Employees	March 31, 1993
No	26.	Northwest Territories Federation of Labour	March 31, 1993
No	27.	Ontario Federation of Labour (CLC)	March 31, 1993

	#	Group/Individual	Request Received
No	28.	Nova Scotia Federation of Labour (CLC)	March 31, 1993
No	29.	Peace River District Labour Council	March 31, 1993
No	30.	Shipyard General Workers' Federation of B.C.	March 31, 1993
No	31.	Professional Institute of the Public Service of Canada	March 31, 1993
No	32.	Miller, Mr. Jack	March 31, 1993
No	33.	International Alliance of Theatrical Stage Employees and Moving Picture Machine Operators of the United States and Canada	April 1, 1993
No	34.	Nova Scotia Government Employees Union	April 1, 1993
No	35.	Strait Area and District Labour Council	April 1, 1993
Yes	36.	International Accociation of Machinists and Aerospace Workers, District Lodge 78	April 1, 1993
No	37.	New Glasgow and District Labour Council	April 1, 1993
No	38.	Operative Plasterers' and Cement Masons' International Association of the United States and Canada, Restoration Steeplejacks Local 172	April 1, 1993
No	39.	Fredericton and District Labour Council	April 1, 1993
No	40.	Hoyt's Group of Companies	April 1, 1993
No	41.	Cape Breton and District Labour Council	April 1, 1993
No	42.	Toronto-Central Ontario Building and Construction Trades Council	April 1, 1993
No	43.	Public Service Alliance	March 30, 1993
Yes = 4 No = 39			

THE SENATE

Tuesday, April 27, 1993

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

Prayers.

SENATORS' STATEMENTS

THE SENATE

MISS ISOLDE DUNPHY, CHIEF PAGE—RESIGNATION—BEST WISHES FOR FUTURE ENDEAVOURS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I rise to inform the Senate of the imminent departure of our Chief Page, Isolde Dunphy, and to recognize her two and a half years of service here.

A native of British Columbia, Isolde Dunphy began her work here as a Page in September 1990. Many of us on this side of the house well remember that month, but for different reasons. In June 1992, she was appointed Chief Page. She is a science student at Carleton University and will graduate next year with a major in biology.

Isolde has always carried out her responsibilities efficiently and with good humour, discretion and enthusiasm. We will miss her. On behalf of all of us who have benefited from her presence in this place, I wish to express our warmest appreciation and best wishes in her future endeavours.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to add a word on this occasion. As Senator Lynch-Staunton has told you, Isolde was hired as a Page from British Columbia in September of 1990, and worked for two years in that capacity before being appointed Chief Page in June of 1992 after a competition. As he has also just said, she will be graduating in biology and has plans to pursue a career in international agricultural development. Isolde has, in fact, been studying anthropology and biology, and will graduate in 1994.

The many poetry scholars in the Senate will remember Tennyson's comment about graduates at a time when such descriptions were not reacted to as they sometimes are nowadays. In his prologue to "The Princess", he referred to what became a famous phrase, "Sweet girl graduates in their golden hair", a parting response appropriate for Isolde. Some years later, T.H. Huxley, in dealing with those words in his "Emancipation—Black and White", said:

> Let us have "sweet girl graduates" by all means. They will be none the less sweet for a little wisdom; and the "golden hair" will not curl less gracefully outside the head by reason of there being brains within.

That is equally appropriate for Isolde. She takes her place as another honoured, respected and beloved alumnus, not only of Carleton University but also of the Senate Page Program, and in so doing joins an alumni no less distinguished than that of her alma mater.

WASHINGTON, D.C.

UNITED STATES HOLOCAUST MEMORIAL MUSEUM

Hon. Jack Marshall: Honourable senators, I rise to place on the record an account of a very touching and emotional historic event, the dedication of the United States Holocaust Memorial Museum in Washington on April 22, 1993. Even though the Senate was not asked to participate, I am sure all senators will pause for a moment, each in their own way, to remember the valour of the allied soldiers, the rescuers who came upon all but starved inmates of the Nazi concentration camps at the end of World War II and set them free. We should remember as well those for whom there was no rescue; the innocent people whose lives were lost in a war of uncommon cruelty.

Over half a century later, people might be wondering why such a museum is being established. Surely the timing is as appropriate today as at any time. The museum is meant to bear permanent witness on behalf of the few remaining holocaust survivors living in the countries of their choice, perhaps as a warning of what man can do to man.

This historic structure leaves a legacy in stone — not in film, books or videos, but in stone, on American ground. It is appropriate to quote the words of Israeli Prime Minister, Yitzhak Rabin, spoken by him at another memorial ceremony in Poland just a few days earlier, on the 50th anniversary of the Warsaw ghetto uprising:

> We cannot forget the past, and we look forward to better relations between peoples for the elimination of Nazism and racist movements. Let us hope that this museum in the capital of our neighbouring United States will be a living memory that will send out a universal message for all humanity of a holocaust that must never happen again.

PRINCE EDWARD ISLAND

FIXED LINK—ENVIRONMENTAL ASSESSMENT

Hon. Heath Macquarrie: Honourable senators, it is no overstatement that Prince Edward Islanders are deeply divided over the construction of a bridge across the Northumberland Strait. Some strongly support it; others just as vigorously oppose. There is a third group, those who are perplexed at what is happening with respect to a matter that is almost as crucial as our entry into Confederation in 1873. These groups are not exclusive. For instance, I belong to both the second and the third one.

On March 19, the Federal Court of Canada ruled that an environmental assessment of the specific bridge design was required. Only one month later, Public Works Canada announced that the evaluation had been completed. This assessment was made not by an established group of environmental experts but apparently by the company which is desirous of building the bridge — obviously not a totally disinterested party. One wonders how, in so short a time, the Federal Court orders could be so fully carried out.

This winter also brought almost unprecedented ice conditions in the Northumberland Strait. The depth of the ice was greater than any figures used in assessing the jamming pressure on the bridge. Could that have been seriously studied in a few days?

One notes in a recent Public Works release that a series of meetings are being scheduled. While meetings are fine, does anyone seriously suggest that they are the appropriate venue for meaningful research? Did Edison develop the incandescent bulb at a public gathering? Among other anxieties is the suggestion that this major structure be proceeded with even before the Supreme Court of Canada has ruled on the department's own appeal of the Federal Court decision.

It may well be, honourable senators, that this bridge will be built, but surely no such vital construct should be done in haste. It would be a sad legacy for future generations if we did anything less than ensure that no chances are taken on environmental issues.

ROUTINE PROCEEDINGS

[*Translation*]

BANKING, TRADE AND COMMERCE

SUBJECT MATTER OF BILL C-92, TO AMEND THE INCOME TAX ACT AND OTHER RELATED ACTS— REPORT OF COMMITTEE TABLED

Hon. Jean-Marie Poitras: Honourable senators, I have the honour to table the Twenty-sixth Report of the Standing Senate Committee on Banking, Trade and Commerce.

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, 28th April, 1993, at one thirty o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

NORTH AMERICAN FREE TRADE AGREEMENT

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY SUBJECT MATTER OF BILL C-115

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I give notice that tomorrow, Wednesday, April 28, 1993, I will move:

> THAT the Standing Senate Committee on Foreign Affairs be authorized to examine the subject matter of Bill C-115, an Act to implement the North American Free Trade Agreement, in advance of the said Bill coming before the Senate or any matter relating thereto.

CANADA ELECTIONS 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-114, to amend the Canada Elections Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, April 29, 1993.

[*Translation*]

CUSTOMS TARIFF, EXCISE ACT, EXCISE TAX ACT, CUSTOMS ACT, CRIMINAL CODE

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-102, to amend the Customs Tariff, the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and a related Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, April 29, 1993.

[*English*]

CARRIAGE OF GOODS BY WATER BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-83, respecting the transportation of goods by water.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, April 29, 1993.

[*Translation*]

MARINE INSURANCE BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-97, respecting marine insurance.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, April 29, 1993.

[*English*]

VETERANS AFFAIRS

VETERANS INDEPENDENCE PROGRAM—EXCLUSION OF CERTAIN EX-PRISONERS OF WAR—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, April 29, 1993, I will call the attention of the Senate to restrictions in the policy of the Department of Veterans Affairs which excludes from entitlement to the Veterans Independence Program those ex-prisoners of war who are not in receipt of a disability pension.

THE BUDGET, 1993

STATEMENT OF MINISTER OF FINANCE—NOTICE OF INQUIRY

Hon. Allan J. MacEachen: Honourable senators, I give notice that on Thursday next, April 29, 1993, I will call the attention of the Senate to the budget statement made by the Minister of Finance on Monday, April 26, 1993.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 100 residents of Alberta who oppose the goods and services tax, especially as it applies to books.

These petitions come mainly from Calgary, Edmonton and Spruce Grove.

I also have the honour to present petitions signed by 39 residents of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Shippegan, Le Goulet and Caraquet.

These petitions, Senator Murray will be delighted to know, were signed on April 2, this month. In all, 139 citizens are still protesting against a tax they rightly consider unjust, regressive and anti-social.

It is quite amazing that they go on signing petitions about a measure that became law over two years ago. No doubt these petitioners are already seeking redress from the next government, which will be more attentive to the people.

[*English*]

QUESTION PERIOD

THE BUDGET, 1993

CANADA'S INTERNATIONAL INDEBTEDNESS— REQUEST FOR INFORMATION

Hon. Allan J. MacEachen: Honourable senators, may I remind the Honourable Leader of the Government in the Senate of an exchange that we had last December on Canada's international indebtedness and, in particular, the discussion that we had on the proportions of the provincial and federal public debt held by foreigners.

• (1410)

At that time, I asked whether we could have some information on the proportion of the current federal deficits as financed by non-residents, and the Leader of the Government had stated that he might be able to give me that information. It would be timely if I could have that information in the next few days.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I note that today the honourable senator has put a Notice of Inquiry on the Order Paper for the purpose of discussing the 1993 budget. I assume, therefore, that he would want this information before speaking, and I will do my best to get it for him within the next 24 hours, if at all possible.

BOSNIA-HERZEGOVINA

UN PEACEKEEPING FORCE— PROTECTION OF CANADIAN TROOPS

Hon. Jerahmiel S. Grafstein: Honourable senators, for the second time in seven days John Burns, a distinguished reporter with the *New York Times*, reported that Canadian troops are at risk and in harm's way in Bosnia-Herzegovina. Mr. Burns formerly worked as a reporter for the *Globe and Mail*, and recently received a Pulitzer Prize for his articles on the conflict taking place in that area.

I quote from an article that he wrote which appeared in today's *New York Times*, and states:

> ...there have been deep anxieties about the risks to which the Canadian troops have been exposed. In effect, 146 soldiers from the Royal Canadian Regiment, together with a dozen United Nations police officers from other countries, are all that stand between the 30,000 residents of Srebrenica and the besieging force of several thousand heavily armed Serbian troops.

Can the Leader of the Government advise the Senate what steps are being taken by the Government of Canada to protect Canadian troops and to ensure that they are not, through mere negligence, placed in harm's way while they pursue their United Nations peacekeeping duties?

Hon. Lowell Murray (Leader of the Government): No, honourable senators, I cannot do that today, and would not try to do it in any event in an extemporaneous way. I will ask my colleague the Minister of National Defence for a report.

RELIABILITY OF MILITARY EQUIPMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a supplementary question on the same subject. There were some discussions previously regarding the equipment being used by Canadian forces in Yugoslavia, notably the APCs, armoured personnel carriers, and I asked a question of the minister in that respect. Statements had been made that these were unsafe vehicles, and that they were not of a calibre to protect the soldiers inside.

I know that, since then, the discussions have been continuing on that matter. I would appreciate it if the minister could bring us back a report on that matter in view of the fact that, since the questions were asked, at least one of the vehicles overturned and there was a loss of life and, certainly, serious inquiry at that time.

Was there a problem with the equipment, or simply with the way in which it was handled? In other words, was the overturning purely an accident or is the equipment defective?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I recall that my friend's original question was responded to in the course of "Delayed Answers". The Deputy Leader of the Government tells me that if that is not, in fact, the case, it will happen today a bit later.

With respect to information on the more recent incident that the honourable senator is seeking, I shall ask my colleague for a report.

[*Translation*]

EMPLOYMENT

YOUTH UNEMPLOYMENT—GOVERNMENT POSITION

Hon. Jacques Hébert: Honourable senators, as the Minister of Finance just reminded us, the Tory government's dismal economic performance will have the effect of keeping unemployment rates above 10 per cent until 1994 and even beyond that time. That is what the Minister of Finance told us.

Youth unemployment is even worse. According to Statistics Canada, 17.6 per cent of young Canadians now between the ages of 15 and 24 are unemployed — a total of 420,000.

My question is directed to the Leader of the Government in the Senate. Since yesterday's budget contains no measures to help young unemployed Canadians, what does the government intend to do to put them back to work?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I may remind Senator Hébert that our colleague, Senator MacEachen, has already tabled a notice of inquiry requesting a debate on the budget policies and measures.

I suggest the honourable senator express his views on the subject next Thursday.

Senator Hébert: Honourable senators, this is Question Period. We can be expected to ask questions about anything at all, and we have the right to expect an answer. Perhaps my supplementary will give Senator Murray enough time to think up one of his usual answers that mean absolutely nothing. I will give him a chance.

Young people are always the first to be affected by the short-sighted economic policies of this government, which is fortunately on the way out. Consider the cuts in employment programs for young Canadians. Between 1985 and 1991, the budget for the Summer Employment/Experience Development Program was practically cut in half, dropping from $149 million to $80 million. The Tories also cut the budget for Challenge, which dropped from $205 million in 1985 to $144 million. The same applies to summer jobs created under the government's Summer Employment Program. Their number also went down during the same period.

Considering, and this is my supplementary, that 420,000 young Canadians are looking for jobs, could the Conservative government tell us whether it will make further cuts in training programs or whether it will allocate funding in order to deal at least partly with the problem of youth unemployment?

Senator Murray: Honourable senators, Senator Hébert referred to the present government's economic performance as dismal. That opinion is not shared by international organizations like the International Monetary Fund, which predict that in 1993 and 1994, Canada's economic growth rate will be higher than that of any other industrialized country.

Senator Molgat: That is not what the unemployed are saying.

Senator Hébert: Unemployed Canadians will be delighted to hear that.

[*English*]

PHARMACEUTICAL INDUSTRY

PATENT ACT REGULATIONS—RESTRICTIONS ON GENERIC DRUG COMPANIES

Hon. M. Lorne Bonnell: Honourable senators, can the Leader of the Government tell us why the government has come to the aid of pharmaceutical industry patent holders with new regulations that further limit the activities of the generic drug companies, as reported in the *Globe and Mail* under the byline of Dan Westell?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have a note on that general subject which I shall read to the honourable senator for his information and possible edification.

The new regulation directly links the drug approval process under the Food and Drug Act with the protection of property rights under the Patent Act. Issuing a notice of compliance for a generic drug before a patent expires on the innovator's product enables the infringement of that patent.

Further, the enforcement of patent rights remains under the jurisdiction of the courts, and is not administered by the Department of National Health and Welfare.

• (1420)

Senator Bonnell: Honourable senators, that sounds well and good. In fact, however, the government has required the generic drug companies to tell the government and the patent holders about any patent for which they might wish to apply. The patent drug companies may then go to court and hold up the situation perhaps for years, and at least for 90 days. This puts the onus on the government for making the decisions with respect to who can obtain a patent on pharmaceutical products, rather than having the patent drug companies protect their own rights.

Why is the government protecting the interests of the patent drug companies rather than those of the generic drug companies?

Senator Murray: Honourable senators, there are two pieces of legislation involved here. One is Bill C-91 which, as the honourable senator well knows, provides full patent protection for pharmaceuticals. However, it is the Food and Drug Act which regulates the issuance of Notices of Compliance.

The regulation issued under the authority of the Department of National Health and Welfare, as the honourable senator says, requires the patent holders to tell Health and Welfare what patents may apply to a product that may be the subject of a generic drug application. Only after a patent holder has provided this information will the generic company be required to state if it agrees with the list of patents provided. Then only if a court is convinced that a generic applicant's claim of non-infringement is not justified will it order Health and Welfare to delay approval to the generic drug pending resolution of the patent dispute.

The onus is on the patent holders to protect their patent rights. The regulation does not take away the ability of the generic companies to contest the patents in the courts.

Senator Bonnell: Honourable senators, the newspaper clipping states:

> The regulation shifts the onus for enforcement of patent rights to the government from the patent holders, said a spokesman for the Pharmaceutical Manufacturers Association of Canada. ...
>
> It is "pandering to the multinational drug companies," says Barry Sherman, president of Toronto-based Apotex...

In order to clear up the situation, the minister might table these new regulations under Bill C-91 so that we can all see for ourselves where and how the government, by Order in Council, is protecting the rights of the multinationals over those of the Canadian generic drug companies.

Senator Murray: Honourable senators, the regulation to which my friend refers is not issued under Bill C-91. It is issued under the Food and Drug Act, if my information is correct. In any case, I will be glad to table a copy of it as soon as I can.

Senator Bonnell: Still referring to the same issue, perhaps the Leader of Government would tell us whether he has found time yet to table the regulations concerning the prices review board, something he promised to do three weeks ago.

Senator Murray: Honourable senators, I saw the answer some time ago and approved it, and it will be tabled later by my friend the Deputy Leader of the Government.

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY— STATUS OF TASK FORCE ACTIVITIES

Hon. Keith Davey: Honourable senators, the inaugural issue of the so-called "Canadian" edition of *Sports Illustrated* magazine has captured approximately 40 pages of Canadian advertising, generating an estimated $250,000 in revenue for its U.S. parent company, Time Warner Inc. This issue, as you know, hit Canadian news stands on April 5, and a second Canadian issue is planned for May.

According to the Canadian Magazine Publishers Association, there are at least 40 American magazines with Canadian circulations of over 50,000 that are in a position to follow *Sports Illustrated*'s example and profit from the loophole existing in Canadian legislation by producing pseudo-Canadian regional editions. Like *Sports Illustrated*, these magazines would be in a position to capture a significant share of available Canadian dollars.

Honourable senators, the Canadian magazine industry's profits averaged only 2 per cent in 1990-91, and could be wiped out completely with only a 3 per cent shift in advertising dollars to foreign magazines.

The Leader of the Government has been very patient with me in terms of the task force which the government will form. However, I think there is some urgency, and I would like to ask about the status of the task force. Who are the members? Is there a leader? Has the task force met? When will it start meeting?

Hon. Lowell Murray (Leader of the Government): Honourable senators, Senator Davey, who is very familiar with these issues, understands that it is by no means clear that what is being done by *Sports Illustrated* can be captured by the present tariff regulation. The government appreciates the point he has made about the potential danger to the Canadian magazine industry. This is why we have appointed the task force which is under the co-chairmanship of Messrs. P.J. O'Callaghan and Roger Tassé. I am informed that at least the two co-chairs have begun work already. I am not sure whether my colleague the Minister of Communications has named other members to the task force, but in any case those two gentlemen have begun their work.

My friend will have noticed that there is an invitation in the announcement made by the government to the task force to issue an interim or preliminary report, should they wish to do so.

Senator Davey: Does the Leader of the Government in the Senate have any idea of the timetable?

Senator Murray: Not at the moment, honourable senators, but I can, and will, make further inquiries.

PRINCE EDWARD ISLAND

FIXED LINK—REQUEST FOR STATUS REPORT

Hon. M. Lorne Bonnell: Honourable senators, in view of Senator Macquarrie's statement in the Senate today, and in view of press releases from time to time and public meetings that are taking place in Prince Edward Island, can the Leader of the Government in the Senate bring us an up-to-date report on the stand the government has taken following the court decision concerning the fixed link to Prince Edward Island?

Hon. Lowell Murray (Leader of the Government): I do not know that there is very much I can add to what the government has already stated on this matter. I believe we announced that we are appealing the decision of the court and that we were pursuing the environmental review which we believed would satisfy the requirements. However, I will bring in a formal statement from my cabinet colleague on the matter within a few days.

NEW BRUNSWICK

FEDERAL-PROVINCIAL ARRANGEMENT FOR HIGHWAY CONSTRUCTION—REQUEST FOR COPY OF AGREEMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the minister concerns an announcement that came at the beginning of April regarding a special arrangement that the federal government made with the province of New Brunswick for highway construction. The statement was that some $300 million would be pumped into the reconstruction of the crumbling highways of that province. I do not know if that is a proper description of the highways of New Brunswick. However, there is a special agreement and perhaps we might have copies of that agreement. Also, if similar agreements have been signed with other provinces, could we have copies of those as well?

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have signed agreements with New Brunswick and Nova Scotia, and I think I am on safe ground in saying that an announcement was made by my colleague Mr. Mayer concerning a shared-cost program with Manitoba. There have also been some announcements made with respect to Alberta. I will obtain a summary of these matters and bring to the Senate copies of any agreements that have been signed and table them here.

Senator Molgat: My honourable friend is correct; there have been agreements with other provinces, notably that of my own province of Manitoba. However, there seems to be a vast discrepancy in the amounts awarded to the different provinces. While he is obtaining the information, perhaps the Leader of the Government can give us the rationale behind the amount allocated to each province and how that is determined. Is it by population? Is it based on the provincial budget? What is the calculation?

Senator Murray: Honourable senators, as Senator Corbin would be happy to point out to the Deputy Leader of the Opposition, conditions are different from one province to another. A matter such as federal assistance to provinces for highway construction could not be determined on some arbitrary basis such as population or the like. We do our best to assist provinces to meet the needs that exist.

Senator Molgat: I thank the minister for that additional information. I wonder if he might get for me some more information as to how that need is established? How that need is determined, is what I would like to find out.

Senator Murray: Ministerial colleagues who have made these announcements on behalf of the government will have dealt with the particular conditions existing in one province or another. I will obtain copies of those statements to table when I table the agreements.

PRINCE EDWARD ISLAND

FIXED LINK—EFFECT OF INCREASED TRAFFIC ON HIGHWAYS—FEDERAL ASSISTANCE—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Perhaps the Leader of the Government could help us with respect to arrangements that have been made regarding Prince Edward Island, where the railway has been taken away, and where 18-wheelers are now on all our roads. We do not have any rock to hold a good road base and, consequently, the roads in Prince Edward Island are the same as, or worse than, those in New Brunswick.

What agreements or funds will be made available for that province? If the fixed link is constructed, rail cars will no longer cross on ferries and, consequently, even more trucks will be on the roads. In that event, will there be any compensation for the province of Prince Edward Island in lieu of taking away our rails?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be glad to table the information concerning highway agreements that the Government of Canada has had with the province of Prince Edward Island in recent years.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have replies to questions asked on March 24, three by Senator Molgat, relating to grain sales to Russia, the future of the Port of Churchill, and a communications system for troops on peacekeeping; on March 24 by Senator Perrault regarding NAFTA and low wage rates; on March 25 by Senator Molgat

regarding benefits for reserve personnel serving in the former Yugoslavia and by Senator Bosa on grants to municipalities; on March 30 by Senator Molgat regarding the effects of certain lay-offs on Canadian research; on March 31 by Senator Bonnell regarding guidelines and a document prepared by the Patented Medicine Prices Review Board, and the report is included with the question; by Senator Frith regarding drug prices in Canada and Bill C-91; on April 1 by Senator Frith regarding restrictions in Veterans Drug Plan, by Senator Molgat regarding the status of the First Nations Chartered Land Act, and by Senator Davey regarding the coverage of the leadership debates, and by Senator Simard regarding introduction of a French all-news service; on April 2 by Senator Olson, two questions regarding the regulation of national airlines, by Senator Gigantès regarding the timing of the introduction of Bill C-91, and by Senator Molgat regarding the attitude of governments of France and the United States on the movement for sovereignty in Quebec.

FOREIGN AFFAIRS

RUSSIA—SHIPMENT OF GRAIN THROUGH PORT OF CHURCHILL—FUTURE OF PORT—GOVERNMENT POSITION

(Response (1) to question raised by Hon. Gildas L. Molgat on March 24, 1993)

On April 2nd, Canada announced an assistance package for Russia which includes the shipment on credit of 477,765 tonnes of wheat. The Canadian Wheat Board (CWB) has entered into discussions with the Russian grain purchasing agency, Eportkhleb, to determine when and from where the grain should be shipped.

The mandate of the CWB is to maximize returns to prairie grain producers. In today's competitive market, customer demand determines the amount of grain that goes through any port, including Churchill, in a given year.

The Russian delegation headed by Mr. Vladimir Kuramin, Chairman of the State Committee for Social and Economic Development of the (Russian) North, that visited Canada in February, expressed an interest in purchasing for cash 500,000 tonnes of Canadian wheat to be shipped from Churchill.

The assistance package to Russia which Canada announced is independent of the Kuramin delegation and their desire to purchase grain. The CWB would however be pleased to sell grain on a cash basis to Mr. Kuramin or his organization.

(Response (2) to a question raised in the Senate by Hon. Gildas L. Molgat on March 24, 1993)

Churchill is one of the destinations that is eligible for subsidies under the Western Grain Transportation Act (WGTA). Based on an average subsidy of about $20 per tonne, the government has provided around $70 million in WGTA subsidies for grain exports through Churchill since 1984.

Over the last ten years, grain exports through the Port of Churchill have ranged from a high of 622,000 tonnes in 1983 to a low of only 50,000 tonnes in 1988. The port needs about 600,000 tonnes to recover its operating costs.

Decisions on grain exports are made by the Canadian Wheat Board on the basis of market considerations. It is government policy not to interfere in the marketing decisions of the Wheat Board as it pursues its mandate to maximize returns to prairie farmers.

The Hudson Bay rail line is built in part on discontinuous perma-frost. The line is expensive to maintain due to the frequency and unpredictability of resulting sink holes. For safety reasons, CN limits grain traffic to box cars and does not operate grain hopper cars on the line.

The box car fleet is depleting. It is acknowledged that significant capital expenditures will be required to replace the car fleet and improve the line if it is to continue in grain service over the long term.

The Minister of Transport, the Honourable Jean Corbeil, has stated that the government has no intention of closing the Port of Churchill in the immediate future. However, the government has a responsibility to look seriously at the long-term future of the rail line and port in view of the potential capital requirements.

The Department of Transport continues to gather information related to the Port of Churchill and the Hudson Bay rail line. This information will be considered when decisions on the future of the port and line are made.

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—ESTABLISHMENT OF COMMUNICATIONS SYSTEM

(Response to question raised by Hon. Gildas L. Molgat on March 24, 1993)

Troops on peacekeeping duty have an entitlement to one five minute phone call per week at DND expense. However, it should be noted that certain operational settings, where, for example, communications silence is required for operational reasons, do not allow troops to get to a telephone.

Conventional commercial lines are not always used. If the operational setting is amenable to phone calls, but no phone system exists, a satellite link may be used. Again, depending on the setting, ham radios have also been used to patch through calls of a personal nature. Security of the peacekeeping operation is always a factor in communications options available.

Suitable communications links are not necessarily located at the peacekeeping operation base. Should commercial lines be available through a nearby public utility such as a local post office, troops will use these lines in order to avoid increasing pressure on Canadian operations communications. In such cases, troops would be reimbursed for costs of their entitlement.

In most cases, the troops receive personal entitlement communications. However, members are able to ask for redress should they believe that there is inadequate provision of the entitlement. The group responsible for operations communications within DND reports there are no such complaints at this time.

NORTH AMERICAN FREE TRADE AGREEMENT

SOLICITATION OF CANADIAN BUSINESS TO RELOCATE IN MEXICO—GOVERNMENT POSITION

(Response to question raised by Hon. Raymond J. Perrault on March 24, 1993)

The government is aware that a great deal of attention has been focused on the difference in the average wage between Canada and Mexico, but it should be pointed out that only a small portion of Canada's imports come from countries where manpower is cheap.

In 1991, 78 per cent of the merchandise imported into Canada originated in the United States, Japan, the United Kingdom or Germany, countries where wages and working conditions are comparable to ours.

Wage rates are but one factor determining success in selling at home and abroad. Productivity, a trained labour force, product quality, a strong financial sector, good transportation services and communications networks and the cost of capital are all significant factors in calculating productivity. And these are just a few of the sectors in which Canada has a comparative advantage over Mexico.

According to Statistics Canada, total labour costs represent only 17 per cent of the average cost of production, and only 9 per cent in the critical automotive assembly industry.

With respect to the issue of human rights, let me say that while the Canadian government recognizes that serious abuses of human rights were tolerated in Mexico in the past, we also recognize the sweeping changes that have been made in this area under the Salinas administration. President Salinas has publicly committed himself and his government to institute further improvements.

One of the most positive improvements initiated by Mexico has been the creation, in June 1990, of a Mexican Human Rights Commission composed of 11 prominent Mexican citizens and headed by a supreme court judge, to investigate and report on alleged human rights abuses. The Mexican government has also recently introduced legislation that will make the Commission autonomous, give it constitutional status and provide it with a separate budget. While problems still exist in some areas, even Amnesty International has conceded that human rights abuses are becoming less common in Mexico.

While the Canadian government remains encouraged by this and other steps being taken to improve Mexico's human rights record, we know there is more progress to be made. It is true that the issue of human rights is not addressed directly in the NAFTA, however, the government is convinced that closer trade ties with Mexico will not only give Mexico more opportunity to raise resources to further address this problem, but it will also lay the foundation for closer political relations in which Canada can play a greater role in assisting Mexico on human rights issues.

YUGOSLAVIA

CANADIAN PEACEKEEPING TROOPS—
EQUAL STANDING FOR RESERVISTS AND REGULARS—
STATUS OF MILITARY EQUIPMENT

(Response to question raised by Hon. Gildas L. Molgat on March 25, 1993)

All reserve personnel serving in the former Yugoslavia are on Class "C" reserve service, meaning that they are on full-time service and, with the approval of the Chief of Defence Staff, are serving in a Regular Force establishment position. As such, these reserve personnel are entitled to the same benefits as regular force members, including such coverage as long term disability. In the case of a permanent disability resulting in release from the CF, they follow the same pension review procedure as a regular service member.

With respect to the second question raised, the accident referred to occurred when a Canadian Forces armoured personnel carried (APC) driver accidentally missed a turn and ventured into the Jordanian Batallion area of responsibility. Though the route had been cleared a week before by an Argentian engineering group, anti-tank mines had been relaid. The APC struck a mine, detonating a second mine. The APC sustained damage such that a replacement vehicle will be required. The personnel involved sustained minor injuries which were not life threatening.

This accident is not the result of placing personnel in additional-risk situations that we should not be considering. It occurred during the routine conduct of daily operations. The Canadian Forces and the UN continue to make every effort to operate safely and effectively in a changeable environment.

The APC continues to be of great assistance to the safe completion of the broad variety of tasks undertaken in our various peacekeeping operations. Canadian peacekeeping operations are well-equipped. Constant review of peacekeeping operations environments and requirements ensure that the operations remain so.

THE ECONOMY

MUNICIPALITIES—EFFECT OF FEDERAL FREEZE
ON GRANTS IN LIEU OF TAXES

(Response to question raised by Hon. Peter Bosa on March 24, 1993)

From 1986/87 to 1992/93, there will have been an overall 32.1 percent increase in all government program spending. By contrast, in the area of municipal grants, the increase has been 77.6 percent.

This represents a significant increase in public spending, particularly in the area of grants-in-lieu-of-taxes, and we must take measures to deal with this.

In 1986/87, Public Works paid out $238,621,264 in grants-in-lieu-of-taxes. For 1992, payments will be nearly double — approximately $423,843,000.

Clearly, municipal grants expenditures are rising at a very high rate and measures must be taken to deal with this.

The department of Public Works is looking at how grants-in-lieu-of-taxes can be kept at the 1992 levels and is in the process of developing an appropriate implementation process that will be fair to all.

The net result will be not only a savings in public spending, but also a program that is more equitable for all Canadian municipal recipients.

GROWTH OF FEDERAL GRANTS IN LIEU OF TAXES
FOR TAXES ON DEPARTMENTAL PROPERTY,
1986/87 to 1992/93
($ MILLION)

86/87	87/88	88/89	89/90	90/91	91/92	92/93
217	250	297	284	310	360	424

YEAR OVER YEAR PER CENT INCREASE

87/88	88/89	89/90	90/91	91/92	92/93
15.2	18.8	–4.3	9.1	16.2	17.7

NOTE: Payments are on a cash basis and, therefore, tend to be somewhat irregular from year to year, depending upon the backlog of unsettled grants at the end of each year. Payments exclude post office properties in all years.

ATOMIC ENERGY OF CANADA LIMITED

EFFECT OF LAY-OFFS ON CANADIAN RESEARCH

(Response to question raised by Hon. Gildas L. Molgat on March 30, 1993)

Though there have been over the past year reallocations of available partnership funding which have affected the pace of the research being conducted into the disposal of high level waste, these and the recent general announcement relating to job cuts have not affected the staff levels in the nuclear waste program. The Whiteshell Laboratories research program into the concept for the disposal of high level waste is ongoing and is expected to extend well into the next several years. The concept being contemplated, that is of deep geological disposal in hard granitic rock, has now entered the first phases of an environmental assessment review process which requires that the expertise developed by AECL be retained at least until the process is completed and a decision taken as to future steps.

AECL's radiation applications program has been focused on a wide range of industrial applications, among them food irradiation and materials (plastics and composites) improvement. Recent cuts have not affected this program. While the activities in the food irradiation sector were reduced over a year ago, they are being maintained at a level which will allow AECL to take advantage of any new opportunities as they arise. Food irradiation is considered an excellent potential growth area and, in fact, there are signals in the U.S. that the new administration will actively support and promote this technology. AECL has positioned itself so as to be able to take advantage of these changes.

There are currently no plans to move elsewhere any of the jobs associated with AECL's research programs. Were any of these to be contemplated for transfers in the future, they would necessarily be the object of prior feasibility studies. The only positions now stated for transfers are those under the Memorandum of Understanding between AECL and Saskatchewan and are related to CANDU-3 design work.

AECL, in its search for cost-saving measures necessary for the long term welfare of the organization, has tried to keep the impact on jobs and programs to a minimum. Concurrently with the announcement of staff reductions, AECL has launched a collaborative process in the form of a Strategic Planning Initiative, involving provincial and local governments as well as the business community, to develop additional opportunities for the Whiteshell Labs and the surrounding communities.

[Senator Lynch–Staunton]

HEALTH AND WELFARE

PATENTED MEDICINE PRICES REVIEW BOARD—
STATUS OF PRICE-CONTROL GUIDELINES

(Response to question raised by Hon. M. Lorne Bonnell on March 31, 1993)

The report is a public document which has been circulated to all the attendees to the Patented Medicine Prices Review Board's Policy Forum, held February 9, 1993. A copy is attached for the information of the Senate.

Also attached for information is a copy of Bulletin No. 9 in which the Board proposed to change its Guidelines.

On August 21, 1992, the Board informed interested parties that it was examining certain issues related to the Guidelines on Excessive Price. These Guidelines were established in 1989. In Bulletin No. 9, published on October 27, 1992, the Board indicated that it had concluded that certain modifications may be appropriate. The proposed modifications were published for purposes of Notice and Comment in Bulletin No. 9. At the same time the Board invited written submissions on the proposed modifications in preparation for a **Policy Forum on the Board's Guidelines: Excessive price.** All the submissions were distributed back to the participants before the Forum. The policy Forum was held on February 9, 1993.

As a result of the Forum, the Board formed a Working Group on Technical Issues consisting of representatives of interested parties. The Working Group is to report back to the Board by the end of May.

The proposed changes to the Guidelines have been published, are the subject of current consultation and have not yet been changed. The Chairman of the Board has indicated that the Board will announce publicly any changes to its Guidelines. The Board will consider the report by the Working Group and make appropriate changes to its guidelines before the end of June 1993.

DRUG PRICES IN CANADA—GOVERNMENT POSITION

(Response to question raised by Hon. Royce Frith on March 31, 1993)

National Health & Welfare's primary concern is with health issues. The Minister has worked hard to have the best drugs available to Canadians through research and development and a strong pharmaceutical industry, and, to have drugs accessible to Canadians at reasonable prices. The Patented Medicine Prices Board (PMPRB), created in 1987, plays an important role in this task.

The passage of Bill C-91 has put in place several new conditions which will improve the PMPRB's capacity to

regulate patented drug prices. The Board is now able to impose fines and the imprisonment of offenders for failure to comply with its orders. The Board is also able to fine or institute price reductions which could compensate for past excessive prices.

Also, the PMPRB now reports to the Minister of NHW. Minister Bouchard has already met with Dr. Eastman, Chair of the PMPRB, to emphasize a shift in philosophy from "non-excessive prices" to "reasonable" prices for pharmaceuticals.

Finally, C-91 allows for new price determination factors to be prescribed for the Board after a full consultation process with the provinces and with other interested parties. This process has already begun.

In addition to controlling the prices of patented medicines, the federal government is working with the provinces to find new ways to manage drug costs. At the request of the Deputy Ministers of Health, a federal/provincial task force has designed a national formulary service - this agency would provide information on the relative effectiveness and cost of drugs and provide this information to the provinces to help them make better informed formulary decisions.

Last spring, the department of National Health & Welfare established the National Pharmaceutical Strategy. Officials are now working with their provincial colleagues to determine ways of ensuring optimal drug therapy for Canadians.

RESTRICTIONS IN VETERANS DRUG PLAN—
GOVERNMENT RESPONSE

(Response to question raised by Hon. Royce Frith on April 1, 1993)

Health care costs have risen for a number of reasons. These costs do not only include prices of patented medicines but also that of non-patented medicines, the fact that there are larger prescription sizes (more pills), a trend for doctors to prescribe newer, more expensive drugs instead of established ones, as well as the arrival on the market of more expensive new products for conditions for which previously, there was no therapy available.

The Patented Medicine Prices Review Board is responsible for reviewing the prices of patented medicines.

The patent drug legislation is a separate issue where the government has made changes to provide adequate patent protection for brand name drug manufacturers to encourage additional research and development investment in Canada. When that protection expires, as is the case for many currently available drugs, Veterans Affairs, like any other purchaser of products or services, will try to get the best price possible for needed drugs for veterans.

INDIAN AFFAIRS

PROPOSED FIRST NATION CHARTERED LAND ACT—
REQUEST FOR DRAFT BILL

(Response to question raised by Hon. Gildas L. Molgat on April 1, 1993)

Following several years of work, the Chiefs' Steering Committee on land management presented the Minister of Indian Affairs and Northern Development with a proposed First Nations' Chartered Land Act on December 15, 1992.

This proposal seeks to recognize First Nation's desire to resume the authority to manage their lands.

The proposed legislation will be an alternative to the Indian Act and optional for First Nations. It will in no way abrogate or derogate from any Aboriginal or treaty rights. Land tenure will not be affected - legal title will remain with the Crown.

The department, in conjunction with the Department of Justice, is reviewing the Chief's proposal.

CANADIAN BROADCASTING CORPORATION

PROGRESSIVE CONSERVATIVE LEADERSHIP
CONVENTION—LIVE COVERAGE OF DEBATES

(Response to question raised by Hon. Keith Davey on April 1, 1993)

This decision is the sole responsibility of the CBC Newsworld services.

Under the Broadcasting Act, there is no requirement that obliges broadcasters to televise candidate debates during the campaign for the leadership of political parties.

However, the Canadian Broadcasting Corporation has announced that CBC Newsworld is televising the five debates which are being held in Toronto (April 15), Montreal (April 21), Calgary (April 30), Vancouver (May 13), and Halifax (May 18).

PROGRESSIVE CONSERVATIVE LEADERSHIP CONVENTION—ABSENCE OF FRENCH LANGUAGE COVERAGE OF DEBATES

(Response to question raised by Hon. Jean-Maurice Simard on April 1, 1993)

The government has an arm's length relationship with the corporation.

The decision to offer an all-news network in French is the responsibility of the Canadian Broadcasting Corporation (CBC) and is subject to licensing by the CRTC as stipulated in the Broadcasting Act.

In January 92, Newsworld's seven year licence renewal application included a projet to provide a French-language version of its English public affairs programs. This projet was subsequently withdrawn following negative reaction from the French-language media. It was felt that Newsworld programs did not reflect a francophone view point and that translated programming was not very popular. Furthermore, Quebec cable operators indicated that translated programming would not be well received in Quebec.

During the recent CRTC structural hearings, the President of the CBC announced a proposal for a French all-news service rather than a translation of the existing CBC Newsworld. More precise information on the exact nature of the CBC's proposal will likely emerge in the near future and details on how they plan to finance the starting costs of such a service should be available at that time.

TRANSPORT

NATIONAL AIRLINES—GOVERNMENT POLICY

(Response to question raised by Hon. H.A. Olson on April 2, 1993)

There are no regulations at the federal level requiring that amounts paid to scheduled airlines by travellers be protected by trust arrangements or comparable mechanisms. Historically, the scheduled airline industry itself has proven quite capable of resolving any problems that might arise because of the financial collapse of an air carrier or a cessation of operations for any other reason.

In this context, it can be noted that when Pan American and Eastern Airlines, two large U.S. carriers, went bankrupt, international airline industry mechanisms ensured travellers were reimbursed or returned home with a minimum of inconvenience. This included many Canadians.

Even in the case of Nationair, which did operate some scheduled international services, other carriers (such as Air Canada) took steps to get Canadians back home.

All things considered, the government is of the view that those who know the travel industry best are well placed to resolve these kinds of problems. The thousands of people working for travel agents, tour operators, air carriers and other members of the travel industry have so far done an excellent job without government regulation.

NATIONAL AIRLINES—GOVERNMENT POLICY

(Response to question raised by Hon. H.A. Olson on April 2, 1993)

The government has not been "standing idly by" with regard to Canada's airlines. On the contrary it has been following the activities of the airline industry and, in particular, our two major airlines very closely. In a major statement which he made to the House of Commons last November 24th, the Minister of Transport reaffirmed the government's commitment to the policy framework put in place in 1988. That policy has as its foundation the need to provide a safe, economic, efficient and adequate network of viable and effective transportation services to meet the needs of travellers and shippers. The framework is based on the principle that competition and market forces are the best means to achieve that goal.

If our airlines are to remain competitive both at home and internationally they cannot be shielded from market forces.

While there is complete freedom to enter and exit markets in southern Canada, services affecting northern Canada are still subject to regulation by the National Transportation Agency and the awarding of international route authorities is controlled by the Minister of Transport.

There is a general recognition that over-capacity exists in the domestic market. The Minister of Transport acknowledged this in his statement, and called upon the airlines to take the steps necessary to remove it. Both airlines have gone some way in this regard by reducing the capacity to be made available for their summer schedules. This is seen as encouraging by the government, which would prefer that the airlines exercise the discipline required, rather than have it imposed upon them by the government. Monitoring will continue and the government remains prepared to propose certain changes to the current regulatory regime should that be judged necessary.

On the matter of the supplementary question regarding the government shareholdings in one of the airlines. It was in July 1989 that the government ceased to hold any shares in Air Canada. This was the second public offering of Air Canada stock and completed the full privatization of the former Crown Corporation, the terms of which are found in the Air Canada Public Participation Act (1988).

An additional supplementary by Senator Gigantès referred to the possibility of a loss of the Canadian airline industry to the Americans. Let me point out only two of the safeguards against that eventuality. First, ownership rules limit foreign investment in Canadian airlines to 25% of voting shares and require that control must be Canadian. It is the responsibility of the National Transportation Agency to review all Canadian licence holders to ensure that these conditions are met on a continuing basis.

Secondly, Canada's bilateral relationship with the United States continues to be predicated on respect for the integrity of domestic air services. Which means that while the government is negotiating a liberalized transborder regime, there are no plans for expanding this to include domestic services by the foreign carrier (cabotage).

HEALTH AND WELFARE

PATENTED MEDICINE PRICES REVIEW BOARD— TIMING AND CONTENT OF REPORT

(Response to question raised by Hon. Philippe Deane Gigantès on April 2, 1993)

The report that Senator Gigantès refers to, which presents the findings of international price comparisons on the 200 largest selling patented drugs, was made available by the Patented Medicine Prices Review Board during the first week of March. The Minister received the report in question in March, at the same time as the PMPRB made it available to other stakeholders. This was some three months after introduction of Bill C-91 in the Senate.

The PMPRB did state in its Bulletin No. 9 in October 1992 that "recent studies show that the introductory prices of many drug products in category III exceed the median international price when they are first marketed." This conclusion led the Board to proceed with the review of its pricing guidelines that is underway. (Category III drugs are those which provide moderate, little or no therapeutic advantage over comparable medicines. They represent about 40% of new drugs introduced on the market.)

The PMPRB has the authority under the Patent Act to set price guidelines and to revise them whenever new evidence becomes available. This authority was not affected by Bill C-91. In fact, the new legislation provides the Patented Medicine Prices Review Board with enhanced powers to order price roll-backs and to order companies to repay excess revenues earned where overpricing is found to have occurred. For those who engage in a policy of excessive pricing, the Board has the power to impose more stringent measures so as to recover twice the excess revenues collected by patentees. Companies who do not comply with board orders will be subject to fines up to $100,000 per day.

QUEBEC

MOVEMENT FOR SOVEREIGNTY—SUPPORT BY GOVERNMENT OF FRANCE

(Response to question raised by Hon. Gildas L. Molgat on April 2, 1993)

Relations between France and Canada — including the triangular Ottawa-Paris-Quebec City relationship — have matured and are now smooth and amicable. Our two countries co-operate closely in the political, economic and cultural sectors, both bilaterally and multilaterally. No one wants to go back to the unproductive bickering of the old days.

With respect to the Canadian domestic scene, France maintains that it is up to Canadians to find their own solutions to their own problems. President Mitterrand and other French dignitaries from all across the political spectrum have demonstrated their good will toward Canada on many occasions.

There was absolutely no reason for the Canadian chargé d'affaires to communicate with the French government regarding Mr. Parizeau's visit.

There has been no change in the views of the American government on its relations to Canada and its view of Quebec separatism. President Clinton has given every indication that he values the excellent relations between the U.S. and a strong and united Canada.

It is normal for the U.S. government to monitor political developments in Canada, just as we monitor the political scene in the United States. U.S. officials have often met with elected leaders of all major political parties in Canada. These meetings, however, do not imply U.S. support for the views of any one party.

During the visit of Mr. Parizeau to Washington on March 3-5, 1993, the Canadian Embassy arranged for Mr. Parizeau's call on the State department. An Embassy official accompanied Mr. Parizeau on this call. This is a service provided to any federal or provincial leader of the opposition.

At the dinner hosted by the Quebec Delegate General for Mr. Parizeau on March 4, there were a number of junior U.S. officials and Canada watchers present, as well as a representative of the Embassy. Attendance at the dinner in no way implies support for Mr. Parizeau's views.

ANSWER TO ORDER PAPER QUESTION TABLED

COMMEMORATIVE MEDALS MANUFACTURED UNDER THE CANADA 125 PROGRAM

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 85 on the Order Paper — by Senator Wood.

• (1440)

ORDERS OF THE DAY

INTELLECTUAL PROPERTY LAW IMPROVEMENT BILL

MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons returning Bill S-17, to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade-marks Act and other Acts in consequence thereof, and acquainting the Senate that they had passed the bill without amendment.

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved the second reading of Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts.

He said: Honourable senators, I welcome the opportunity to lead off debate in this chamber on second reading of Bill C-92, to amend the Income Tax Act and various other acts. This bill implements a number of important measures that were first announced in the 1992 budget. As well, the bill includes a number of technical amendments to the Income Tax Act. These technical amendments reflect the very constructive input the government received from taxpayers and their advisors over the last few years. The aim of these amendments is to maintain and enhance the equity and efficiency of the tax system. This goal represents an important part of the commitment of this government to strengthen the Canadian economy by removing impediments and distortions caused by the tax system.

In outlining the main points of the bill, honourable senators, let me begin with a description of the tax reductions the government is proposing. First, Bill C-92 would give legislative approval to the one-percentage-point reduction in the surtax on personal income tax that came into effect July 1, 1992, as well as the additional one-percentage-point reduction that came into effect on January 1 of this year. With these measures, first announced in the February 1992 budget, the surtax will have been cut from 5 per cent of basic federal tax to 3 per cent.

All 14.6 million Canadian taxpayers benefit from these reductions. A single taxpayer earning $30,000 would receive a reduction in federal tax of $76 in 1993. A one-income couple with two children and earnings of $50,000 would see a reduction of $162 in federal tax this year. These steps are expected to reduce federal revenue by some $500 million in the fiscal year that ended last month. The total impact over the period 1992-93 to 1996-97 is expected to be $6.6 billion. Let me stress, honourable senators, as the government's budget yesterday demonstrated, the government is paying for these reductions by cutting expenditures elsewhere in government and not by introducing new taxes or raising existing taxes, which was common practice under previous governments.

In addition, a number of changes to the tax regime for Canadian business are being tabled for consideration in this chamber. The goal of these initiatives is to assist companies in the manufacturing and processing sector as they restructure their operations to take advantage of the opportunities presented by world markets.

The government proposes to reduce the tax rate on the corporate income from manufacturing and processing from 23 to 21 per cent in two stages. The first decline is effective as of January 1 of this year. The second one-point drop is scheduled for January 1, 1994.

This tax reduction complements two other measures announced in the budget. The first is a commitment to negotiate with other countries to reduce withholding taxes. The second is an increase in the allowable capital cost allowance for manufacturing and processing equipment.

When taken together, these three corporate tax measures would mean that a Canadian manufacturing company not subject to the withholding tax would be subject to a significantly lower statutory tax rate in Canada than its competition in the U.S. — 35 versus 39 per cent. For a company that is the subsidiary of a U.S. parent, total income and withholding tax would still be less in Canada than in the U.S.

These changes provide incentives that encourage the investment needed to build a healthy economy and create jobs in Canada. However, from time to time, these incentives must be adjusted to ensure that they reflect the fiscal capacity of the government and that they respond to the changing economic conditions. To this end, Bill C-92 proposes to target the lifetime exemption for capital gains more toward equity investment.

The Income Tax Act will be amended to no longer provide the $100,000 lifetime capital gains exemption on passive real estate purchased after February, 1992 and to restrict it on real estate purchased before March, 1992. However, this amendment does not apply to real estate used in active business, does not affect the $500,000 exemption for qualified small business and does not affect exemption on sale of principal residence.

The bill also proposes to modify the rules for labour-sponsored venture capital corporations, which are investment funds set up by labour organizations to make investments in small businesses, the engine of growth in the Canadian economy. The changes include an increase in the maximum credit for investments in these funds from $700 to $1,000, an increase in the size of the company in which the funds may invest, and a relaxation in the eligibility criteria for fund sponsorship.

Economic growth will also be strengthened by the Home Buyers Plan originally announced in the 1992 budget. This measure allows home buyers to withdraw up to $20,000 in existing funds from registered retirement savings plans and use the money to finance the purchase of new or existing homes. Where the home is being occupied as the buyer's principal residence, there will be no tax on the withdrawal. This plan has created, and will continue to create, jobs in the Canadian construction industry.

As honourable senators are aware, the Minister of Finance announced a one-year extension of the plan in the December economic statement. Legislation to implement this extension will be introduced shortly.

Another change proposed in this legislation is to modify the tax system to treat common-law couples in the same way as married couples. The broader definition of "spouse" that is currently used by the Income Tax Act for provisions relating to pensions and other retirement plans will be extended for all other purposes under the act. Under this broader definition, the term "spouse" will include both a married and common-law spouse.

In recognition of the hardships of those Canadians living with disabilities, Bill C-92 is proposing to expand the definition of expenses eligible for medical expense tax credit for the disabled and to broaden the range of tax deductible business expenses for modification to buildings and devices to assist the disabled.

• (1450)

Second, an education credit will be available to Canadians with disabilities who attend post-secondary education on a part-time basis.

Third, disability pensions under CPP and QPP will be recognized as earned income for the purposes of contributions to an RRSP.

In addition, this bill will help Canadian families with small children by enriching the child care deduction. The deduction will be increased by $1,000 to $5,000 for each child under the age of seven, and to $3,000 for other eligible children. The proposed $1,000 increase will enable many more Canadian families to afford quality care for their children.

Having outlined the measures of this bill that were announced in the February 1992 budget, let me now turn to some of the more technical amendments to the Income Tax Act that are being put forth.

First of all, the government proposes to reverse the ordering of the credit currently provided for the Large Corporations Tax and the special Part VI tax on financial institutions against the corporate surtax and income tax. This will allow foreign parents of Canadian companies to obtain recognition abroad for a larger portion of the Canadian taxes for which they are liable — and provide an added incentive for them to continue investing in the Canadian economy.

Second, the government is seeking to amend the Income Tax Act so that once this bill is enacted, the government can collect a portion of taxes in cases where there is a dispute. The provision will apply only to disputed taxes of companies that are liable to the tax on large corporations. As well, certain changes are being proposed to the 21-year rule for trusts. One measure will ensure that the 21-year period cannot be refreshed by transferring trust assets to new trusts. Other changes would ensure that the capital gains consequences will be substantially the same whether individuals make a gift of property directly to their children, or make the gift to a trust for the children's benefit.

Honourable senators, I should like at this time to address certain misunderstandings about the proposed changes to the 21-year rule. These fall generally into three points. First of all, it has been suggested that wealthy individuals are able to avoid taxes by setting up trusts. This is just not the case.

Senator Frith: They will be glad to know that. Their trusts would not work for them.

Senator Di Nino: When property is transferred to a trust, any capital gains which have accrued on a property must be recognized at that time. Furthermore, trusts or their beneficiaries are subject to income tax each year on income generated in the trust, just like any other taxpayer.

Second, it has been suggested that the distribution of trust property to beneficiaries within the 21-year period results in an unintended tax deferral. This is simply not the case. Such distributions are treated on a "rollover" basis, recognizing that trust property is being held for the beneficiaries and should be treated in the same way as if it had been transferred directly to them. The 21-year rule was never intended to prevent this treatment of trust distributions.

Third, it has been suggested that substantial sums of tax revenue will be foregone as a result of these changes. This is unfounded. Most trust property, in the absence of these changes, would have been distributed to beneficiaries before the end of the 21-year period. In such cases, capital gains taxes would be payable by the beneficiaries when the property was sold or ultimately on their death. The proposed changes will not alter this result.

Moving on, there are a number of technical measures that I will briefly list with the suggestion that if any honourable senator wishes to study them in greater detail, they should refer to the explanatory notes prepared by the Department of Finance. The areas affected by these measures include the Net Income Stabilization Accounts program established under the Farm Income Protection Act, the disposition of capital property on death, the valuation of employee stock options after death the tax status of employees of the United Nations and its agencies, the filing of information returns by non-profit organizations, rules for amateur athletes' trust arrangements, and regulations permitting supplementary pension plans to be treated as retirement compensation arrangements.

Finally, I want to discuss briefly the amendments being proposed to the confidentiality rules in section 241 of the Income Tax Act. As honourable senators are probably aware, this clause of the bill, clause 137, has been struck down by the Finance Committee. Let me outline why the government has decided to restore this clause. Section 241 prohibits government officials from using or communicating information obtained under the act unless specifically authorized by one of the exceptions found in that section.

The government believes that clause 137 will improve section 241 in a number of ways. For example, without revealing the identity of the taxpayer to whom the information relates, Revenue Canada will be better able to release aggregated or statistical data. Such information is valuable for social and tax policy formulation, evaluating or formulating fiscal policy and for business planning.

For the purposes of administrating or enforcing federal tax laws, clause 137 will also allow taxpayer information to be provided to provincial officials. This is relevant to such matters as the collection of the GST for the federal government by Revenue Québec. As well, similar to tax collection authorities in the United States, clause 137 will allow Revenue Canada to use the address of a taxpayer to forward information to that taxpayer.

Clause 137 is also needed for the enforcement of the confidentiality rules. For example, clause 136 proposes amendments to section 239 of the Income Tax Act, which makes it an offence to contravene the confidentiality rules in section 241 of the act. Without restoring clause 137, that offence provision will, in some cases, be impossible to apply.

Finally, the government has restored clause 137 because concerns relating to privacy rights of Revenue Canada employees have been substantially resolved. Indeed, the Privacy Commissioner has indicated that he is satisfied that the government will be able to develop guidelines to protect the legitimate privacy interests of Revenue Canada employees while ensuring a high degree of employee integrity, with no employee using insider information for personal benefit.

In conclusion, honourable senators, this bill gives legislative effect to measures that will directly benefit Canadians and strengthen the economic recovery now under way. Members of the Standing Senate Committee on Banking, Trade and Commerce have already been briefed by officials of the Department of Finance on these measures, and I hope will be able to move expeditiously in dealing with this legislation. In the interests of all Canadians, I urge all honourable senators to support this bill.

Hon. John B. Stewart: Will the honourable senator permit a question?

Senator Di Nino: I will do my best, honourable senator.

Senator Stewart: I notice that the measure to which the honourable member has been speaking flows not from the budget delivered this week, but rather from a previous budget. Have any provisions in this bill already gone into effect, or are all the measures dealt with in the bill coming into effect after the bill has received Royal Assent?

Senator Di Nino: My understanding, honourable senator, is that some of the provisions have actually gone into effect because of the dates dealing with the collection of income tax, but I cannot give you specifics.

Senator Stewart: This is important. Would the honourable senator get the specifics and, if it is true that taxes have in fact been changed on the basis of a proposal which has not yet become law, will the honourable senator provide an explanation as to how this legally could be done?

Senator Di Nino: Once again, it is my understanding that this is not totally unusual, but I will make inquiries and report to you, honourable senator.

On motion of Senator Frith, debate adjourned.

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, An Act to amend the Excise Tax Act.— (*Honourable Senator Molgat*)

• (1500)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I should like the order to stand in Senator Davey's name.

Order stands.

FACT-FINDING MISSION TO CALIFORNIA

CONSIDERATION OF REPORT OF ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES COMMITTEE— DEBATE ADJOURNED

The Senate proceeded to consideration of the Ninth Report of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented in the Senate on March 24, 1993.

Hon. Dan Hays: Honourable senators, I should like to speak to this matter on the Order Paper. Hopefully I will do so within the time provided by the rules.

The Standing Senate Committee on Energy, the Environment and Natural Resources in January of this year tabled a special study it completed on the use of market-based instruments to achieve environmental objectives in the area of atmospheric conditions. The committee felt that it would be useful to undertake a fact-finding mission to California, since this jurisdiction has severe environmental problems and has put in place a comprehensive regulatory framework, including the use of market-based tools where deemed appropriate.

The committee undertook a fact-finding tour in February, meeting with state and local officials, lobbyists, scientists and state legislators in Sacramento and San Francisco. The purpose of the mission was to discuss how California is dealing with its pollution problems.

As senators are aware, California has a population which exceeds that of Canada. Moreover, the state shows tremendous growth in population and use of automobiles. An unfortunate combination of land development or settlement patterns and topographic conditions — a few large urban centres surrounded by high mountain ranges — have combined to exacerbate the impact of automobiles on the environment. Simply put, California has the worse smog problems in the United States and Canada. I cannot speak for Mexico, but I understand that some areas, Mexico City in particular, have severe problems of that nature.

For these reasons the state has developed progressively stringent automobile-emissions standards which will extend into the next century. A successful response by industry to this regulatory challenge should make a significant contribution to reducing the smog problem.

Since other states are already moving to adopt the California standards, the impact on the North American automobile market and on the alternative fuels industry will certainly extend beyond the state's boundaries. In particular, the regulatory initiative will have some effect on the Canadian situation.

The committee heard that the state has been able to keep a lid on emissions despite its rapid population growth. However, there is a growing concern about the cumulative cost of what can only be described as a complex regulatory structure. The committee heard much evidence of the need for a rationalization of the regulatory bureaucracy and the need for information on the cost of regulatory compliance.

As our own study pointed out, concern over the cost of environmental regulation has prompted governments throughout the world to examine more cost-effective ways of controlling atmospheric emissions. The approaches being developed in California, which seek to use the market to alter automobile usage patterns, will in all likelihood have potential for application in those Canadian urban centres which also face serious smog problems.

With respect to this, honourable senators, and other matters that I will comment on, namely the natural gas trade between Canada and the United States — primarily California — and the state of affairs in California with respect to oil-spills response and prevention, which is of common interest to Canadians because of a shared concern about a long coastline, I refer honourable senators to the report.

The two other items I will comment briefly on now deal with renewable energy and the natural gas trade. I will then speak about a conference that I attended, sponsored by the Petroleum Intelligence Weekly Group in Washington. Specifically, I want to comment on a presentation dealing with oil spills given at that conference.

To complete the comment on what is in the report, the committee took advantage of its opportunity to meet with people in California and to have a dialogue with their legislators and officials, particularly those of the state energy commission, concerning the ongoing natural gas trade dispute between the California Public Utilities Commission and the Province of Alberta. It is important that we quickly resolve this issue since California is Canada's largest export market for natural gas. It was gratifying to discover that the energy commission in particular showed considerable sympathy to the Canadian position on the issue.

The committee also had an opportunity to visit with officials from Pacific Gas and Electric, I believe the United States' largest privately-owned public utility. Our visit with them was very instructive and involved a visit to the Altamont Pass wind farm, which includes some 8,000 wind turbines feeding power directly into the grid system that serves California.

The committee had considerable discussion with the Pacific Gas and Electric officials concerning the impact on their operators of the Public Utilities Regulatory Policy Act, or PURPA. This legislation passed some time in the 1970s. It required electrical utilities to purchase power produced by independent facilities. No limit was placed on the amount of power that had to be purchased, since at that time demand was expected to grow and to keep growing quickly. With demand not meeting expectations, the utility has been left with a sizable surplus of power as well as contracts to continue buying additional non-utility power. The committee was urged to ensure that Canadian jurisdictions are made aware of these potential pitfalls if a move is made to open our systems to non-utility generators, something which is talked about a lot.

• (1510)

The other issue is oil spills response and prevention. This is a big issue in California since the Ports of San Francisco and Los Angeles are in the top 10, the sixth and seventh largest receiving ports for crude oil in the world. With such a huge amount of product coming into California, and with some bad experiences in terms of oil spills, great attention is paid to the issue.

In effect, the state has moved to encompass the federal regulation and, in some cases, surpass it. It has taken steps to have one response point in the event of a spills problem or in the event of action being taken on the issue of prevention.

I now want to talk about a presentation made to a conference which I attended in Washington in early March. I will draw to the attention of honourable senators one issue in particular that was touched on at that conference: The high risk of oil spills in the future.

The comments I am making are prompted also by a special interest of Senator Kenny. I will read into the record now a response he received to a question put in this chamber with respect to the inspection of foreign vessels landing in Canadian ports. This is particularly relevant to what I am about to say. He asked how many inspections are carried out on these vessels.

The answer to his question indicated that in 1990 in Canadian ports there were 1,246 inspections, or an inspection rate of 15.5 per cent. In European ports, the inspection rate was 23 per cent, while it was 97 per cent in the U.S.

Having said that, and bearing in mind that Canada has a large coastline and that we are also major importers of oil, I should like to quote from and comment on a speech given at the conference I spoke about earlier by Mr. Michael Tusiani, the Chairman and Chief Executive Officer of Poten & Partners, Inc., an organization that facilitates the movement of crude oil by tanker.

He started his speech by talking about the problem of block obsolescence, which arose in the oil tanker business as a result of price fluctuations. Price fluctuations caused the overbuilding of tankers in the early 1970s. There was then a fall in the price of crude oil, which was before the useful lives

of those tankers were at an end. That fall in price did not provide any incentive to replace tankers. Thus, the block of tankers that was built at that time will become obsolete, or unsafe in the worst example, at the same time. All of this is taking place at a time when there is a surplus of tanker space. That surplus of tanker space means that they are operating at very low margins. Thus, there is no incentive to build new tankers.

To highlight the potential problems, he said:

> But we must face up to the fact that a number of substandard tankers are on the waters today. These ships are a hazard, not only to the environment, but to the oil industry that uses them. BP announced that about one-third of all tankers it inspects are rejected. This has also been Mobil's experience. Shell says that its inspections suggest that 20 per cent of the world tanker fleet is substandard.

In another part of his speech, he said:

> ...the age of ships alone is not the problem. BP, for example, said that it found no trend in the age of tankers rejected. It rejected ships for such reasons as having out-of-date charts, not working within operational procedures, no common language among officers and crew, senior officers not having proper qualifications, poor bridge procedures, and poor fire-fighting and safety equipment. A recent study by the United Kingdom Protection and Indemnity Club showed that about two-thirds of accidents result from human error — not mechanical or structural failure.

In his speech, Mr. Tusiani was speaking to a group of industry people and suggested that it was imperative that they do something about this because the black eye on the face of the earth is not only to the environment, but to the energy industry which will be blamed ultimately for these problems if they occur. He suggested to this industry group that the people who ship make public the results of their inspections of these vessels. They would do so by giving the information to an organization called "Oil Companies International Marine Forum," which would be the agent for receiving this information and which would then publish information about the suitability of tankers for carrying product.

I suppose, in theory, that means many tankers would not qualify, although this is an issue that has an interesting aspect to it in that many people want to move the product as cheaply as they can. Others want to move it as cheaply and as safely as they can. Not all fall into the latter category.

If this information is made public, the unsafe tankers would not be used, there would be more demand and thus more incentive to replace the unsuitable tankers. We would then have a more orderly transition than it appears we are having now on this block obsolescence issue from these tankers that are now aging and no longer suitable for moving oil.

Honourable senators, those are two things I have tied together. First, there is the trip of members of the energy committee to California, specifically on its air emissions study, as well as the issue of oil spills response, and the important matter of trade in energy between Canada and the United States.

This was followed up by a trip that I took under the foreign travel provisions of the Senate to attend the Petroleum Intelligence Weekly Conference on various new issues in the energy sector. I have touched on only one of the issues because of the interest we had in the issue, as well as Senator Kenny's special interest. Something that runs through my mind as chairman of the environment committee is that perhaps some special attention at this time should be paid to whether or not Canadian oil spill response and prevention standards are high enough, given the risk of many tankers not being safe, our large coastline and our increasing dependence on imported oil.

I remind honourable senators of the *Braer* that went aground somewhere along the coast of Scotland. That was a vessel from the North Sea destined for Canada. Given our large imports of oil, large coastline and the huge volume of oil that moves down our west coast, the Alaskan north slope oil, our committee should, perhaps, do a short study to see whether or not our standards are adequate.

On motion of Senator Molgat, debate adjourned.

• (1520)

ECONOMIC STATEMENT

INQUIRY—DEBATE CONCLUDED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator MacEachen, P.C., calling the attention of the Senate to the economic statement made by the Minister of Finance, on Wednesday, 2nd December, 1992. — *(Honourable Senator MacEachen, P.C.)*

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I yield to Senator MacEachen.

Hon. Allan J. MacEachen: Honourable senators —

The Hon. the Acting Speaker: I advise honourable senators that if Senator MacEachen speaks now, his speech will have the effect of closing the debate on this matter.

Senator MacEachen: If any other honourable senator wishes to speak now, I would be happy to yield.

I thought the fact that the Minister of Finance presented a budget yesterday in a sense had overtaken the relevance of this particular debate, and therefore I want to make some final comments and, as a result, as the speaker has mentioned, the debate will be terminated.

As honourable members recall, the Minister of Finance presented his economic statement on December 2, 1992. I began my speech on December 8, continued it on December 10, followed by Senator Murray, and then later on, on March 4, 1993, by Senator Everett.

I must say I am somewhat disappointed that so few senators chose to participate and give not only their colleagues but also the country the benefit of their views on the current economic situation and its many aspects and possible solutions. I am disappointed in view of the fact that there are quite a number of senators who have experience in private industry and who, since coming to the Senate, have carefully concealed their light. They have placed it under a bushel, so to speak. Maybe the solutions are so self-evident to them that comment is unnecessary, but they are not so self-evident to me, nor to Senator Murray or Senator Everett.

Perhaps by way of conclusion I should briefly indicate the main points that I made last December, without introducing any new material. First of all, I argued that the Minister of Finance now has less control over fiscal and monetary policy than any of his predecessors due to increased foreign borrowing, which in itself is a new element or feature of our fiscal situation;

That the Minister of Finance, in presenting his economic statement last December, was intent on soothing anxious foreign creditors as to the level of the deficit;

That the deficit problem at that time was as substantial as it was when the government took office in 1984;

That there was a relationship between economic management and the size of the deficit;

That the fact that the government failed to act on the inflationary pressures in 1988 had an impact on the deficit, and when they acted, they acted late and aggressively, which certainly helped to bring on the recession, which again added to the deficit problem;

That it is impossible to discuss the deficit without paying attention to critical decisions in economic management made by the Minister of Finance;

That in addition to what I considered to be errors in management, the problem was exacerbated by the introduction of the free trade agreement and the GST in an economy that was struggling with inflation and recession. The dice in that situation were loaded against success. That combination of events ensured that the recession would occur in Canada two quarters before that in the United States and before the OECD area as a whole;

Regretfully, the Government of Canada had failed to take advantage of the seven fat years of substantial economic growth to make an impact on the deficit. In 1984, bear in mind that the country had an economic growth of 4.6 per cent, which was exceeded only in one subsequent year. There were seven fat years of prosperity and growth, not only in Canada but elsewhere, and the advantage was not taken to wrestle the deficit to the ground.

Those were the main points. They may be still relevant. I think they are. I was interested in Senator Murray's reply, which was in a sense quite extensive, but I did notice that he paid only marginal or tangential attention to the macroeconomic management of the government, he did not deal with why the government had failed to meet its fiscal targets, and defended the government against my charge of economic mismanagement.

As for my frequent requests that more attention be paid to international indebtedness on the part of the government, I found that part of his speech quite forthcoming. I had no complaint about it because he did underline the gravity of the problem in very stark words.

He referred to the turbulence in world economic markets, saying all this turbulence spills over into Canada, especially when investors look at "— our high international indebtedness, at an economy that is still growing very slowly, and at policies in several provinces, and, finally, that our international indebtedness relative to the rest of the world has left us in an exposed position..." which dictates "— a very careful policy on the part of any Canadian Minister of Finance." I found that a frank admission of a serious problem that is still there and ready to be dealt with.

It was interesting to me that Senator Murray relied heavily in his presentation on the structural changes which the government had undertaken, particularly in the trade and taxation fields, particularly the FTA and the GST, and other structural changes which he felt the government had encouraged and which was in accordance with what he described as the enormous restructuring taking place all over the world. That is the subject matter for another occasion, but it seems to me that at a certain point we have to ask ourselves what are the sources of the recent economic restructuring, who are the agents of restructuring, is it happening too rapidly for the populations of democratic countries to absorb, and whether there is any role left at all for governments in managing what is described as an enormous restructuring.

• (1530)

I must now turn for a moment to Senator Everett's speech because he attempted to bring us into, as it were, a different world of consideration. Let me begin by saying that this is

the way I understood his address. It may be that I misunderstood it and, if I have, I hope he will take advantage at the first occasion to tell me where I have gone wrong and I will be certainly ready to accept any correction of his analysis.

The thrust of Senator Everett's argument was that, by focusing on exports, by increasing the volume of its exports, Canada could effectively deal with the fiscal deficit. He argued that the two other options, namely, increasing taxes or further cutting spending, were not acceptable options at this time.

The logic of his position, as I understood it, was as follows: First, through a "controlled lowering of the exchange rate," the lowered Canadian dollar would have the ultimate effect of increasing exports; an increase in exports would, in turn, reduce the current account deficit; and this subsequent decrease in the current account deficit would, in turn, reduce the fiscal deficit. I must say that at that time I attempted to grapple with this logical sequence in order to see whether it was valid, and I have been unable to say that it is valid. I disagree with Senator Everett's logic and with his conclusion that:

> ...it is the only logical way that Canada can solve its problem...The only hope is to increase our foreign trade, increase our exports, decrease our imports. By virtue of that, we can get out of this mess, and that is the only way, in my judgment, that is open to us.

I assume all along that the "mess" is the fiscal deficit.

We can define the current account deficit as the difference between payments Canada receives from abroad and the expenditures Canada makes in bringing in or buying foreign goods and services and interest payments to foreigners holding Canadian debt. We know that the current account deficit has become quite large recently; in 1992, it totalled $28.56 billion. We can divide this figure into four main components: First, merchandise balance, which is usually a surplus. We usually have a surplus on our merchandise account, and that was almost $10 billion in 1992. In trade in services, which is another component, we typically have a deficit, which amounted to $13.39 billion in 1992. A further component is interest payments on foreign debt which, in 1992, amounted to approximately $25 billion. Finally, there is a small positive component of $24 million called net transfers.

How do we finance this current account deficit? We finance it by importing capital through long-term instruments, or whatever one might want to call them, such as foreign direct investment, the purchase of Canadian bonds, the purchase of provincial bonds, or short-term investment such as treasury bills and money market investments. Therefore, we do finance our current account deficit in this manner.

I asked myself, what is the link between the current account deficit and the fiscal deficit? There is, of course, an important link, but it is not the link that I thought was inferred by Senator Everett. Indirectly, large fiscal deficits generate a need to borrow abroad, particularly if domestic savings are inadequate to satisfy the appetite for borrowing.

It is pretty clear to me that domestic savings, although relatively large in Canada, are not great enough to provide for the appetite of provincial governments and the federal government combined with the private sector. We do not have the volume of domestic savings to finance such borrowings, so we go abroad. The current account deficit then reflects the net inflow of foreign savings into Canada, the indirect cause of which is the large fiscal deficits we have at the present time.

Of course, we have as a country imported capital for a long time, and that has been good because it has resulted in productive investment and enabled us to produce wealth and income. However, that is quite different to borrowings which finance current consumption, as is the practice with respect to all deficits, which leads to no productive investment and which burdens the country annually with payments to foreigners and, ultimately, with the repayment of the debt itself.

I think I may have lost senators, but I know it is an intelligent audience, more intelligent than I am, because I have grappled with this a bit and have concluded at this point that if the fiscal deficits were reduced, then our borrowings abroad would be reduced and there would be an impact on the current account deficit, clear enough.

What about the exports? What about the solution of Senator Everett? If we increase our exports, I do not see a direct impact on the fiscal deficit. We are now increasing our exports abroad and we are increasing our fiscal deficit. It is true that there is an indirect link between exports and the fiscal deficit because if we increase our exports, we increase economic activity and we increase revenues for the public sector. That is an important link.

I will conclude by saying that although a lower exchange rate, as advocated by Senator Everett, might well increase the volume of exports and increased exports could serve to reduce the current account deficit, there is no certainty, there is no direct link, between an increase in exports, a subsequent lowering of the current account deficit and the fiscal deficit. In fact, there is a better way, one might argue, that fiscal deficits are more likely to increase the current account deficit than exports are likely to reduce the fiscal deficit.

• (1540)

Having sought eagerly to find a new solution, Senator Everett has not found it yet because there is not that easy a way to reduce the fiscal deficit simply by increasing exports. One could increase exports considerably and any government, for reasons of its own, could at the same time increase its fiscal deficit and increase its borrowings abroad. You would have to have a broader mix of the right policies to bring about that result.

I thank honourable senators for listening to my remarks. I thought it was of some interest to deal with Senator Everett's proposals and encourage him, if we have misunderstood him, to come back again and straighten us out where we have gone astray.

The Hon. the Acting Speaker: This inquiry is considered debated.

Hon. Peter Bosa: Honourable senators, I think it was the explicit desire of Senator MacEachen to give Senator Everett an opportunity to reply to his intervention. This happened so quickly. I would like to adjourn the debate in the name of Senator Everett, if possible.

The Hon. the Acting Speaker: Unfortunately, Senator MacEachen's remarks concluded the debate.

Senator Molgat: Of course, nothing would prevent Senator Everett from putting an inquiry on the Order Paper and renewing the discussion.

Senator MacEachen: I have another inquiry coming up and it would be easy to deal with the subject there.

The Hon. the Acting Speaker: The way to do it may be through another inquiry, or a new inquiry can be put down.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993

Hon. Royce Frith (Leader of the Opposition) rose pursuant to notice of Friday, April 2, 1993:

> THAT he will call the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993 when the Prime Minister announced his resignation.

He said: Honourable senators, the title of this inquiry has been toned down from its predecessor. Its predecessor referred to the disastrous record of the Mulroney government. I hope to establish the aptness of that adjective in due course during my interventions.

First, by way of prologue, some settings of the Mulroney government's nine-year record. Following his 1983 by-election victory in Central Nova, soon-to-be-Prime Minister Brian Mulroney was asked by Richard Gwyn how he would like to be remembered if given a chance to govern the country. This is what he said:

> There are two priorities I would hope to be remembered for if I am given the opportunity. The first would be to achieve a new kind of prosperity, an enduring prosperity, based upon the private sector because it's the motor of everything, but with the federal government playing a guiding role.
>
> My second goal would be to restore in Canada a society of which the hallmark would be tolerance.

That is from the *Toronto Star* of August 31, 1983, almost ten years ago. That setting tempts us to focus and limit our attention to Mr. Mulroney's own goals, to ask whether Canada is now blessed with a tolerant society and a new prosperity. But that would be too easy and perhaps unfair, because the question is not simply whether Prime Minister Mulroney met his own expectations. I believe that what was once a commanding officer's assessment of a soldier's performance would be Prime Minister Mulroney's assessment. It was as follows: "Conducted himself at all times to his own entire satisfaction".

However, whether Mr. Mulroney met his own expectations is not the only question here. We must also ask whether he met the expectations which he himself instilled in Canadians.

Therefore, we need context when we examine the record of the Mulroney administration. We have just heard Mr. Mulroney's own objectives. That is number one. But what about his promises to Canadians? Did he deliver? That is number two.

Third, how does the Mulroney record compare with that of previous governments and how does it appear when viewed in the light of commonly-held principles of good government?

It will be my contention that by all three of these tests, the Mulroney record is a failure.

First, when viewed in the context of Mr. Mulroney's own objectives, we see failure. Confrontation has not been replaced by tolerance. It has been replaced by more confrontation, by intolerance and societal exhaustion. Instead of a new prosperity, "We are in the midst of a national fiscal crisis, and on the precipice of a national economic crisis". Those are not my words. They are the words of this government's ideological bed-mate, the Canadian Chamber of Commerce, as reported in the *Financial Post* on April 20 of this year.

Second, when viewed in the context of what was promised to Canadians, we have an administration that is guilty of callous and, I say, premeditated misrepresentation. If general elections were contracts, the courts would have ordered rescission long ago for fraudulent misrepresentation. The record of breach is consistent. Promises were broken

continuously, incessantly, unremittingly. One's thesaurus is exhausted. There then followed more promises, which suffered the same fate. It all adds up to promise-breaking of historic proportions. Olympic-class promise-breaking.

Third, when viewed in the context of generally recognized principles of good government and the record of previous governments, the Mulroney years were not years of good government. Over the nine long years, Canadians have gradually became aware of just how bad this administration was for everyone; everyone, that is, except the government's coterie of rich friends. I believe that historians will join this record to the R.B. Bennett years as a period of broken trust and lost hope.

A new generation of Canadians has learned the truth of the words of their grandparents, "Tory times are tough times". That same generation had joined other Canadians in high expectations; expectations they had of candidate Mulroney when he placed himself before them.

• (1550)

A good place to begin is Winnipeg, January 31, 1983. A subtitle could be "The Reluctant Bride". The scene is the office of the manager of the Winnipeg Convention Centre. The players are Joe Clark and his wife Maureen McTeer, David MacDonald and his wife Sandra, Finlay MacDonald, Peter Harder, Jake Epp, Marcel Danis, Tony Saunders, Terry Yates and Senator Lowell Murray.

Senator Simard: Don't be so partisan.

Senator Frith: An employee of the accounting firm Touche Ross and Partners and Reid —

Senator Simard: Leave that alone. You can fight the next election next fall.

Senator Hastings: Were you there?

Senator Simard: Anyway, go on.

Senator Hébert: Is he speaking from his seat?

Senator Simard: He has forgotten his train of thought.

Senator Hébert: Stop muttering.

Senator Simard: Go ahead if you wish.

Senator Frith: As I was saying, an employee of the accounting firm Touche Ross and Partners entered the room. He handled Mr. Clark an envelope. This is how Allan Gregg describes what happened next.

> Clark loosened the seal of the envelope and took out the paper inside. 'Well'..., said Clark, his voice barely audible, his eyes still staring at the page. Slowly he raised his head and spoke so everyone could hear: '66.9'. Everyone in the room gasped. Clark's gaze met Lowell Murray's. Murray let out his breath, lowered his eyes and shook his head. 'It's not enough,' is all he said.

That is from "Contenders: The Tory Quest for Power" — Martin, Gregg and Perlin, page 4. Though Finlay MacDonald suggested "I don't think we should do anything hasty", Clark chose to heed Senator Murray's advice. He called for a leadership convention.

Though this announcement marked the beginning of the end for Mr. Clark as party leader, it apparently had no effect on Mr. Clark's chief strategist, Senator Lowell Murray, who went on to become the Government Leader in the Senate at the request of Mr. Clark's successor.

What of Mr. Clark's successor; what was his reaction? If his words are to be believed, Mr. Mulroney had very little interest in what was going on. He would not even say whether he was interested in being a candidate.

Senator Simard: Stop.

Senator Frith: The *Montreal Gazette* reported on February 5, 1983:

> Running for the PC leadership is 'the last thing' on his mind, the Iron Ore Co. of Canada president told a *Gazette* reporter who tracked him down...

A week later, reporters caught up with Mr. Mulroney in Schefferville, Quebec. When questioned about his political ambitions Mr. Mulroney replied.

> I don't want to appear coy, but my job here is to run the company. Politics are my recreation.

That is from the *Globe and Mail* of February 12, 1983.

Senator MacEachen: He has proved that since.

Senator Frith: Already a correction is necessary on what he says. Mr. Mulroney was in Schefferville not to run his company, but to explain why his company was running out of town. As for politics being his recreation —

Senator Simard: Can we get on with the debate?

Senator Frith: — for most Canadians, probably including Mr. Clark, would that it had remained only that. But that is retrospect. As the days went by, the bride appeared to be very reluctant to walk down the aisle. When 2,000 copies of a letter were sent to potential Quebec delegates extolling the virtues of a certain unnamed "charismatic Quebec businessman," Mr. Mulroney professed ignorance though the letter was signed by Jean Bazin, Keith Morgan, and Rodrique Pageau, his top Quebec organizers. While in Newfoundland, Mr. Mulroney claimed he had not found time to think about running and he went on to say:

> But when a leadership convention is called — presumably this weekend — I will then of course begin to take a look at it.

That is from the *Gazette* of February 16, 1983.

The following month there was a so-called "spontaneous" rally at the Queen Elizabeth Hotel in Montreal where 3,000 or 4,000 supporters gathered to try to reassure the reluctant bride, but he or she remained coquettish.

Mr. Mulroney's reluctance to declare was very puzzling considering the single-minded way he had worked to undermine Mr. Clark's leadership. When a journalist had earlier remarked that Mr. Clark still had a very large amount of support, Mr. Mulroney replied.

> It's sad when a guy mistakes sympathy for support. He's like a dinner guest who won't leave your house after the meal is over. You get him up from the table and aim him towards the open door but he clings to the door with his fingertips.

Those were his words in the *Gazette* of March 19, 1983. Flashing forward, does that description remind you of a more recent dinner guest? Well, it did take a long time to pry Mr. Mulroney's fingertips from the door earlier this year, but at least there was no sympathy that he could, in his words, "mistake for support".

Early in 1983 he could not get those fingers to throw his hat into the ring. He explained he was hesitating because he first wanted to ensure that "serious Conservatives" and the people at the grassroots believed he had "a contribution to make". He then said:

> As you know, I'm not a rich man. I have three young children, so it's a big decision which must be weighed very carefully."

That comes from the *Gazette* of March 12, 1983. That statement from the President of the Iron Ore Company of Canada is certainly a curiosity and becomes "curiouser and curiouser", as Alice would say, the more one thinks about it and pushes fast forward to just last month. Perhaps it was precisely because he was "not a rich man" that he could at that time so readily empathize with less fortunate Canadians. Here is another quotation:

> I am a caring, compassionate Conservative on all social matters who understands that government has a major role to play in looking after the disadvantaged and the dispossessed.

Who said that? That is from the *Globe and Mail* of March 15, 1983.

Senator Molgat: Who said that?

Senator Frith: That was Mr. Mulroney. On March 21, 1983, that compassionate Conservative, an oxymoron if ever there was one, finally announced that he would be a candidate for the leadership of the federal party with the appropriately oxymoronic name, the Progressive Conservative Party. It was a perfect fit for the candidate and the party, but how did it work for Canadians? We will see. More later. I move the adjournment of the debate.

Senator Lynch-Staunton: It must be spring.

On motion of Senator Frith, debate adjourned.

The Senate adjourned until Wednesday, April 28, 1993 at 1:30 p.m.

THE SENATE

Wednesday, April 28, 1993

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

ROUTINE PROCEEDINGS

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Friday next, April 30, 1993.

BANKING, TRADE AND COMMERCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET OUTSIDE THE PRECINCTS OF PARLIAMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, on behalf of the Honourable Senator Poitras, I give notice that tomorrow, April 29, 1993, I will move:

> THAT, notwithstanding the usual practices of Senate committees, the Senate authorize the Standing Senate Committee on Banking, Trade and Commerce to meet outside the precincts of Parliament for the purpose of hearing a witness through the technology of teleconference calls pursuant to its special study on the draft regulations ensuing from the new legislation on Canadian financial institutions.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—NOTICE OF MOTION TO PRODUCE DOCUMENTS AND OTHER RELATED MATERIAL

Hon. Jack Marshall: I give notice that on Tuesday next, May 4, I will move:

> THAT there be laid before the house copies of all papers, letters, Fax messages, recorded telephone calls, statements to the press or any form of communication between the Prime Minister's Office, the Ministry of Communications, the Minister of National Defence and Veterans Affairs, the Office of the Leader of the Government in the Senate, and any and all officials of the Canadian Broadcasting Corporation, the National Film Board and the Canadian Radio-Television and Telecommunications Commission having to do with their participation in the series of films "The Valour and The Horror".

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO POSTPONE FINAL REPORT

Hon. Noël A. Kinsella: Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*f*), I move:

> THAT notwithstanding the Order of the Senate adopted on December 16, 1992, the Standing Senate Committee on Social Affairs, Science and Technology be authorized to present the final report of its study on the concept, development and promotion of Canadian citizenship, no later than May 31, 1993.

The Hon. the Speaker: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Motion agreed to.

IMMIGRATION

NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Thursday next, I will draw the attention of honourable senators to some aspects of immigration, with particular emphasis on my own personal experience. Today marks the forty-fifth anniversary of my arrival in Toronto, on April 28, 1948.

Hon. Senators: Hear, hear!

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday next, May 4, 1993, I will call the attention of the Senate to the Fourteenth Report of the Standing Senate Committee on Social Affairs, Science and Technology on *The Valour and the Horror* tabled in the Senate on January 25, 1993.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 124 residents of Alberta who oppose the goods and services tax.

These petitions come mainly from Calgary, Lethbridge and Strathmore.

Honourable senators, I also have the honour to present petitions signed by 20 residents of Ontario who oppose the goods and services tax.

These petitions come mainly from Kapuskasing. They were signed on March 10, 1993, a little over a month ago, which should reassure Senator Murray. In all, this makes 144 Canadian voters who will remember at the next election the contempt with which the government received their humble petition.

QUESTION PERIOD

UNITED NATIONS

ESTABLISHMENT OF PROPOSED WAR CRIMES TRIBUNAL—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, yesterday, former Secretary of State George Shultz called for world action against alleged war crimes in Bosnia and the former state of Yugoslavia. In February of this year, the United Nations Security Council set a 60-day deadline for Secretary General Bhoutros Bhoutros-Ghali to recommend to the security council how a war crimes tribunal could be established. That 60-day time limit has now passed.

I would ask the Leader of the Government in the Senate to advise what steps, if any, the Canadian government is taking to galvanize diplomatic support for the early establishment of such a tribunal.

Hon. Lowell Murray (Leader of the Government): Honourable senators, this matter was the subject of exchanges between the honourable senator and me at an earlier date. I regret I do not have up-to-date information on the matter today. I will obtain some from my colleague the Secretary of State for External Affairs and bring it here as soon as I can.

ALLOCATION OF UN FUNDS FOR ESTABLISHMENT OF PROPOSED WAR CRIMES TRIBUNAL

Hon. Jerahmiel S. Grafstein: Honourable senators, I have a supplementary question which might help the minister in his request to the government. Commander Fenrick, a Canadian officer, is now engaged in investigations with a small group of legal experts in parts of Yugoslavia. He noted in an interview yesterday in the *New York Times*:

> We have very limited resources for on-site investigations.

Can the Leader of the Government also inquire as to what steps, if any, the government is taking to ensure that such investigations are more fully funded from existing allocations for administration of the United Nations?

Hon. Lowell Murray (Leader of the Government): I shall do that, honourable senators.

• (1340)

NORTH AMERICAN FREE TRADE AGREEMENT

PARALLEL AGREEMENTS—STATUS OF NEGOTIATIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, this morning on the early television news it was reported that Mr. Panetta, who is an advisor to President Clinton, had made the statement that NAFTA was dead, and that there was absolutely no possibility of it getting through the U.S. Congress. Does my honourable friend the Leader of the Government in the Senate have any further details on that situation?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I did have, and I will look through my notes to see what there is. My information on that matter is that a spokesman for President Clinton has stated that Mr. Panetta is correct to the extent that if the NAFTA agreement were voted on by Congress today, it would not pass. The spokesman for President Clinton went on to remind us that the United States is seeking some parallel agreements in the fields of labour and the environment with Canada and Mexico. The spokesman for President Clinton concluded by expressing his confidence that these agreements would be arrived at, and that they would be adequate to encourage the United States Congress ultimately to approve the NAFTA agreement and to have that agreement come into force as expected on January 1, 1994.

Senator Molgat: Is Canada, then, conducting negotiations with the United States and with Mexico with regard to these side agreements? Has Canada some other requests beyond those of the United States?

Senator Murray: Honourable senators, we are engaged in negotiations now with the United States and Mexico with regard to the matters of labour and the environment. There was also, as I recall it, some agitation in the United States Congress and elsewhere relating to further provisions on import surges. Our position on that is that the present agreement covers the matter of import surges more than adequately.

I reported some weeks ago on the early meetings with regard to these side agreements. All I have to add is that Canada has nothing to fear and everything to gain from agreements in these areas. Indeed, in the original negotiations, it was Canada that put on the table the idea of a North American accord on the environment, so we supported it.

DISPUTE-SETTLEMENT MECHANISMS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is Canada seeking any clarification or improvements in the dispute-settlement mechanisms?

Hon. Lowell Murray (Leader of the Government): Honourable senators, those mechanisms are not the subject matter of these side agreements. They are covered in the NAFTA itself and, of course, for us in the free trade agreement with the United States. With regard to that, I think I should reiterate the determination of the administrations of the United States, Mexico and Canada that whatever may be done with regard to labour and environment on side agreements, the NAFTA agreement signed by our respective governments is not to be reopened in this process.

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL, IRVING WHALE—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, some time ago — perhaps as much as a year ago — I asked the Leader of the Government for a status report on the ship the *Irving Whale*, an oil tanker belonging to the Irving Oil company which sank off the coast of Prince Edward Island. I understand that the Coast Guard has been keeping an eye on this ship, and that it is now leaking oil.

Perhaps the Leader of the Government could obtain for me from the department an up-to-date report as to where this matters now stands. Are they intending to try to remove the ship from the water? What, in fact, is the department's intention with respect to the oil that is now leaking into the water off Prince Edward Island?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I recall earlier exchanges on this matter with Senator Bonnell. Again, I will have to ask for up-to-date information from my cabinet colleagues on this matter.

Senator Bonnell: Has the Government of Canada given any consideration to the possibility of not allowing these supertankers inside Canadian waters? We have been witness to many disasters; oil spills in the North Sea, off the coast of Spain, and even in Alaska. Do we have regulations in Canada to keep supertankers from coming too close to our shores in order to avoid oil spills that destroy our environment and wildlife?

Senator Murray: Honourable senators, the short answer to the question is yes, we do have legislation and regulations covering these matters. Within the past year or so, there has also been a task force or a Royal Commission which studied the matter and reported to the government. We have made a preliminary response to that report and we will be announcing further steps before too long. There again, I should obtain a brief written report from my colleague the Minister of Transport on this matter, but it is a matter that we take very seriously and that is under continuing and active consideration by the government.

Senator Bonnell: If the report is not too lengthy, perhaps the minister would send a copy either to my office or table it here in the Senate, so that everyone can see what the report says, and what the officials who are looking into this matter feel about drafting regulations to protect our shores from supertankers.

Senator Murray: Yes, honourable senators, I will do that.

CONDITION OF TANKER GROUNDED OFF SHETLAND ISLANDS—REQUEST FOR INFORMATION

Hon. John B. Stewart: Honourable senators, I have a supplementary to Senator Bonnell's question.

Recently, a tanker went aground on an island just north of Scotland. I understand that the tanker was proceeding from the North Sea to a Canadian port. Do we know to what specific cause or causes the grounding and the breakup of the tanker is to be attributed? What I am asking is whether the tanker was in good shape, whether its navigational equipment was in good condition, and whether it was well commanded and manned. Was the tanker in a condition that would have been regarded as safe by Canadian authorities if the tanker had made it to Canadian waters?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I recall reading about that incident. I have no official information on it. I am not sure that we can answer all the questions Senator Stewart has asked on that matter, but those that we can answer we shall, and within a few days.

AGRICULTURE

REQUEST FOR AUDIT OF FUNDS ALLOCATED TO ABORIGINAL FARMERS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question to the minister relates to assistance that the government has been providing for some years to aboriginal farmers, in particular, to proceed with their farming operations. In Manitoba, there is established a group called the Manitoba Indian Agricultural Development Company, which I believe receives all of its funds from the federal government. Recently, questions have been raised by some aboriginal people in this regard, and some were asking for an audit.

My question is this: Has the government officially received a request for an audit, and what action has been taken?

Hon. Lowell Murray (Leader of the Government): I shall have to make inquiries, honourable senators.

DELAYED ANSWER TO ORAL QUESTION

PATENTED MEDICINES—TABLING OF REGULATIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, in reply to Senator Bonnell's request yesterday, I wish to table the regulations respecting a notice of compliance pertaining to patented medicines.

ORDERS OF THE DAY

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS
INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Cochrane, for the second reading of Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related acts.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have requested an analysis of certain materials and of Senator Di Nino's speech, particularly with respect to the 21-year rule. When I have reviewed the analysis, I intend to speak to this order.

Order stands.

CURRENCY ACT

BILL TO AMEND—ORDER WITHDRAWN

On the Order:

> Second reading of Bill S-18, to amend the Currency Act.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, this bill has been standing on the Order Paper since its introduction, the reason being that once it was set down, our procedural experts questioned whether it should have been introduced here in the first place, because in their opinion it needed a Royal Recommendation. They found a precedent whereby this bill did have a Royal Recommendation, either in its original form or because of subsequent amendments. This was brought to the attention of the other place, which finally agreed with our position.

As a result, there was recently introduced in the House of Commons a similar bill, Bill C-124, which is now before a committee there. Therefore it is only appropriate that this order be discharged and the bill withdrawn, and I so move.

• (1350)

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

Hon. Senators: Agreed.

Order withdrawn.

NORTH AMERICAN FREE TRADE AGREEMENT

COMMITTEE AUTHORIZED TO STUDY SUBJECT MATTER OF BILL C-115

Hon. John Lynch-Staunton (Deputy Leader of the Government), pursuant to notice of Tuesday, April 27, 1993, moved:

> THAT the Standing Senate Committee on Foreign Affairs be authorized to examine the subject matter of Bill C-115, to implement the North American Free Trade Agreement, in advance of the said Bill coming before the Senate or any matter relating thereto.

He said: Honourable senators, I like to think that I will have a more sympathetic hearing for this pre-study request than I have had in the past because it touches on a subject matter which has been before the Standing Senate Committee on Foreign Affairs since November 1991, when that committee received an order of reference to examine all facets of the North American Free Trade Agreement.

Senators will recall that one of the results of this excellent work has been an interim report, which was issued in February of this year, entitled: Macroeconomic Impact of the Canada-United States Free Trade Agreement. The committee is continuing its work and hearing witnesses, and in fact has an expert appearing before it this afternoon.

Bill C-115, which relates to NAFTA, was introduced in the House of Commons in February. That bill is now in committee, which is to report to the House sometime in mid-May. A vote at third reading is likely to occur in the other place by the end of May.

The bill is a weighty, lengthy tome and is written in that technical language peculiar to government. Its form alone certainly lends itself to a pre-study, while the subject matter is of such importance to all Canadians that this only adds to the importance of its being looked at by such an august body as the Foreign Affairs committee as soon as possible. Therefore, I ask that this motion be adopted.

Before that occurs, however, I should like to move that a few words be stricken out, namely the latter ones which state "or any matter relating thereto." That is superfluous and could lend itself to all sorts of interpretations.

I therefore move the adoption of the motion, with the amendment that the words "or any matter relating thereto" be struck out.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is said that hope springs eternal. I suppose that my honourable friend across the way believes in that motto, and is presenting this proposal again for a pre-study.

Our position on the matter has not changed. I have set out the arguments previously that pre-study is being used by this body in an improper way. It gives the House of Commons the predominant position, instead of the two houses dealing with matters that come before them as two independent bodies. They are two independent bodies. We are not a committee of the House of Commons, or a sub-committee of the House of Commons; we are a totally independent body and should do our work independently from the House.

When we do a pre-study on a bill, we normally send our suggestions to the other place, either informally or formally. If the changes we have suggested are acceptable to the other place, then they are made to the bill at that time by that body. Insofar as the publicity is concerned, the final product, although often substantially improved by the Senate, does not do the Senate any good whatsoever. We still appear as if we are not doing our work.

• (1400)

In the worst circumstance, we do much of the work during the pre-study, and then the bill is changed in the other place. It arrives here sometime later, and we pass it through in a matter of a day, only to have statements made to the effect that the Senate did not pay attention to it.

This happened to us a number of years ago after pre-studying a tax bill which was about six inches thick. The bill itself came to us just before Christmas, and we passed it in a matter of two or three days. The media jumped on us, saying that we were not doing our work and asking how we could possibly consider a tax bill of that size in that time. The fact was that it had been pre-studied by the Banking, Trade and Commerce committee, chaired by Senator Hayden who initiated the idea of pre-studying bills. We immediately got ourselves into deep trouble because it appeared that we had not done any work on that bill. In fact, we had done the work. We had amended the bill through the House of Commons, not through the Senate. Therefore, I think pre-study is a bad principle.

In any case, in this particular circumstance, as my honourable friend has pointed out, the committee chaired by my colleague Senator Stewart has been working on the matter of the North American Free Trade Agreement, so there is no need to refer the bill to them. In that way, we do not affect our relationship vis-a-vis the House of Commons. When the bill reaches us, we will deal with it.

Senator Frith: As the Constitution says.

Hon. John B. Stewart: May I ask Senator Lynch-Staunton some questions concerning the possible timetable? This is April 28. I believe he said it was anticipated that the legislative committee of the other place would report on the bill about the middle of May, and that the bill would be coming here before the end of May. Is it his intention that the committee would complete its work on the subject matter of the bill before the end of May, and that the bill would then be brought back here for third reading prior to the early interruption of parliamentary business in June due to the convention?

I should like to know how much time will be available for the pre-study. What information can the senator give us with regard to the work now being assigned to the committee by this motion?

Senator Lynch-Staunton: I cannot set the committee's timetable except to suggest that they tailor it around that of the government.

Senator Frith: What do you mean? You have been setting committees' timetables for the past six months by telling them how to do things. It is a habit, not an exception.

Senator Lynch-Staunton: That is completely irrelevant.

Senator Frith: Irrelevant!

Senator Lynch-Staunton: The government would like to see the bill receive Royal Assent before Parliament adjourns for the summer, which would mean sometime in June, either before or after the leadership convention. Hopefully, the bill will be pre-studied as expeditiously, efficiently and effectively as possible to try to meet that timetable. If the senator feels the committee can only do a part of the work, a fraction of it or none of it, it is up to him and his committee to decide on their timetable and their workload, keeping in mind that it is the wish of the Senate that the committee do as thorough a pre-study as possible.

Senator Stewart: The honourable senator is no longer new here.

Senator LeBlanc: Oh, yes he is.

Senator Stewart: He knows that the work of the committee can be tailored to suit the time that is available. I gather from what Senator Lynch-Staunton is saying that it is possible that the committee will have until sometime in late June to deal with the subject matter and then with the bill. Does he really mean that the Senate would be coming back after the Progressive Conservative leadership convention, and that we would then deal with this bill at its final stages and have Royal Assent sometime before July 1? If that is a serious possibility, it will affect how much pressure I can attempt to exert on my colleagues in the committee to get the work done on this very extensive bill.

Senator Lynch-Staunton: At the moment, based on the legislation which will be coming before us from the other place, the chances are that we will be sitting for at least a week following the leadership convention. That is all I can say at the moment, because that is all I know.

Senator Thériault: What leadership?

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion as modified?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Those in favour of the motion as modified, please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker: Those opposed to the motion as modified, please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

Senator Molgat: On division.

Motion as modified agreed to, on division.

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF THIRD AND FOURTH REPORTS OF COMMITTEE—DEBATE ADJOURNED

On the Order:

Resuming debate on the consideration of the Third Report of the Standing Committee on Privileges, Standing Rules and Orders (amendments to the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Molgat*).

Resuming debate on the consideration of the Fourth Report of the Standing Committee on Privileges, Standing Rules and Orders (amendment to Rule 4 of the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my comments on this item apply equally to the next order on the Order Paper. I want to make our position clear with regard to the rules.

My honourable friends are aware that we are totally opposed to the way in which the rules were changed. It is not the normal way in which rule changes have been made in this place, nor the way in which I believe rule changes should ever be made in this place. The changes were made as an over-reaction to a situation which had developed during the GST debate, a situation which had not occurred in the previous 123 years of the existence of this body. To change the rules based only on that incident, in and of itself, is wrong. To change them in the way my honourable friends opposite did, in a totally unilateral fashion, is wrong.

• (1410)

Even worse, however, is that the ultimate result of those new rules is wrong for this institution, since they put us totally under the thumb of government, and that is not the manner in which this institution can properly function. Therefore, we are totally opposed to those rules.

Last year our group attempted to go through the rules to see if there could be some improvements to which we could agree. After several months of work, we came to the conclusion that, unless the rules were totally changed, we were wasting our time. Until such time as my honourable friends opposite are prepared to look at those fundamental changes, we are wasting our time in the process.

Let me give an example of what has happened under the present rules, and to the manner in which this house now functions: I said in the steering committee, and Senator Barootes was present there, that I was hopeful earlier this year when I heard some of my friends opposite state that there would be independence on the other side. Senator MacDonald has followed up on that in one case. Senator Barootes also made some statements, but has not followed up in that direction.

Let us take the example of the drug bill, Bill C-91. This house spent approximately three months on that bill between debate here and sending it to committee. Much work was

done, not only by senators but by all our staff at the committee, and by all the witnesses who appeared before us and made excellent presentations, including representatives of most of the provinces opposing the bill and recommending changes.

What happened at the end of those three months? The bill was not changed one iota. Not one tittle was changed in it, despite the fact that virtually every witness who appeared before us stated that the bill should be cancelled or changed. What did we accomplish? We wasted a tremendous amount of taxpayers' money for no purpose.

That is the problem with the present rules. They do not allow this house to have any independence. As long as my honourable friends insist on staying with those rules, we must seriously question the value and the future of this body. I certainly question the whole situation relating to the rules when I see what we did on Bill C-91 or, rather, what we did not do on Bill C-91, after all the effort that was put in by so many people.

Senator Frith: What we did, and then did not do.

Senator Molgat: Yes. What really is the purpose? Perhaps we should look at the abolition of this body, if that is how it is to function. What are we accomplishing? Is it simply an academic exercise whereby we spend a lot of time and money listening to witnesses who appear before our committees; witnesses who seriously think that we can achieve something? Why else would they prepare those briefs and spend the money to come here? After all that, this body cannot do a thing.

That is why, honourable senators, our group decided not to proceed with any further fiddling around with the rules. It will not achieve any useful purpose. If we are talking about changing the rules in order to implement rules that provide independence for this body so that we can do our job properly, then we are seriously interested in discussing the matter. However, if it is to give a stamp of approval to minor changes, then I am not prepared to waste any time on that. That is the reason we did not attend at the committee. As I stated at the steering committee meeting — and Senator Barootes will remember — we came to the conclusion that what is going on now is wasteful of money, time and energy. Either we make the changes or let us forget them.

Some Hon. Senators: Hear, hear!

Hon. Finlay MacDonald: Perhaps the honourable senator could summarize the changes which he considers the most important to correct the situation described.

Senator Molgat: Remove time allocation; remove the limit on the length of speeches; remove some of the powers that are given now to the government side; have the Speaker elected by this body, and let us have some independence in this chamber. Look at the situation we face: There is absolutely no way in which the opposition can, in any way, delay a measure.

For example, my honourable friend the Deputy Leader of the Government has been regularly using closure. That is not a practice that was ever used before in this house. However, now with closure and 15-minute speeches, the opposition can be gagged, as has been done.

Prior to Easter, we were dealing with Bill C-113, the bill dealing with unemployment insurance. That bill arrived here on the Monday night, and closure was imposed that same day, so that the following day we had to proceed with second reading. The bill was then sent to committee on Wednesday. The committee decided to hear a limited number of witnesses and to report by Thursday afternoon. The report of the committee was back in the Senate on Thursday afternoon, and the final vote was taken on Friday morning.

Once again, on this bill we heard many serious and sincere representations pointing out terrible weaknesses in the bill, but there was no possibility of the opposition's doing anything to stop it. The steamroller was set in motion and, within a week, the bill was passed.

Senator MacDonald: Over the past eight and a half years, could the honourable senator give me one example of where any member on that side broke ranks on a particular piece of legislation and joined the government side in a vote?

Senator Frith: I did, on the copyright bill.

Senator Thériault: I did.

Senator Frith: I supported the government on its Phase I amendments.

Senator Thériault: Give us an example of one of yours.

The Hon. the Speaker: Honourable senators, we have a motion on the floor, moved by the Honourable Senator Grimard.

• (1420)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, since Senator Grimard was not present during the discussion, perhaps we should await his return. He may have some remarks in reply to those of Senator Molgat. Therefore, I move the adjournment of the debate on this item and the next one.

On motion of Senator Lynch-Staunton, debate adjourned.

INTER-PARLIAMENTARY UNION

CONFERENCE ON ENVIRONMENT AND DEVELOPMENT, BRASILIA, BRAZIL—INQUIRY

Hon. Dan Hays rose pursuant to notice of Thursday, March 25, 1993:

> THAT he will call the attention of the Senate to the Inter-Parliamentary Conference on Environment and Development held at Brasilia, Brazil, from November 23 to 27, 1992.

He said: Honourable senators, I should like to speak today to this order.

On March 25 of this year, it was my privilege to table in the Senate the report of the Inter-Parliamentary Conference on Environment and Development held in Brasilia on November 23 to 27, 1992. I was pleased to participate as a member of the delegation along with three colleagues from the other place.

As you know, the environment was given extraordinary attention in 1992. More than 30,000 persons were present in Rio de Janeiro in June of 1992 for the United Nations Conference on Environment and Development known as UNCED.

Some may ask why the Inter-Parliamentary Union chose to hold another conference so soon after the Rio event. The response is quite simple: The basic objective of this forum was to discuss how parliamentarians might work towards the implementation of the decisions taken at UNCED.

The products of UNCED emerged without much direct contribution from parliaments. I remember in this place questions to the government side about senators attending that conference. In the end, I understand one did attend, but there was not the regular parliamentary input into a conference that one would expect for a conference of this type. It was very much a government-to-government conference.

As a result, parliaments now must pay special attention to their roles in the implementation of actions that were recommended at UNCED, not only as statutory requirements but also to fill gaps and add to the political and practical dimensions of actions that parliamentarians are best able to take and define.

Parliamentarians will find themselves involved in two broad categories of follow-up action: First, to secure primarily national benefits, to take actions that will contribute to a cumulative global effect, and to have their country set useful examples; second, to ensure that the positions put forward and the programs supported by governments foster sustainable development worldwide.

During the Brasilia conference, 148 parliamentarians from 49 countries covered a variety of topics, including conservation and management of resources for development; international cooperation and economic relations, agreements with respect to financial resources and access to technology; economic and social aspects; and implementation instruments, including political and parliamentary strategies.

The Inter-Parliamentary Union has a proven track record for its involvement in environmental matters. As the international organization which brings together the representatives of the parliaments of sovereign states, it considers questions of international interests and tries to bring about action by parliaments and their members. The environment has been consistently on the agenda at one of the two statutory conferences organized each year.

Eight years ago the union sponsored a special conference in Kenya to discuss emerging environmental concerns, including such issues as deforestation, desertification and soil loss, the latter a topic that has been studied in depth by our own Standing Senate Committee on Agriculture and Forestry. Parliamentarians from 146 countries, including five Canadians, participated in that conference.

While it is important to hold conferences on emerging issues, it is essential that progress be monitored. Thus, three years after this initial environment conference, the Inter-Parliamentary Union asked its members to submit information on the action taken in their countries to implement the recommendations from the earlier conference.

As part of the Union's increased focus on environmental issues, a special committee on environment was established in 1989. In addition to producing reports on the control of trans-boundary movements of hazardous waste, biodiversity and climate change, this committee has acted as a catalyst for parliamentary activity on environmental matters. The committee developed a two-part strategy for articulating the views of parliamentarians. Prior to UNCED, the expectations of parliamentarians were consolidated into a comprehensive declaration that was forwarded to the United Nations conference, and, following UNCED, the environmental committee developed the outline for the Brasilia conference.

In this report, honourable senators, you will find the Brasilia plan of action. It is a comprehensive list of recommendations for parliamentary follow-up and evaluation. One of the members of the Canadian delegation served on the drafting committee which prepared this document and was instrumental in ensuring that subjects of particular concern to Canada were included, such as further development of the Earth Charter, the full participation of women in environment and development, work on a fisheries convention, reopening of international negotiations on a framework convention on forestry, and linkages between environment and trade.

On the latter topic, honourable senators, I am happy to say that, from the Senate, I was able to participate particularly on the basis of the Senate's special work on air emissions and the use of economic instruments to control them. The reality in using these instruments is that the minute that one poses some discipline on its industry which puts it at a comparative disadvantage of any kind, it becomes absolutely essential that this be considered in the context of the competitiveness of the country taking such action, and, to the extent that it puts itself at a competitive disadvantage, it is a disincentive to proceed with that environmental initiative.

Accordingly, I applaud the government of the day's efforts to have the General Agreement on Tariffs and Trade negotiation turn into a multi-lateral trade organization negotiation because there are more than economic issues at stake in such negotiations. Environmental issues increasingly form a large part of such initiatives.

In closing, honourable senators, I want to emphasize how useful this conference was in providing an opportunity to speak to other parliamentarians about how their countries were meeting the challenges of environment and development. One of the goals of the Inter-Parliamentary Union is to foster contacts and the exchange of experience among parliaments and parliamentarians of all countries. Together, we shall adopt appropriate policies, legislation and programs to tackle ecological questions in the perspective of sustainable development, thus ensuring that we "meet the needs of the present without compromising the ability of future generations to meet their needs," to paraphrase from the Brundtland Commission report.

The Hon. the Speaker: If no other senator wishes to speak, this enquiry is considered debated.

The Senate adjourned until Thursday, April 29, at 2 p.m.

THE SENATE

Thursday, April 29, 1993.

The Senate met at 2:00 p.m., Senator Gérald J. Comeau, Acting Speaker, in the Chair.

Prayers.

SENATORS' STATEMENTS

DEMOCRACY

ON GOVERNMENT AND ON THE USE OF MISINFORMATION

Hon. Philippe Deane Gigantès: Honourable Senators, today and on many days to follow, I shall speak with sorrow, not anger, about what has happened in the past nine years here and in the past 12 years in the United States; something which I consider extremely grave because it breaks the basic contract that characterizes a democracy where the rich are allowed to be rich, but the power is wielded by the many who, by definition, are much poorer than the rich.

This government and its model in the United States have attacked the notion of government acting within an economy and want to reduce its size. In other words, they want to take away from the many the instrument they have to compensate for the power that money gives to the few.

This attack on the basic concept of democracy, which has existed since ancient times, has been done with misinformation. I shall have the sad duty of showing what this misinformation is. The most notorious, which I will give perhaps next week, is that the current crisis is due to excessive public spending. I will demonstrate that the current crisis is not due to excessive public spending but that it is due to tax loopholes given to business — huge tax loopholes.

The basic misunderstanding on the part of Conservative governments is that, unless one practises euthanasia, the unemployed and their families, and welfare recipients and their families, are a huge burden on the state and that, when an employer puts people out into the streets, he makes the economy less viable. That is why, when someone says to me that the public trusts business more than they trust politicians, I remind them that when a politician messes up, he can be fired; when a businessman messes up, he can fire you.

[*Translation*]

ROUTINE PROCEEDINGS

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTY-SECOND TO FORTY-THIRD REPORTS OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the committee's thirty-second to forty-third reports approving budgets for the following committees:

32nd Agriculture and Forestry;
33rd Banking, Trade and Commerce;
34th Banking, Trade and Commerce;
35th Banking, Trade and Commerce;
36th Energy, Environment and Natural Resources;
37th Fisheries;
38th Foreign Affairs;
39th Foreign Affairs;
40th Legal and Constitutional Affairs;
41st National Finance
42nd Social Affairs, Science and Technology;
43rd Social Affairs, Science and Technology.

(*For text of reports see* Minutes of Proceedings *of this day.*)

The Hon. the Acting Speaker: Honorable senators, when shall these reports be taken into consideration?

Senator Lavoie-Roux: Honorable senators, I forgot my colleagues' request. Would the house allow me to express it?

When the Standing Senate Committee on Internal Economy, Budgets and Administration adopted these reports, a motion was moved by Senator Kenny and endorsed by all the senators present. The purpose of this motion was to thank Senator Doody for the work he had done during the 10 years he was a member of this committee. His availability, understanding of the issues debated and good relations with his colleagues facilitated the work of the committee on Internal Economy. I want to speak on behalf of my colleagues who wanted this motion to be on the official record of the Senate.

On motion of Senator Lavoix-Roux, reports placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

AGRICULTURE AND FORESTRY

SPECIAL STUDY ON FARM SAFETY—
REPORT OF COMMITTEE PRESENTED

Hon. Efstathios William Barootes, Chairman of the Standing Senate Committee on Agriculture and Forestry, presented the following report:

Thursday, April 29, 1993

The Standing Senate Committee on Agriculture and Forestry has the honour to present its

NINTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, September 22, 1992 to undertake a special study on farm safety and farm related health issues, respectfully requests that it be empowered to adjourn to Iowa and California for the purpose of such a study, and to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such study.

Pursuant to Section 2:07 of the Procedural Guidelines for the Financial Operation of Senate Committees, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

E. W. BAROOTES
Chairman

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Barootes, reported placed on the Orders of the Day for consideration at the next sitting of the Senate.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Monday next, May 3, 1993, at eight o'clock in the evening.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

CONFLICT OF INTERESTS

NOTICE OF MOTION TO AUTHORIZE SPECIAL JOINT COMMITTEE TO ENGAGE SERVICES

Hon. Richard J. Stanbury: Honourable senators, I give notice that on Monday, May 3, 1993, I will move:

THAT the Special Joint Committee on Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders, to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendment to other Acts, be empowered to retain the services of expert, professional, technical and clerical staff as may be deemed necessary for the purpose of its examination and consideration of the bill.

PRIVILEGES, STANDING RULES AND ORDERS

COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Normand Grimard: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*f*), I move:

THAT the Standing Committee on Privileges, Standing Rules and Orders have the power to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its consideration of a question of privilege raised in the Senate by the Honourable Senator Carney, P.C., referred to the Committee on April 1, 1993.

The Hon. the Acting Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

• (1410)

MOTOR VEHICLE SAFETY BILL

REPORT OF COMMITTEE

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

Thursday, April 29, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

THIRTEENTH REPORT

Your Committee, to which was referred the amendments by the House of Commons to Bill S-8, An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment:

Clause 7

Strike out lines 21 to 33 on page 5, and substitute the following therefor:

"(2) Except as otherwise provided by the regulations, a vehicle that has been sold at the retail level in the United States and that fails to satisfy an applicable requirement of section 5 or 6 may be imported into Canada notwithstanding that section if the person importing the vehicle makes a declaration in the prescribed form and manner that, before the vehicle is presented for registration under the laws of a province, the vehicle

(*a*) will be made to conform to that requirement; and

(*b*) will be certified in the prescribed form and manner to so conform by such person as may be designated by the regulations."

Add immediately after line 44 on page 5, the following:

"(4) A vehicle that is imported into Canada must conform to the standard prescribed for the class of equivalent non-imported vehicle, or made to conform to this standard prior to the presentation for registration under the laws of a province."

has in obedience to its Order of Reference of Tuesday, March 30, 1993, examined the said amendments by the House of Commons and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

The Hon. the Acting Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Oliver, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some petitions from Canadian citizens dealing with the goods and services tax. The heading on each of them is, as far as I can verify, in the form that we have heard for lo these many months, in fact years. It is that we, the Parliament, do everything possible to abolish the new goods and services tax and demand a general election immediately. We have been doing that for a long time.

The petitions are from the following cities in Alberta: Dixonville, Donnelly, Edmonton, Falher, Girouxville, Grimshaw, Grande Prairie, Nampa-Peace River, Ponoka, Spirit River and Valleyview; from the following cities in Quebec: St-Côme, St-Gédéon, St-Prosper, St-Zacharie; from the following places in New Brunswick: Bas Caraquet, Caraquet, Le Goulet, Menneval, Pokemouche, St-Jean Baptiste, Tracadie and Village Blanchard; and from Kapuskasing and Moonbeam in Ontario.

The number of petitions and petitioners are as follows: From Quebec, three petitions with total names of 61; from New Brunswick, three petitions with total names of 64; from Alberta, six petitions with total names of 137; from Ontario, one petition with total names of 20. Totals for all: 13 petitions, 282 names.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 157 residents of Ontario who oppose the goods and services tax.

These petitions come mainly from Cambridge, Brampton, Mississauga, Burlington, Sarnia, London, Toronto and Windsor.

Honourable senators, I also have the honour to present petitions signed by 97 residents of Quebec who oppose the goods and services tax.

These petitions come mainly from St-Damase, St-Jean-Baptiste, St-Hyacinthe and Ste-Hélène. Senator Murray, they were signed in February 1993, about two months ago. In all, this makes 254 Canadians from two important provinces who still recently protested against the GST which they think is a bad tax.

They will soon have an opportunity to say the same about the government that designed and imposed that tax on the people.

[*English*]

QUESTION PERIOD

THE ECONOMY

RATE OF UNEMPLOYMENT—GOVERNMENT RESPONSE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, my question is for the Leader of the Government in the Senate.

By way of background, at the end of 1991, the unemployment rate was 10.4 per cent; at the end of 1992, it was 11.5 per cent. In his budget, Mr. Mazankowski predicts that the rate will remain above 11 per cent for 1993. In 1994, it might decrease to 10.7 per cent, if all goes well. That represents four years of unemployment above 10 per cent — two of those years being above 11 per cent.

I recite those figures because, in August of 1983, Mr. Mulroney charged:

> To be content with an unemployment rate of 10 per cent is just short of criminal.

"Just short of criminal."

Now, 10 years later, we have a government that is apparently content with not just a 10 per cent unemployment rate, but one of 11 per cent.

Senator Olson: That is criminal!

Senator Frith: The government must be content with an 11 per cent rate because there is not a single measure in the budget to deal with unemployment.

Senator Simard: I want to ask a question!

Senator Frith: Thank you for asking.

Senator Simard: Make it short.

Senator Frith: You asked for it. Do you want to listen?

My question is this: If in 1983 a 10 per cent unemployment rate was "just short of criminal", how should we describe an 11 per cent rate? Would that not be criminal?

Hon. Lowell Murray (Leader of the Government): Honourable senators, even a superficial reading of the budget, which I am sure is what the Leader of the Opposition has given it —

Senator Frith: That is all that is possible. I do not know of any other way you could read it but as "superficial"! A well-chosen word.

Senator Murray: — would draw any reasonable person to the conclusion that the combination of fiscal and economic policies contained in that budget are, in fact, designed to increase output and employment in Canada.

We are not content with the present high levels of unemployment, and as a matter of fact, relative to the policies of the other industrialized countries of the world, our policies have been remarkably successful.

Senator Frith: But criminally successful, according to the words of the Prime Minister.

Senator Murray: It is important to place on the record some facts. Since last August, full-time employment has increased by 202,000. In March, employment rose by 48,000.

Senator Thériault: But how many thousands lost their jobs!

Senator Murray: Well, honourable senators, those are the facts.

Senator Thériault: Seventy thousand fewer people were working!

Senator Murray: Those are the facts. Full-time employment has grown by over 200,000 since August of 1992.

Senator Frith: But the rate is still what Mr. Mulroney described as "criminal".

Senator Murray: Honourable senators, the rate is completely unacceptable and our policies —

Senator Frith: Criminal, even.

Senator Olson: It is criminal, is it not?

Senator Murray: What is criminal are the policies followed by our predecessors that led to double-digit inflation —

Senator Molgat: After nine years in office?

Senator Murray: — and double-digit unemployment and double-digit interest rates.

Senator Hastings: Tell us about R.B. Bennett!

Senator Molgat: After nine years in office, you dare use that argument!

Senator Hastings: Tory times are tough times!

Senator Murray: If my friends want to talk about the future, let me place on the record —

Senator Stanbury: You cannot talk about the future if you do not have one!

Senator Murray: If my friends opposite want to talk about the future, let me place on record the forecasts made by the OECD and the IMF. Are you interested?

Senator Thériault: No.

• (1420)

Senator Murray: No? You do not want to know where Canada stands vis-à-vis all of the other industrialized countries in the world? You want to prevent me from putting that on the record, do you not? I wonder why.

Senator Thériault: Put it on the record; we will believe you!

Senator Murray: Because it explodes the position that you are taking.

Senator Thériault: We want to believe you.

Senator Frith: Tell us how it relates to the criminal rates of unemployment. That was the question.

Senator Murray: The OECD forecast is that, among the G-7 nations, Canada will record the highest rate of growth in employment.

Some Hon. Senators: Hear, hear!

Senator Stanbury: That is, if the Liberals get elected.

Senator Murray: The forecast was for 1.4 per cent in 1993 and 2.3 per cent in 1994. The International Monetary Fund, looking at 1993 and 1994, this week released the following forecast, namely that Canada would have the highest rate of growth in employment of all the G-7 countries.

Some Hon. Senators: Hear, hear!

Senator Murray: The rates are 2.3 per cent in 1993 and 2.6 per cent in 1994. If you want more, I can put other forecasts by these reputable, objective international bodies on the record.

Senator Simard: We want more!

Senator Stewart: Yes, direct from the Minister of Finance.

Senator Murray: The bottom line is that Canada will lead the world this year and next in economic growth and job creation.

Senator Stanbury: That is because they know this will not be the same government!

Senator Frith: Honourable senators, let us be fair. Just on two points.

Senator Lynch-Staunton: Let us be flexible.

Senator Frith: Let us be fair to the readers of *Debates of the Senate* and ask them to go back to the question, in case they have lost track of what the question is. We have heard the answer, which is that the leader of this government, the Prime Minister, says that to put up with 10 per cent or more of unemployment is criminal. I do not think anything we heard has changed that.

It is only fair to say that it should be noted that when the Leader of the Government was putting on the record his response, most of the time he was smiling.

Senator Murray: I am very happy with those forecasts.

Senator Frith: About the criminals, too. You were smiling when you tried to deal with the criminal part.

Senator Barootes: Let us deal with interest rates at the same time.

AGRICULTURE

PRAIRIE GRAIN FARMERS— PROMISE OF THIRD LINE OF DEFENCE

Hon. H.A. Olson: Honourable senators, I have another subject of which I should like the Leader of the Government to take note. Next Monday night, can the Leader of the Government come prepared to discuss the promise that this government made — and has repeated many times — that there will be a third line of defence for the agricultural industry if and when it is required?

A number of leading organizations from Saskatchewan, Manitoba and Alberta were in Ottawa yesterday and the day before with substantial evidence that the situation with respect to the well-being of those farmers has not improved at all between this year and last year for many of them.

Therefore, would the minister make some inquiries of his colleagues and, in particular, of the Minister of Agriculture to find out when the government will deliver on their promise of a third line of defence, and some explanation, if not some detail, on how it will be done?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall be here Monday night, God willing, and I shall attempt to put myself in a position to reply adequately to Senator Olson's questions on the subject.

Senator Olson: I give this much notice because further action is essential. We are well into the spring season on the prairies, and therefore the minister may need some time to get all of the details together. I did not want to surprise him with this kind of question, because next Monday will be May 3. By that time, the farmers desperately need to know what the government intends to do in order to deliver on its solemn promise that there will a third line of defence, if and when it is needed.

ORDERS OF THE DAY

CUSTOMS TARIFF
EXCISE ACT
EXCISE TAX ACT
CUSTOMS ACT
CRIMINAL CODE

BILL TO AMEND—SECOND READING

Hon. J. Michael Forrestall moved the second reading of Bill C-102, to amend the Customs Tariff, the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and a related Act.

He said: Honourable senators, Bill C-102 will implement a number of tariff and excise measures that have been announced in the other place over the past 20 months. The key elements of this bill include a broad range of legislative amendments to implement the government's plan. The one I have just indicated was announced last spring to combat tobacco smuggling and tax evasion, and tariff changes to address the problem of cross-border shopping announced in mid-February of 1992.

Honourable senators are aware that the growth in tobacco smuggling in Canada over the past few years has had serious consequences both for the government and the private sector. In particular, domestic sales in tobacco products have fallen significantly in many parts of the country. The decline in sales is hurting Canadian wholesalers and retailers involved in the legal tobacco trade.

Tobacco smuggling and tax evasion have also had a serious impact on this government's fiscal and social policies over the past two years. As more Canadian smokers have switched to tax-free, smuggled tobacco products, revenues from tobacco taxes have declined by significantly more than expected, based on historical consumption patterns. These revenues have been, and are, used to fund important government programs and services.

As well, honourable senators, inexpensive tobacco products available on the black market are undermining the government's health policies to discourage tobacco consumption through higher tobacco taxes.

• (1430)

To respond to the problems of tobacco smuggling and tax evasion, the Minister of Finance and the Minister of National Revenue announced in February and April of 1992 a series of measures designed to deter smuggling, including important enforcement and control initiatives.

Honourable senators may be aware that in view of the substantial increases in tobacco taxes in recent years, the current penalties under the Customs Act and the Excise Act for persons caught evading federal taxes and duties on tobacco are no longer considered an adequate deterrent to smuggling. In addition to increasing substantially the fines for smuggling and possession of contraband tobacco, Bill C-102 provides clear authority for imposing a jail term as an option for certain offences, including the sale of smuggled cigarettes. The offence of selling or possessing contraband tobacco is the most frequent charge laid by the RCMP against those involved in the illicit tobacco trade.

Bill C-102 also includes important provisions to help law enforcement agencies in their work of breaking up smuggling operations. Indeed, with the evidence that has come to light, these operations could be described as being somewhat in the sphere or orbit of organized crime.

In particular, the "proceeds of crime" provisions of the Criminal Code will be extended to allow the seizure and forfeiture to the Crown of the profits made from tobacco smuggling. As well, the wire-tap provisions of the Criminal Code will be expanded to include tobacco offences.

The problem of diversions of duty-free tobacco within Canada is addressed in Bill C-102 through the introduction of tighter controls on the sale and distribution of tax-free products in Canada. These tighter controls include limiting duty-free exports to direct exports by tobacco manufacturers, as well as limiting the number of suppliers of duty-free tobacco to diplomats and sales of duty-free tobacco through bonded warehouses.

Bill C-102 reinforces the marking requirement for packages of tobacco products that are exported or sold duty free in Canada. The requirements, which will be set out in regulations made under the Excise Tax Act, will assist enforcement agencies across the country in the identification of contraband tobacco products.

I should add that the government has already allocated substantial new resources to customs and to the RCMP to enable these agencies to strengthen their enforcement efforts both at the border and within Canada. These proposed legislative amendments are an important part of the government's efforts to combat tobacco smuggling and tax evasion. They are designed to stem the loss in revenues, provide enforcement agencies with the necessary support to attack organized tobacco-smuggling rings, and generally to reduce the incentive to smuggle tobacco products into Canada. Moreover, the reduction of tobacco smuggling will complement the government's initiatives to discourage

smoking in Canada, which, I am sure, is an objective most of us share.

This bill also implements the excise tax on tobacco products for export or for sale through duty-free shops that was announced in February of 1992. The excise tax — equal to $8 per carton of cigarettes — was intended to reduce the incentive to smuggle by narrowing the price differential between Canadian cigarettes for sale in the Canadian tax-paid market and those sold in other countries.

While the supply of contraband tobacco products for the Canadian market dropped dramatically in the weeks following the introduction of the tax, it quickly became apparent that the effectiveness of the tax would be severely limited in the longer term once suppliers in the U.S. were able to purchase Canadian-type tobacco products manufactured outside Canada. The government therefore suspended collection of the tax in April of 1992, when it announced the introduction of additional tobacco enforcement and control measures. These measures are among those I mentioned a few moments ago.

Bill C-102 also implements two other excise tax changes. The bill introduces a minimum excise tax rate on cigars. By ensuring that cigars will not be taxed at lower rates than cigarettes, this change means that the tax system will not treat similar tobacco products differently and thus undermine the government's tobacco revenue and health objectives.

As announced in the 1992 budget, the excise tax on the ethanol and methanol portions of blended fuels that have gasoline as their main component will be eliminated. This measure will encourage the development and use of ethanol and methanol fuels made from renewable feedstocks. These fuels will provide a number of environmental benefits, such as the reduction of carbon dioxide emissions.

On the tariff front, Bill C-102 eliminates customs duties on a wide range of consumer goods as part of the government's efforts to combat cross-border shopping. Studies by Canadian retailers and independent sources have indicated that higher tariffs in Canada than in the United States have been contributing to higher prices on some consumer goods sold here. Last year, the National Task Force On Cross-border Shopping and Canadian industry identified a number of consumer products which are of interest to cross-border shoppers and which usually retail at higher prices in Canada. They include VCRs, sewing machines, cameras and a wide range of certain sports equipment. As announced in February 1992, customs duties are being removed from these products. Imports of these products, representing approximately $1 billion annually, can be accorded free entry without any adverse impact on business since they are not made in Canada.

The elimination of tariffs on these consumer products results in an estimated savings to importers of $60 million in duties alone. Canadian consumers benefit even more as lower prices for these imported goods are passed on by wholesalers and retailers.

As honourable senators are no doubt aware, popularity of cross-border shopping has decreased significantly. I am sure the tariff removals have made an important contribution to this development.

Other amendments to the Customs Tariff will implement tariff changes requested by Canadian industry, a new Order-in-Council authority to amend tariff nomenclature, and other technical amendments.

Canadian importers and manufacturers requested that duties be removed on certain products not made in Canada. Bill C-102 removes the tariffs on such items as specialized plastic trays for packaging peaches, light bars for emergency vehicles and cattle oilers, which I am sure Senator Barootes will appreciate.

The new Order-in-Council authority to make technical amendments to the tariff nomenclature will enable the government to respond to decisions by the Customs Co-operation Council in Brussels on tariff classification issues, or on changes to the harmonized system nomenclature to meet technological developments. This order in council authority will also allow tariff lines to be added to the Customs Tariff to accommodate amended rules of origin under trade agreements such as the FTA.

• (1440)

This group of tariff amendments is not controversial. No objection to them was raised during private sector consultations. In fact there have been many expressions of support. Some of the measures will make sectors of industry more competitive by reducing input costs, but most are technical amendments needed to correct inconsistencies or problems in the existing law. Failure to make these changes would ignore the legitimate concerns of Canadian manufacturers and importers and our international obligations.

A further amendment to the Customs Tariff contained in this bill reduces the returning travellers' exemption for fine cut tobacco from 1 kilogram of manufactured tobacco to 400 grams. This amendment will establish a greater degree of consistency between the one-carton exemption for cigarettes and the exemption for fine cut tobacco.

Bill C-102 also includes amendments to the Criminal Code and the Prohibited Goods Schedule of the Customs Tariff to correct an oversight in last year's gun control package. In general, the purpose of these changes is to permit authorized shooting competitors, manufacturers and dealers to import and export over-capacity cartridge magazines.

In conclusion, Bill C-102 is an important bill. It proposes a number of measures that will make a significant contribution to the government's efforts to address the problems of cross-border shopping and tobacco smuggling. While some of these measures, such as the elimination of the excise tax on the ethanol and methanol portions of motor vehicle fuels, have been implemented on the basis of Ways and Means Motions, other measures, such as the proceeds of crime amendments and tougher amendments for tobacco smugglers and those involved in the contraband tobacco trade, will not take effect until such time as this bill receives Royal Assent.

Honourable senators may wonder why we are dealing in this manner with customs and tariff matters which, as a rule, are dealt with at the time of consideration of national budgets. They will note that this variance in procedure is not permanent but is being tried as another method of dealing more expeditiously with matters of this nature. It may very well be that in the future we will revert to the customary practice of introducing these measures at the time of the introduction of budgets and supported by the accompanying documentation.

I thank honourable senators for their attention. At the appropriate time, I will refer the matter to the Banking, Trade and Commerce committee.

Hon. M. Lorne Bonnell: Honourable senators, let me first congratulate my good friend Senator Forrestall for his clear and concise description of this bill and for giving us most of the details.

This bill will amend the Customs Tariff and the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and related acts. The amendments to these acts are an attempt to address the very serious issues of tobacco smuggling, tobacco tax evasion and cross-border shopping. I will take a few moments to review the amendments contained in the bill.

The purpose of the bill is to enact a number of excise tax and tariff measures which have been announced over the past 18 months in response to an increase in tobacco smuggling and the obvious loss of tax revenue. The government introduced tighter controls on the distribution and sale of duty-free tobacco products in Canada, improved the markings on tobacco products, made new provisions to facilitate seizure of assets required to organize criminal activities, and increased penalties for persons caught smuggling tobacco into Canada and for possession of contraband tobacco products in Canada.

In an attempt to combat cross-border shopping, tariffs are being removed on approximately 25 consumer products which are not made in Canada. It is the government's contention that by lowering the prices of these imported goods, consumers will be encouraged to shop at home.

Furthermore, this bill eliminates the 8.5 cent-per-litre excise tax on ethanol and methanol portions of blended fuels. It is hoped that this measure will encourage the development and use of fuels made by renewable stocks. These small measures are but the first of many needed to address the multi-faceted issue of tobacco smuggling and cross-border shopping.

I think we should ask ourselves why such amendments to these statutes are necessary. Why are Canadians taking it upon themselves to commit these acts? I believe that tobacco smuggling and cross-border shopping are symptoms of an overall tax revolt by Canadians. As noted by a fellow caucus member in the other place, "excessively high taxation on tobacco has created a Prohibition-like environment in which otherwise law-abiding citizens are either selling or buying smuggled tobacco." Unfortunately the amendments contained in this bill only go to prove that while this government may recognize the seriousness of these issues, it does not fully comprehend the profound importance of adequately addressing them.

The root of this problem is the high taxation facing Canadians day after day. Canadians have been subject to 38 tax increases since the Conservative Party was elected in 1984. That is 37 tax increases plus the very destructive and devastating goods and services tax. We on this side of the chamber hear from Canadians every day about their hatred for that very regressive and unfair tax. The number of letters we receive from individuals across the country should make the government realize how damaging the GST has been for overall employment opportunities and for growth in our economy.

However, we should recognize that, in addition to these 38 tax measures, Canadians have also been hard hit in the pocket book by other harmful pieces of legislation. For example, the passage of Bill C-22 and Bill C-91 have certainly increased costs to Canadians. By amending the Patent Act to give multinational brand name companies increased patent protection for higher-priced prescription drugs, some Canadians have been forced to forgo needed medication due to the increased costs.

I say to the government: If you do not realize it now, you will certainly realize the effects of all your regressive measures after the next election when Canadians have had an opportunity to speak at the polls.

Taxation is a complicated issue. Let us take a look at income tax rates for individuals in comparison to big business corporations. I think it is a very telling picture.

In 1984, as a percentage of the total federal budgetary revenue, personal income tax represented 41 per cent. In 1992 this figure had increased to 47 per cent. Interestingly though, big business and corporations represented 13.2 per cent of the total budgetary revenue in 1984, and in 1992 this figure had decreased to 7 per cent.

• (1500)

Individual Canadians paid $92.7 billion in taxes in 1990. That figure rose to $104.6 billion in 1991, an 11 per cent increase. In comparison, corporations paid $14.6 billion in 1991; that figure decreased to $12.4 billion in 1992. I ask you: Is this fair?

I wish to make a few comments on the tobacco industry because I believe it is imperative to understand the situation this government has created by increasing taxes. As noted by the Canadian Chamber of Commerce in their report, "The Cross-Border Shopping Issue":

> High taxes on these sin products — alcohol, beer and cigarettes — are explicit social policy decisions of the federal government and provincial governments that are meant to meet key social objectives, the most important of which is to discourage consumption of these products, cigarettes in particular. These objectives have received a considerable amount of support by an analyst. However, the taxes may have become so high on some products that they are encouraging cross-border shopping and smuggling. Most sin products have a low price elasticity of demand which means that large changes in price do not change the demand by much. Nevertheless, the taxes may now be so high as to encourage smuggling of these goods into Canada.

Honourable senators, especially those of you who are non-smokers, a legal carton of 200 cigarettes costs a smoker today $47.13. Out of this amount, the manufacturer receives $7.79 and the distributor and/or retailer collects $3.38. The remaining $35.96 is a combination of federal and provincial taxes. In comparison, during the War, honourable senators, I can well remember sending my brother a carton of cigarettes for a dollar.

An illegal carton of cigarettes sells for, on average, $22.50. The contraband tobacco trade has a street-value of $1 billion which is costing the federal and provincial governments an estimated $1.4 billion per year in lost revenues.

Over the last ten years, cigarette taxes have increased 620 per cent in comparison to alcohol taxes, which have increased 68 per cent, and personal income taxes, which have increased by 66 per cent.

The Canadian Federation of Independent Business in their report entitled, "Cross-Border Shopping in Canada— The $10 Billion Drain", found in 1991 that the price of a carton of cigarettes was 54 per cent higher in Canada than in the United States. A case of 24 bottles of beer was 40 per cent higher in Canada. The price of a litre of regular gas was 38 per cent higher than in the United States.

The report goes on to state:

> Prices for these three items have not always been so much higher in Canada. In 1984, just before the drastic increase in cross-border shopping, the differential in the price of gasoline was 17 per cent, half of today's gap. In 1979, the price of gasoline was cheaper in Canada while the price of beer was only 6 per cent higher and the price of cigarettes 19 per cent higher.

Honourable senators, I think we all recognize the importance of the revenue generated by these sin taxes. However, I believe we need to have a balanced approach in defining our taxation system. Only by creating a fair taxation system will we be able to fully address the very serious issues of cross-border shopping and tobacco smuggling.

In conclusion, honourable senators, I should like to raise one area of concern which I think the committee should examine in regard to this bill. The bill also implements the excise tax of 4 cents per cigarette, or $8 per carton, imposed on cigarettes for export or for sale through duty-free shops. The tax was in effect for only eight weeks, from February 13, 1992 to April 8, 1992, due to concerns about its long-term effects.

Honourable senators, this bill provides for the reimposition of the tax by an Order in Council. I should like to know by what authority this government intends to impose this tax. I do not believe that the government should have the authority to raise taxes by Order in Council, not by 4 per cent nor by 8 per cent.

For these reasons, I have to vote against this bill on second reading.

Hon. L. Norbert Thériault: Honourable senators, very briefly, I want to make the point again, as I have done many times in this house and in the other place, that I believe the high rates of taxation imposed on tobacco and alcohol, especially on tobacco, have caused an increase in the number of small crimes in Canada greater than any other measure ever taken by government.

I am quite aware of the ill effects of smoking, and I believe that government should try to educate people against the use of tobacco. However, as a result of the debate on free trade, a perception has been left with the Canadian people that they should be able to come and go across the border and bring goods into the country without any problem. This government has set the psychology for that perception.

Not only this government but the provincial governments have increased taxes on cigarettes to the point where, but for the decline in the value of the Canadian dollar, Canadians who live near the border would still be making more than half of their purchases in the United States.

I am told that, as a result of the anti-smoking campaign, people in the United States have quit smoking at about the same rate as Canadians.

I am convinced that in my own province, the Government of New Brunswick by its actions over the years, in conjunction with the actions of the federal government, is in fact losing revenue.

One has to be close to people to find out who is smoking these American cigarettes and tobacco. In my province, public employees are buying them, poor people are buying them, well-to-do people are buying them. I dare say we in New Brunswick are fairly typical of all Canadians, and I would bet that less than 5 per cent of the smokers in New Brunswick would pass up the opportunity to buy cigarettes for $15 a carton, as opposed to $45, even though it is illegal.

So what are we doing? Provincial governments and the federal government are telling people, not in words but in fact, that it is all right to break the law. Just imagine what the end result will be 20 or 25 years down the road if we have a generation of young Canadians being told by the deeds of governments at provincial and federal levels that it is great, it is good, to break the law.

You can raise the fines. You may catch a few more. The Americans tried that with Prohibition. You can raise the fine for smuggling tobacco, but you will not stop it.

• (1510)

The government will not stop people from smoking by increasing the taxes on cigarettes. Furthermore, perhaps a detailed study should be made of who is smoking in Canada. I suggest that senators look at neighbours in their communities and towns, especially those who have neighbours who are not rich, and speak to the ordinary people; I am sure they will find that the majority of smokers are from among the poor. Why? Because, generally speaking, they are the uneducated, and more often than not they have nothing else to do.

Society is tackling the problem in the wrong manner. I dare say that, if the federal and provincial governments were to cut excise taxes on tobacco by 60 per cent, or perhaps more, more revenue would be received from the sale of cigarettes and tobacco than at present, and the government would show those Canadians who are still smoking that, while it is bad for their health to smoke, nevertheless it is their right because it is not illegal, and in fact they can do so without having to break the law.

I, too, am a victim of the cigarette, as one who has smoked. We should be spending money at the primary school level, indeed throughout the education system, to teach children about the ill effects of smoking. That is what we should be doing, rather than taxing people to the point where the poor especially are hurt and millions of Canadians are made criminals. It is wrong, my friends, and anything that goes in that direction is wrong. Twenty-five years down the road, Canadian society will pay the price for these actions that are being taken now by both provincial and federal governments.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Forrestall, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

The Hon. Jean-Claude Rivest moved the second reading of Bill C-114, to amend the Canada Elections Act.

He said: Honourable senators —

Senator Frith: A former Liberal!

Senator Rivest: I am still a member of the Liberal Party of Quebec. I am not a member of the Liberal Party of Canada.

Senator Frith: You are just badly oriented, sir. Step right over this way.

Senator Thériault: At one time I thought it was only people in Newfoundland who went from one church to the other, but now I see it may also happen in Quebec.

Senator Lynch-Staunton: He may be a Liberal, but he's our Liberal.

[*Translation*]

Senator Rivest: I was interested to hear Senator Thériault's statement. For a long time I looked for a way to smoke. I found out that you had to be poor and uneducated.

Honourable senators, this is the first time that I speak in the Senate. At the outset, I would just like to say how honoured and happy I feel to be able to continue, as a Quebecer, to make my contribution to the progress and development of Quebec and Canada.

First of all, I make it my duty to assure you, Your Honour and all honourable senators, of my full co-operation.

Of course, I also wish to express my deepest gratitude and thanks to the Right Honourable Prime Minister of Canada, Mr. Mulroney, who proposed my appointment to the Senate of Canada.

I know that the Prime Minister, in extending this honour to me and those I am close to, also wanted to show his own attachment and admiration for two premiers of Quebec whom I had the honour to serve, namely Jean Lesage and Robert Bourassa.

Like Mr. Mulroney, all Quebecers well know that much of the reason we can be rightly proud of what modern Quebec has become is due to the vision, commitment and achievements of Mr. Lesage and Mr. Bourassa. I was fortunate to be associated with them for many years and today I just want to express all my gratitude and thanks for the confidence they showed me throughout that time. I also want to say again to Mr. Bourassa that I am totally available to continue carrying out with him the projects he has for the future of Quebec.

Finally, I would like to extend special greetings to my fellow senators from Quebec. I think that most of them on both sides of the house, the very great majority of them, are old friends. I would like to thank the one whom I had the opportunity to welcome to the National Assembly, Senator Chaput-Rolland, as a young and tender, newly-elected member of the legislature at a time when I was an experienced old hand. I welcomed this young member who had tremendous success and later a brilliant career in the Senate.

I am also very pleased to meet again other fellow senators from other provinces whom I had the opportunity to meet in other roles, especially Senator Buchanan who was Premier of Nova Scotia and Senator Murray with whom I worked on the Meech Lake issue. The Meech Lake process was difficult but so necessary to enable Quebec to adhere to the 1982 Constitution freely and willingly.

For the reasons we know and because of the individuals we know, this operation failed, unfortunately. Right at the beginning of my term here in the Senate, I want to say that the basic issue of Quebec in the Canadian Constitution still has not been settled. We should not believe that this issue has been set aside, that public opinion in Quebec has forgotten the seven or eight years spent on it, but we must nevertheless recognize the extremely worthwhile efforts that the Prime Minister of Canada, Mr. Mulroney, and all his fellow first ministers made. The fact remains that the Quebec question is completely unresolved and with an election coming in Quebec, given the opposition of the Parti Québécois, I simply say that for the stability and unity of our country, Canada, it would have been so much easier to win the next election in Quebec if everyone, especially some people, had understood the historic significance that the Meech Lake Accord had for Quebec. That is one reason we are on this side of the house.

Honourable senators, I am coming to the subject of Bill C-114. Of course, this bill took four years of work. I am something of a latecomer in that I did not take part in the discussions on it, but having read the debates of the House of Commons and the Senate, I noted that all political parties in the Canadian Parliament did what I consider to be extremely good work which has led to the present unanimity.

With this first bill in the Senate, I am very pleased to be associated with this work and to enable Canadians to finally have a piece of legislation or electoral system better than what it used to be, in the sense that it is an improvement in terms of the process and the respect for democratic rights.

As you already know, this bill is the result of the work of the Lortie Royal Commission, which examined the issue of electoral reform as well as the financing of political parties, and whose recommendations were taken into account. The report of the commission, made public in February 1992, contained over 250 recommendations. A committee of the House, with members from the three main federal parties, then reviewed the Lortie report. The committee tabled a unanimous report in December 1992. This bill reflects the common will of all the federal political parties involved in this review.

I think all my colleagues know that Bill C-114 is but a first step. The measures contained in this bill do not represent a comprehensive reform of the Canadian electoral system. It is a first step, albeit an extremely significant one, because it protects the right to vote of all Canadians. It also enables all parliamentarians as well as the Canadian public to reflect on how crucial it is in a democracy to constantly strive to improve the credibility and fairness of the electoral system, as well as the behaviour of political parties, elected representatives and candidates. In that respect, I think that this bill opens up future prospects which have to do with improving the quality of democratic life in Canada, and we can all be thankful for that.

A Quebecer can certainly introduce this measure, and I want to point out that one of the things which Quebec can bring to Canada is its elections act. Indeed, the electoral system and provisions contained a lot of recommendations already implemented in the Quebec legislation. One must be

very fair. As you know, the legislation on political parties financing and the election reform are all initiatives which were taken in part by Mr. Lesage and Mr. Bourassa, but also to a large extent by Mr. René Lévesque. I believe this is one of the most remarkable contributions of Mr. Lévesque to Quebec and even Canadian political life, because these reforms have a great influence.

I would like to come back very briefly to the content of the bill, of which you are well aware. The first part of the bill expands and extends the right to vote in various ways for all citizens.

For instance, from now on, Canadians who have been living abroad for less than five years and intend to return to Canada will be allowed to vote by mail in federal elections.

In the same way, Canadian citizens residing in Canada who, for one reason or another, will be outside of their electoral districts on polling day will also be allowed to vote by mail.

Members of the Canadians Forces and Public Service employees posted abroad are already entitled to vote by special ballot. Now, the same possibility will be extended to any Canadian citizen working abroad for a provincial government or an international organization.

There is also a procedure that goes beyond the Quebec legislation and that I find both very innovative and very respectful of the right to vote. I am referring to the possibility afforded an elector in an urban polling division who is not registered on the list or has failed to attend the revision process to vote nonetheless on presentation of proof of identity. I think this is a very significant step in the right direction.

In the same way, we are aware of the court rulings concerning judges and mentally or physically handicapped persons. Now, these persons will also be able to exercise their right to vote.

There are also provisions concerning incarcerated electors. Of course, one of the traditional penalties, a criminal penalty, in the economics of our criminal law was the loss of civic rights during incarceration. I know that opposition critics would have liked to have gone further, as evidenced by committee reports. However, the bill does widen horizons, sets the principle of recognizing the prisoners' right to vote and selects a perfectly reasonable criterion, in my view, that is to say the two-year criterion, which is the normal length of time convicts spend in federal institutions, as we know. This is worth mentioning.

All these issues lead us to believe that the main concern of participating Parliamentarians and government members was to extend and fully recognize the right to vote of each and every Canadian citizen, and to get rid of some of the anachronisms and exceptions which seemed unfair to a segment of our population. Hence, honourable senators will agree that this is a very significant step in the right direction.

The second part of the bill deals with the administration of voting rules. We are trying to improve them. We have focused on a number of things. The first thing which was previously discussed in the House of Commons and in committees was the issue of third-party contributions made for or against, if you wish, a particular candidate. Third parties will now be able to contribute up to $1,000 to an election campaign.

Of course, spending limits for the parties and the candidates are being maintained, but third parties will now be allowed to spend $1,000. Why not $2,000 or $500? Because we had to pick a number. There again, we opened up an opportunity for those who cannot or choose not to contribute through traditional channels to political parties, but still have something to say during an election campaign. Thanks to this bill, they will be able to do so now without, of course, exceeding the spending limits which are at the very heart of our election system.

It is also important to mention at this stage one other point, that is the ban on opinion polls in the last days of an election campaign. This will give the general public one last chance to collect their thoughts without being bothered or influenced even by the most spectacular events.

I know the media, which support freedom of speech and freedom of the press, are opposed to this clause. But in practice, this 72-hour ban seems reasonable since, as we all know from our experience with provincial and federal election campaigns, media do publish opinion polls on Fridays and even Saturday mornings. If I understand correctly, according to this bill, at least in theory, the media will have to publish these polls on Fridays at the latest.

I do not think it is that serious and objectionable an encroachment on freedoms. On the contrary, I think we have to make choices and we have to try to reconcile the freedom of speech and the freedom of the press with the right of the voters to make a judgement peacefully, come election time. Ideology has nothing to do with it. Parliament simply thought it would be a reasonable proposal.

More changes are included in the bill, like the reduction in length of electoral campaigns. That would have an impact on costs, obviously. Everybody knows how expensive those campaigns are. A reduction from 50 to 47 days is a step in the right direction, in my opinion. Nowadays, political parties can get their message across to the Canadian public quite rapidly with the help of the media, most notably electronic media which reach people right in their homes.

This bill also includes clauses that will improve our enumeration and revision process.

Moreover, this bill specifically recognizes that electoral officers, returning officers, poll clerks and enumerators are to be appointed on the recommendation of the two political parties with the best results in the previous election. That is what the commission recommended.

Members of the Bloc Québécois in the House of Commons opposed this vigorously, but I think it is quite legitimate and appropriate not only that we recognize in our electoral system the results of an election, but also that those results can have an impact during the whole mandate. The law cannot take care of casual electoral events like the resignation of members or groups of members during their mandate.

I think that it was aimed at introducing into our electoral system some stability and some respect for the electorate's decision. Therefore, to have the political parties which came first or second at the last election designate the election officers is an excellent provision of the Elections Act and that is exactly what we are proposing.

Finally, we are proposing, actually we are adjusting to today's level or to the level at the end of the century, the matter of candidate nominations, the deposits and the requirements for candidate nominations. In all Canadian ridings it is required for a candidate to have the backing of 50 or 100 voters. When we think of the number of voters there are in our ridings, this is quite reasonable, and so is the deposit.

Honourable senators, these major points are only the first stage of the review. As a matter of fact, in a second stage, this house and the House of Commons will have to look at all the problems related to broadcasting, to funding which is a crucial aspect of the democratic process, to the distribution of seats among provinces, to electoral boundaries and, of course, to the important matter of native participation in the Canadian electoral process even if it means creating all-native ridings. All these important matters are yet to be studied. I trust that the Parliament of Canada, be it the House of Commons or the Senate, will look into them very carefully.

I submit that Bill C-114 contains some good provisions in terms of enfranchisement and protection of the right to vote, in terms of improving the mechanisms to manage this right.

I understand, and all the honourable senators have understood, that this particular bill does not deal with all the demands nor with the reflection the Canadian people must engage in regarding their electoral system, keeping in mind, as we have seen in other Western democracies, the importance of the efficiency and credibility of the electoral process and the respect citizens must have for it, because what is at stake is, whether you like it or not, the credibility and the stability of our governments.

Any effort to improve the credibility and the respectability of the electoral process or of the institutions fosters respect for democracy.

We know that the democracy we have been enjoying from time immemorial is never given, it is never here once and for all. We must constantly seek to improve on it.

It is with this in mind, honourable senators, that I propose the adoption of Bill C-114 at second reading.

Hon. L. Norbert Thériault: Honourable senators, I would like to ask a question of the honourable senator, with his permission.

As a preamble, I wish to congratulate him on this demonstration of his well-known skills. He lived up to his well-established reputation.

I totally agree with his comments on the electoral reforms made in Quebec. In my opinion, Quebec has the best system in Canada. I would have liked to see, particularly with regard to political parties' financing, the Canadian government model its system on what was done in Quebec where it was demonstrated that the opposition could win or the governing party could stay in power while having at the same time fair and equitable electoral laws.

Senator Rivest mentioned that this bill is only part of a reform that is not complete. Not all the Lortie Commission recommendations are were accepted, far from it. I would like to ask him the following question: In today's papers, the chairman of the House of Commons committee said that the Tories want to increase spending limits by $4 million whereas the Lortie Commission would set them at $12,600,000. The two other political parties in the House believe that is too much. So, with your experience of electoral spending limits in Quebec, do you believe it is justifiable, considering the current state of our economy, to authorize political parties to spend $24 million for an election?

Senator Rivest: Honourable senators, I agree this sounds like a lot of money, and of course $24 million is a lot of money. However, we have to be realistic about election campaign expenses and the fact that this is a big country.

Since you referred to Quebec, I just want to point out that Quebec made the same decision only last year. I think it was last spring when Quebec raised the allowable limit for political parties. In Quebec, of course. I am not saying there is necessarily a case for applying the system outside Quebec, because what works for Quebec, with its specific circumstances and traditions, might not necessarily work for Canada.

To me, the principle of raising the ceiling on campaign spending at a given time is quite sensible, legitimate and, in fact, inevitable. The amount and the timing, as you pointed out, and we are talking about a recession, may be debatable. All I can say, for the time being, is that the electoral process costs a certain amount of money and it is part of the price we pay for this exercise.

You asked me for my personal opinion on the $24 million. As you mentioned, I saw the report in the press this morning, but I would rather not comment. I do not know the context in which the minister mentioned this figure. I just want to say that there is certainly nothing wrong with increasing the level of spending allowed by a political party at a given time.

In Quebec, since you referred to Quebec, we did this last year under the same economic conditions, and the people of Quebec and all of the political parties in Quebec accepted the decision.

Senator Thériault: Honourable senators, I have another question for the senator, if he is agreeable. Senator Rivest, on the basis of your experience in Quebec, would you agree that an increase in electoral spending based on inflation, especially if we consider the present economic situation, would be the fairest way to do it?

Senator Rivest: Honourable senators, we must certainly take inflation into account but we must know also where we are coming from. What was the objective situation of election spending? Were not all of the political parties aware that they were cramped under the act? When was the act previously amended? I do not know. I do not have that point of reference. I cannot give you an answer about that. All I know is that the increase is a matter for evaluation. There is no dogma on that. It may be 24, 22, 18 or 15 million dollars; we can make a great fuss about it, but we have to see if it is reasonable. I think that in that regard we must make a decision based on common sense.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, will you allow me another question? You spoke very highly of the Quebec Elections Act and I do not disagree. Could you tell us how the Quebec legislation deals with the issue of third party advertising?

Senator Rivest: Honourable senators, this is one of the difficult parts in the legislation, because in practice it forbids that. That area has something to do with the Charter. There are problems in our Quebec Elections Act with regard to the Charter.

For example, a legal entity in Quebec is not entitled to contribute to a political party. You have to be an individual. Therefore, unions, corporations and co-operatives are not entitled to contribute as such. Moreover, individual contributions are limited to $3,000.

So, as far as the Charter is concerned, it recognizes rights not only for individuals but also for legal entities. Is that a reasonable limitation? A member of Parliament is challenging this. To advertise for a third party in an election campaign, you have to be a registered party to take part in the election campaign. There have been problems in that sense.

For instance, I know Bill C-114 of course exempts communications between a corporation and its shareholders, and communications between a union and its membership.

In Quebec, the problem arises when, for example, a union publishes an advertisement during the election campaign. There have been instances such as when the Montreal Teachers' Alliance published an advertisement during an election campaign, in which this organization criticized a position adopted by the government. The case went before the courts — I do not know what its present status is — to see if this restriction in the Quebec legislation regarding groups or third parties violated the freedom of expression and contravened section 1 of the Canadian Charter.

This type of problem exists in the Quebec legislation on elections. However, Bill C-114 makes a distinction in this respect. You discussed it. We will probably discuss it again in committee. A distinction is made between direct and indirect expenses. Bill C-114 only provides that a third party can incur expenses which directly help a candidate, thereby leaving the issue of indirect assistance to the interpretation of the director general of elections.

I must admit that in practice this is rather difficult to do. We will have to wait and see what happens. In the Quebec legislation, there is that problem with the Charter. It is a serious problem which does not exist at the national level.

The problem is mostly one of distinguishing between individual corporations. This distinction is very strict in Quebec because it is the political parties which must be registered and recognized with designated people who have the right to make election expenses which directly or indirectly affect a candidate, a party, et cetera. So, in practice there is no provision for third parties.

[*English*]

• (1540)

Hon. John B. Stewart: Perhaps I could ask a question of the honourable senator as well.

This may not be a matter which the honourable senator wishes to go into extensively. If I understood him correctly, at one point in his eloquent discourse he made reference to a situation in which a person is elected to the House of Commons as a supporter, a participant in, and a member of a

particular political party. Thereafter, he either sees the light or the light goes out, as the case may be, and he decides to sit perhaps as an independent or to cross the floor and join another party.

Now we get into the area on which I do not understand my honourable friend's views. Do I understand him to say that, in that situation, perhaps the person who had registered the second highest number of votes would have some right? Did he imply that, by reason of changing his political flag, the member had lost his right to sit in the House of Commons? Would he clarify that, please.

[*Translation*]

Senator Rivest: I just wanted to say that it seems fair that election officers, returning officers and poll clerks be appointed by the political parties that come in first or second. If an honourable member decides to sit as an independent or to join another party, the impact would be limited to the question of election officers, as is provided in the bill. It is as simple as that.

[*English*]

On motion of Senator Frith, debate adjourned.

CARRIAGE OF GOODS BY WATER BILL

SECOND READING—DEBATE ADJOURNED

Hon. Finlay MacDonald moved the second reading of Bill C-83, respecting the transportation of goods by water.

He said: Honourable senators, this is a bill respecting the transportation of goods by water, and we have initiated the use of the acronym "COGWA" to stand for the "Carriage of Goods by Water Act". We think that is a rather clear acronym.

This bill is intended to bring Canada's maritime conduct regarding carriage of goods by water into line with that of the majority of our trading partners.

Honourable senators, Bill C-83 will see us adopt what are called the Hague-Visby Rules, which are the result of certain international protocols. Essentially, the rules establish the condition for liability for loss or damage to cargo for shipowners or carriers. Specific provisions have been established for such liability, including an upper limit on any claim that might be made by cargo owners or shippers. This allows a shipowner or a carrier to have a known basis on which to arrange for liability insurance — for instance, on the basis of the cargo carried at a given time.

To give a brief historical perspective, in 1924, an international convention known as the Hague Rules was developed. These rules provide the cornerstone of the marine cargo liability regimes in many countries, including our own to date. The next generation, known as the Hague-Visby Rules, which are presented in this bill, modify the Hague Rules by increasing the shipowner's limit of liability.

The Hague-Visby Rules increase the limit of liability from $500 to about $1,000 per package, and they introduce an alternate limit of about $3 per kilo, whichever is the higher.

Another important amendment incorporated in the Hague-Visby Rules establishes specific provisions on liability for containerized cargo.

I mentioned earlier that this bill will bring us into line with our international trading partners. Once Japan has adopted these rules, which is said to be in June, 60 per cent of our waterborne trade will be carried out with countries that operate under these rules. That means that with our passage of this bill, a significant amount of our trade will be conducted with international uniformity, which is always a stabilizing factor in any commercial dealings.

In 1978, a new UN convention known as the Hamburg Rules was introduced, which proposed further changes to the limits of liability. These modifications introduced in the Hamburg Rules would increase the amount of liability by about 25 per cent and would abolish the formal "list of defence" in support of the provision that holds the carrier liable for any loss or damage unless it is proven that the carrier followed all reasonable steps to avert the loss or damage.

There has been a certain amount of debate in the international shipping community about these Hamburg Rules. The rules seem more favourable to shippers, but shipowners and their insurers are not unanimous in their support.

Some years ago, Transport Canada developed a discussion for industry consultation on all of these points, and this bill before us represents the compromise. In essence, the bill establishes the Hague Rules as the new criteria for carriage of goods by water. This, as I mentioned, fits well with the positions of our trading partners and answers the concerns of shipowners, at least partially.

The bill then sets out a specific period for a mandated review of the adoption in the international community of the Hamburg Rules. Should the results of this review show that our trading partners are indeed moving to adopt the Hamburg Rules, the Minister of Transport will be in a position to adopt them here, rather than going through the incredibly long legislative process that otherwise would be required.

An amendment was made at committee stage in the other place to the effect that the Minister of Transport shall thereafter conduct periodic reviews of this act every six years,

if the initial review has not led to the implementation of the Hamburg Rules. If it is not done then, it will take another six years.

• (1550)

While the shippers are not entirely happy that we are not moving directly to the Hamburg Rules, they have indicated their willingness to go along with this phased approach. This will allow Canada to implement new liability rules on a gradual basis, in step with acceptance and adoption of the international conventions by our trading partners. It will also send a message to the international community that Canada is willing to accept the Hamburg Rules when it is proven that they will provide a viable basis for new cargo liability conditions for international trade.

A commitment has been made, so I have been persuaded to believe, to have Canada actively pursue a wider acceptance of the Hamburg Rules among our trading partners. Quite frankly, it is incredible to see how long it has taken to deal with international conventions made in the sixties and seventies. At the least, the phased approach included in this bill should mean that we will be in step with our trading partners for some decades to come.

There you have it, colleagues. I commend it to your thoughtful consideration.

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

[*Translation*]

STATUTE LAW AMENDMENT PROPOSALS

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to the consideration of the twenty-eighth Report of the Standing Senate Committee on Legal and Constitutional Affairs (Miscellaneous Statute Law Amendment Act), presented in the Senate on March 25, 1993.— *(Honourable Senator Beaudoin).*

Hon. Gérald A. Beaudoin: Honourable senators, I would like to draw your attention briefly to the twenty-eighth report of the Standing Senate Committee on Legal and Constitutional Affairs. The committee considered a document entitled "Proposals to correct certain anomalies, et cetera"

As you know, if a member of Parliament or senator opposes a change proposed in this document, the opposition is accepted and the bill is drafted accordingly.

The committee recommends acceptance of the proposals, except for the one dealing with an amendment to the Federal Court Act. Committee members oppose this proposal. Clause 70(3) would amend the Federal Court Act by adding to subsection 28(1) assessors appointed under the Emergencies Act as well as assessors appointed under the Energy Supplies Emergency Act as officials whose decisions would be examined directly by the Federal Court of Appeal instead of the court of first instance.

Committee members believe that short-circuiting the trial division of the Federal Court in cases of appeal might be controversial and that this matter should not be dealt with under the present mechanism.

That is why the committee decided to delete this proposal.

Honourable senators, this may seem somewhat technical, I admit. In our legal system, there is a court of first instance and a court of appeal. We are not opposed to going directly to the Federal Court of Appeal without going through the lower court.

The proposed amendment was substantive and not merely formal. That is why we were opposed. The committee accepted the rest of the document as it was presented to us. I know that my colleague, Senator Neiman, will probably speak on this point and I move that, following her remarks, the above report be adopted.

[*English*]

Hon. Joan Neiman: Honourable senators, the chairman of our Legal and Constitutional Affairs committee has explained clearly why we, as a committee, decided to reject just one of the proposals in the entire draft document that was put before us and which we examined at some length.

During our consideration of the previous document of the same type, we made a number of proposals because that document was extremely long and extremely complex. The chairman at that time, Senator Nurgitz, with the concurrence of the committee, made a number of proposals to the Department of Justice regarding the format and the way the document was presented to us because it was very difficult and time consuming to follow it all.

One of the major proposals we made at that time was that the committee appreciated the fact that there were a number of random and sometimes quite simple proposals that the government would like to put before Parliament that would involve amendments, but would be of a more substantial nature than those that must be dealt with under this particular bill.

• (1600)

One of our major recommendations was to have a second document that might include all those changes which are of a minor but more substantive nature. We would try to deal with that in a similar manner. Honourable senators may have noticed, if they read the report of the present committee, that that proposal has not so far been acted upon by the department.

As a person who has dealt with every one of these documents, I do want to register my appreciation for the fact that the department made tremendous improvements this time in the way they sent out the documents to us.

Senator Frith: Do you mean in the sense that it was easier for the committee to deal with?

Senator Neiman: Far easier, and with explanatory notes which were of great assistance to us — something for which I think the whole committee is grateful.

The only comment I might make is that one of the procedural criteria in the present document is that if one person objects to any one proposal, it must be dropped. This applies also to the House of Commons.

Senator Frith: That is what they mean by "non-controversial".

Senator Neiman: That is right. My only qualification — and we probably did not make this clear — is that if they do adopt our other recommendation, we will have to follow a slightly different procedure.

I do not think we could be so cavalier with what we have already described as more substantive amendments. However, I think we could adjust our procedures as necessary and recommend to the department that, in the future, they consider very seriously presenting us with that type of a document. I gather there are literally hundreds of minor amendments of a somewhat substantive nature that need to be made in various pieces of legislation. That should be cleaned up. We would be glad to deal with them on that basis.

Honourable senators, I support the recommendation for the adoption of this report.

Motion agreed to and report adopted.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993 when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators will remember that Part I of my intervention was informally entitled, "The Reluctant Bride". Part II is similarly informally entitled, "The Candidate".

As I asked on Tuesday, the candidacy of Brian Mulroney for leader of the Conservative Party was a perfect fit for the candidate and the party, but how did it work out for Canadians? It all started very promisingly, in several senses of the word. When Mr. Mulroney announced he would be running for the leadership of the Conservative Party, he walked on stage disguised, as it turned out, in a cloak of liberalism. He said:

> ...we Conservatives must show the Canadian people that we have about us...a dimension of tenderness.

Senator Stewart: How is that word spelled?

Senator Frith: Just like in the song, *Try a Little Tenderness*.

He went on to say:

> Of all the challenges of government, none is more noble, no obligation more sacred. We shall be judged both as individuals and as a political party by the manner in which we care for those unable to care for themselves.
>
> This is not the United States. We have evolved over the years our own society which has always been hallmarked by a degree of compassion which should under no circumstances ever be vitiated.

That was a quote from the *Globe and Mail* of March 22, 1983. At the time, he never disputed the fact that the compassionate society he referred to evolved under Liberal administrations. Family allowances, pensions, medicare and unemployment insurance owed their existence to Liberal governments and Liberal Prime Ministers, and not to R.B. Bennett or John Diefenbaker.

Of course, candidate Mulroney never let his bogus small "l" liberal cloak support a capital "L". Remember, Mr. Mulroney was a newcomer to politics. It was just his recreation, he said. He had no record, no experience, and we had no experience of him. How could Canadians know that when candidate Mulroney spoke of compassion, tenderness and sacred obligations, they were just words to him? The real, concrete, Liberal programs represented by those words he intended gradually to erode and then dismantle, though he described them as a sacred trust. We had no reason not to trust him, no reason not to trust that the word "trust" meant the same to him as it does to us and to other Canadians.

This doublespeak in the National Press Building on March 21, 1983 continued during the next nine years, and has become the true hallmark, to use his word, of his administration, disillusioning so many Canadians about their political leaders and institutions.

But we anticipate, because in 1983 Canadians were naive about this new, admittedly inexperienced, politician lobbyist dressed in Liberal clothing and promising to treat Canada's social programs, established over years of Liberal administration, as sacred trusts.

Not only did candidate Mulroney speak of compassion, he presented himself as a man of integrity and virtue. When stories circulated about some unsavoury aspects of the delegate at nomination meetings candidate Mulroney professed genuine unhappiness. He said he did not like what was happening, and that he had asked his organizers to conduct themselves, "...the way I conduct myself in my public and private life — with intelligence, probity and honour."

Senator Hébert: And modesty?

Senator Frith: He didn't say "modesty", but I am sure he would have if he had thought of it.

That quotation was from the Montreal *Gazette* of March 23, 1983.

It would be interesting to ask Canadians what words they now associate with the name Mulroney. Will the words be "intelligence and honour", "probity and honesty"? Would these words make the list? We will soon see, when his administration, led by a new face but part of the same old gang, finally presents itself to Canadians for judgment. However, that will not be for a few months yet.

In 1983, Canadians had no previous experience with a politician of the likes of Mr. Mulroney. In addition to promising delegates and other Canadians they would have a new political party where compassion, honesty and probity would be the hallmarks, candidate Mulroney went on and on with rosy details of life under a Conservative government that he would lead. For example, special emphasis was placed on research and development. In fact, it became a kind of mantra for this candidate. As reported in the *Toronto Star* of April 24, 1983, he said:

> One single company in West Germany, Siemens, has 42 per cent more industrial research and development people on its own payroll than the entire country of Canada. What does that tell you about where this country is going? No productivity. No commitment to research, the golden opportunity for our future.

As reported in *The Guardian* of April 27, 1983, he said:

> Of all the civilized industrial nations in the world none spends less on research and development in science and technology than Canada, with the exception of Iceland and Ireland.

According to the Halifax *Chronicle-Herald* of April 27, 1983, Mr. Mulroney even called for:

> ...steps to develop the human resources of the country, including a massive training program for people whose skills were becoming obsolete because of the switch in industrialization.

• (1610)

In his book, *Where I Stand*, which was published a month before the convention, Mr. Mulroney devoted an entire chapter to research and development. In it he wrote:

> ...we must make a firm commitment to double the public and private funds allocated to research and development before 1985.

One week before the convention, according to the Toronto *Star* of June 4, 1983, he said:

> Productivity is our most fundamental problem and it's got to be dealt with. And I will immediately set in motion the process for us to overcome the tremendous disadvantages we now have in the fields of research and development and science and technology by indicating to the investment community and to the people at large the importance that I attach to doubling our commitment to research and development within the next five years.

It is tempting to abandon the chronology of my narrative in order to see how these lofty statements were translated into action and to try and find, in fact, the doubling of our R&D expenditures since 1984, to try to find a single beneficiary of the promised "massive" training programs to be unleashed by the Mulroney government; but we must be patient because, when running for the leadership of the PC Party, Mr. Mulroney made many other pronouncements that might be forgotten, and we do not want them to be.

According to a *Globe and Mail* editorial dated March 22, 1983 — and I don't know whether Senator Doyle wrote this one or not — Mr. Mulroney has:

> ... developed a realistic economic policy for putting the country back on the road to revival...He has called for a national industrial strategy.

Ten years later we are still waiting for that promised "national industrial strategy". Perhaps Senator Doyle can tell us where it is hiding. According to the *Chronicle-Herald*, Mr. Mulroney talked about how the Port of Halifax:

> ...could become the transportation key to the development of the Canadian equivalent to the United States' Silicon Valley".

According to the *Globe and Mail* of May 3, 1983, he held out the same vision to Charlottetown. Ten years later, Charlottetown and Halifax are still waiting. While in Newcastle, New Brunswick, according to the *Telegraph Journal* of May 9, 1983, Mr. Mulroney promised to expand CFB Chatham, and "He said he'd 'hand a pink slip and a pair of running shoes to any minister' who suggested otherwise."

A few years later, on the evening of April 26, 1989, the Minister of National Finance announced in his premature budget speech that:

> The government will close or reduce in size 14 military bases and stations across the country.

In Newcastle he said "he'd hand a pink slip and a pair of running shoes to anyone who suggested otherwise". In the voluminous budget papers Mr. Wilson did not mention that CFB Chatham was one of the bases targeted. No doubt he remembered his boss's stern words and was not about to invite a pink slip and a pair of running shoes to replace the finance minister's traditional new formal ones. It was left to Defence Minister Bill McKnight to announce that CFB Chatham was being reduced and not expanded. He has been busily, but successfully, dodging pink slips and running shoes in the meantime. Pink slips and running shoes were also promised to:

> ...self-centred, boggy-brained public servants who are skilled at manipulating Cabinet ministers like marionettes. When we come in walking softly and carrying a big stick it's going to cause mass cardiac arrests in the Tower-of-Power of Never-Never-Land.

That is from the *Telegraph Journal of* May 26, 1983. Mr. Mulroney had already warned that he would:

> ...cut everywhere and under every circumstance. I'd cut consultants, outside lawyers and accountants, advertising, public service compensation, waste, unproductive subsidies, travel.

Yes, travel — that is from the bon voyageur gold medallist who is even now off, I understand at public expense, to chat with old political buddies. He goes on. He is going to cut:

> ...indexed pensions and fringes, capital construction programs, capital overruns and just plain bureaucratic excess.

That was from the Toronto *Star* of March 19, 1983.

While in Western Canada, he said that he was 100 per cent opposed to proposed changes to the Crow's Nest Pass freight rate system. He said, according to the Vancouver *Province* of May 21, 1983:

> The only way it can be changed is by building a broad consensus of views in Western Canada.

Mr. Mulroney also promised a new role for Parliament:

> Mulroney met with *The Citizen's* editorial board and said he would subject his nominees for senior bureaucratic jobs to scrutiny by a Parliamentary committee if he were Prime Minister.
>
> Mulroney said he would retain the right to appoint deputy ministers and heads of Crown corporations, but only after they appeared before Senators and MPs to be examined on their backgrounds and ideas.

That statement, which was quoted in *The Citizen* of June 4, 1983, has kept us on pins and needles since 1984 as we still wait for our first opportunity to examine the head of any Crown corporation or deputy minister. And while we continue to wait, I am sure you can all wait until next week when we will turn to the deficit and free trade.

On motion of Senator Frith, debate adjourned.

VETERANS AFFAIRS

VETERANS INDEPENDENCE PROGRAM—EXCLUSION OF CERTAIN EX-PRISONERS OF WAR—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of Tuesday, April 27, 1993:

> THAT he will call the attention of the Senate to restrictions in the policy of the Department of Veterans Affairs which excludes from entitlement to the Veterans Independence Program those ex-prisoners of war who are not in receipt of a disability pension.

He said: Honourable senators will recall that on March 23 I raised the matter of omissions in the Veterans Health Care Regulations which denied entitlement to the Veterans Independence Program of those Canadians who were in receipt of benefits under the Civilian War Pensions and Loans Act unless they were in receipt of a disability pension. I also pointed out the contradictions in the legislation, wherein those Canadians, even though classified as civilians, fulfilled the basic requirements of entitlement — that is, to have served in a theatre of war — but that they are still excluded from the program even though changes were made over the years to extend the same benefits to others who did not meet the criteria as described, and I have placed on the record more than once who they are.

I concluded with a reminder that I would be dealing with another group of veterans, those who are ex-prisoners of war. For some reason they too have been faced with a restriction against entitlement to the Veterans' Independence Program unless they are in receipt of a disability pension. This restriction is incomprehensible.

Not only did ex-prisoners of war serve in an actual theatre of war but they served under the most horrible conditions and under the most inhumane treatment imaginable in prisoner of war camps. I intentionally left out those ex-POWs in my address on March 2 so they could be dealt with as a separate issue. Despite the merits of their case it is unforgivable that governments, past and present, stubbornly disregard the extension of VIP benefits to ex-prisoners of war and they refuse to accept the recommendation of the Senate subcommittee to remove that restriction which is outmoded, outdated and indeed shows a lack of fairness. Those are the kindest words I can use.

• (1620)

There are various groups of ex-POWs who fall into this category, honourable senators, and I hope I can comply with the time limits imposed by the rules to deal with them.

To emphasize the absolute contradictions that deny these veterans their just due, let me refer to the examination of the plight of ex-POWs by the Senate Subcommittee on Veterans Affairs and to the committee's report, "It's Almost Too Late," which was tabled in the Senate in January 1991.

Prisoners of war who met with the subcommittee were encouraged to tell their personal story of capture, incarceration and post-war treatment. The effects of wounds and injuries from beatings and torture in POW camps, unfortunately, were not part of the wartime Canadian medical records since the wounds had been treated or left to heal while the veterans were incarcerated.

Lacking documentary evidence of the service-related nature of some of those disabilities and lacking medical examiners who were knowledgeable about the conditions in POW camps, the department was accused of being too prone to reject the claims from ex-POWs for disability pensions arising from the circumstances of their capture and incarceration.

The experience and opinions of some ex-POWs who appeared before the subcommittee may not be typical of the assessment of pension claims arising from internment, but the justifiable discontent of veterans who suffered long-term and/or extremely harsh internment is real and long-standing.

Let me place on the record here one initiative of the government when it commissioned a study on the effects of incarceration of ex-POWs, which resulted in the highly regarded Hermann Report in the early 1970s.

As a result of that report, the government of the day introduced the Prisoners of War Compensation Act in 1976 in recognition that prisoners of war might have residual disabilities which were not pensionable because they arose from the intangible effects of incarceration and deprivations of life during incarceration. With that abbreviated setting, let us look at who those prisoners of war are.

The National Prisoners of War Association, which has represented the interests of the European theatre POWs before the subcommittee on many occasions, testified that a great many of its members are not entitled to benefits under the Veterans Independence Program because their POW compensation, which is not treated as a disability pension, is not eligible for VIP.

In contrast, for some other purposes POW compensation is treated as a form of disability pension. For example, in determining eligibility for a full surviving spouse's pension, the deceased veteran's POW compensation, if any, is added to his or her rate of disability pension on a scale from 10 per cent to 25 per cent depending on the term of incarceration.

To explain, honourable senators, under the Pension Act, a prisoner of war who receives a disability pension and who becomes entitled to POW compensation through the passage of that act can combine them both. This combination gives the ex-POW two important advantages. He can combine the disability pension and the POW compensation to bring him to the magic figure of 48 per cent so that his spouse becomes entitled to a full widow's pension after his death. In fact, he can receive both a disability pension and POW compensation, even if they total over 100 percent.

It is clear, then, that the government does recognize POW compensation for disability, even though they do not admit it and it is staring them in the face. They are indeed recognizing it. Yet for VIP purposes, if the veteran is in receipt of only the POW compensation, he does not qualify.

As a matter of fact, there is another glaring anomaly which is evident. A War Veterans Allowance recipient is entitled to benefits under the VIP; yet, if he becomes eligible for POW compensation as well, he loses the VIP benefit because the combination of both amounts is more than the maximum allowable under the Act. Theoretically, he is forced to give up one or the other. This is undeniably discriminatory and stupid.

I turn now to another group of ex-prisoners of war related to the National Prisoners of War Association. The subcommittee heard from the Koncentration Lager Buchenwald Club, a small, unique organization made up of the 16 remaining RCAF veterans who were shot down over occupied Europe in 1944 and who, because they were captured in civilian clothing while evading the enemy, were turned over to the Gestapo as spies, saboteurs and collaborators.

Consequently, they were not treated initially as prisoners of war but were held first in a civilian prison run by the Gestapo and then were sent to the notorious Buchenwald concentration

camp. Throughout this period, they were subjected to beatings, emotional torture, solitary confinement during questioning, and then to starvation and more abuse during their stay in the concentration camp. Although their period of incarceration was short, it was extremely harsh and cruel, both physically and emotionally. Yet this small group were never recognized for entitlement to the Veterans Independence Program benefits and are still ignored, despite the many appeals they have made for recognition both directly and through the subcommittee.

Turning to Merchant Navy ex-prisoners of war, it is indeed unfortunate that a simple amendment to the Veterans Health Care regulations was not introduced at the same time as Bill C-84, especially since a precedent amendment was introduced in April 1989 to extend the Veterans Independence Program to 16,000 Canada Service veterans who served in Canada only and not in a theatre of war, at a cost of $227 million over a five-year period, despite repeated appeals by the Merchant Navy Coalition who, as a result of Bill C-84, fell into the same category and indeed were more qualified.

Further, nothing has been done in the intervening 10 months since Bill C-84 was passed on July 1, 1992, even though the government has more than ample funds left over to cover not only the few thousand Merchant Navy ex-prisoners of war but almost all prisoners of war.

The Merchant Navy Coalition wanted to have the Merchant Navy ex-POWs dealt with in Bill C-84, but the department argued that it had not been dealt with in the current veterans legislation, and since Bill C-84 was going to parallel the current legislation, it would slow up the progress considerably — a meaningless excuse and an apathetic example of procrastination.

After I tabled our report, "It's Almost Too Late", I also brought up the matter regarding the POWs at the time the bill was being drafted. I was led to believe that the POW issue was going to be dealt with separately, and I had the impression that it would be dealt with soon after the passing of Bill C-84.

To move to another gallant group of veterans, the Dieppe Veterans and POW Association, the committee heard from Dr. A. Lynne Beal, a psychologist acting as advisor to the Dieppe Veterans and Prisoners of War Association. Based on a close review and analysis of the data and findings of the Hermann Report, she concluded that Dieppe POWs had been compensated through pensions for the significant physiological disadvantages they had suffered. She then stated:

> However, the significant psychological disadvantages they suffered have been totally overlooked in awarding compensation through pensions, contrary to Dr. Hermann's recommendation.

Dr. Beal reviewed the diagnostic criteria of post-traumatic stress disorder and the evidence of this disorder among war veterans, including World War II veterans who experience the stress even now as they are becoming older. She found the following:

> Post-traumatic stress disorder has been diagnosed in a World War II veteran as long as 40 years after the traumatic event. It is, therefore, a very specialized disorder. It takes very qualified people to identify it.

Treatment of the disorder is a complex process but can be effective.

Dr. Beal appeared before us three years ago, and nobody listened. In her opinion, some of the responses to Dr. Hermann's survey of European theatre POWs revealed some of the classic symptoms of the disorder, particularly nervous conditions attributed to incarceration which adversely affected relations with immediate families.

• (1630)

We had examples of that given to us. They also had a sense of helplessness "with a mental status of surrender and lack of choices and control over their environment."

The committee moved Recommendation No. 7, honourable senators:

> That for the purposes of establishing entitlement to the Veterans Independence Program, receipt of prisoner-of-war compensation be treated as proof of undiagnosed medical disability.

It is simple, and it could have been implemented in an hour or so.

Recommendation No. 8 states:

> That the Veterans Independence Program immediately be extended to civilians who served in close support of the wartime armed forces; that is, as enumerated in Part XI of the Civilian War Pension and Allowances Act, and that these benefits be comparable to those offered military veterans.

Since that recommendation, as all honourable senators will be aware, merchant seamen are now considered on an equal basis with armed forces and should be entitled in any case.

The following is the response from the minister.

> The purpose of prisoner-of-war compensation is to attempt to compensate for the intangible effects of imprisonment by the enemy (the indignities, maltreatment, malnutrition and permanent mental and physical scars) on the basis that there could be some residual disability which might not be recognized in such a way as to be pensionable under the Pension Act.

He is not telling us anything there other than what I have already stated.

> The purpose of disability pensions is to compensate for permanent, recognizable disabilities, i.e. the tangible effects resulting from the POW or other military experience.

We know that. The minister goes on to state:

> A disability pension is paid in addition to any compensation received by a former POW.

We also know that. However, what the former minister deliberately omits — I am saying deliberately, but perhaps he did not do it deliberately. Perhaps he did not even know that receipt of POW compensation alone restricts his entitlement, and there are no ifs, ands or buts about it. The minister's statement continues:

> Because disability pension and POW compensation are separate and distinct benefits, those entitled to both may receive up to 150 per cent in benefits. POW compensation is paid at rates equivalent to disability pension.

Therefore he is admitting again that POW compensation is the same as the disability pension.

> This distinction has served veterans extremely well.

It has not, honourable senators.

> Extending a health care benefit on the basis that there is no difference between POW compensation and disability pension could bring this distinction into question.

That is typical.

> Further, any former POW who requires Veterans Independence Program support because of a pensioned condition or financial need is already eligible.

But note that he is only eligible, I say, if he has a pensioned condition, so the minister is not really stating the facts. That is the response from the Minister of Veterans Affairs some time ago.

Honourable senators, the sub-committee will resume its hearings on our original mandate to examine the Veterans Independence Program and the Veterans Health Care Regulations as reflected in our mandate. We will resume hearings very soon in the hope that the government will see the light and extend the VIP program to a most deserving group of veterans before it is too late. I say that not to extend VIP to ex-POWs is a breach of faith in their service to the country.

On motion of Senator Neiman, debate adjourned.

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY REPORT OF NATIONAL TRANSPORTATION ACT REVIEW COMMISSION—DEBATE ADJOURNED

Hon. Donald H. Oliver, pursuant to notice of March 30, 1993, moved:

> THAT the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation; and
>
> THAT the Committee present its Report no later than September 30, 1993.

He said: Honourable senators, in addressing this motion I wish to report that the Standing Senate Committee on Transport and Communications is proposing to study the report of the National Transportation Act Review Commission entitled, "Competition in Transportation Policy and Legislation in Review." The report examines and makes recommendations concerning the operation of the National Transportation Act, 1987 during the past five years.

As senators are no doubt aware, the Senate Transport committee held extensive hearings on this piece of legislation during July and August of 1987. At that time, the committee raised a number of concerns it had with the legislation and how it would operate, and what effect it would have on the Canadian transportation industry.

The issue of how economic deregulation would affect transportation safety was of paramount concern to the committee. This was especially true of the trucking sector, since the new legislation would open up the field to a great many new entrants. The Senate expressed concern regarding the implementation of a National Safety Code and the establishment of uniform operating and technical standards for extra-provincial trucking, but were assured that such standards would be in place in a relatively short time. However, as the commission report points out, there are still serious issues in this area yet to be resolved. In addition, the commission noted that there was an increased incidence of accidents involving straight trucks over 5 tonnes.

With regard to aviation safety, the Senate also had some reservations as to how the carriers would be able to cope with increased competition and still maintain their enviable safety record. Here again, the commission raised concerns when it stated that while it found no evidence that there was a general deterioration in the level of safety as a result of the regulatory reforms of 1987, it expressed concern over the rising incidence of accidents involving Level II and other lower level carriers.

The whole question of what constitutes the public interest was dealt with by the committee in an attempt to try to define what this means, and what role it plays in making transport decisions. At several points in the commission's report, reference is made to the all-embracing public interest. However, nowhere is any effort made to define the term or set out criteria for its application in cases such as the abandonment of railway lines.

Foreign ownership of Canadian airline companies was also a topic of considerable debate at the time of the Senate hearings. The basis of the committee's finding in this area was that Canada maintain reciprocity with the United States and have a 25 per cent ceiling on foreign ownership, the same as in the United States. The commission recommends raising these limits to allow for more equity infusion into our airlines. Given the current negotiations between Canadian Airlines International and American Airlines, and Air Canada's negotiation of an alliance with Continental Airlines as reported in today's newspapers, this is a critical area that requires clarification.

• (1640)

Of particular interest to the committee is the commission's recommendations regarding the creation of shortline railways. As you know, in 1992, under Senator Finlay MacDonald, the committee undertook an extensive study of the proposed sale of the CN Truro-Sydney rail line to a shortline railway company. In the committee's report to the Senate, a number of concerns were raised and recommendations were made regarding the successful operation of a shortline railway company. Naturally, the committee is interested in assessing the commission's recommendations in light of the Senate's finding in this area.

As you can see, the standing committee has a particular interest in examining the findings of the review commission. This is especially relevant with all of the issues that have been raised in the commission's report. They require further study, analysis and clarification. Our long history of involvement with the National Transportation Act, 1987 and events that have subsequently taken place, for example, the creation of shortline railways, make it imperative for us to complete the circle that began with the study of the legislation in 1987.

On motion of Senator Molgat, debate adjourned.

[Senator Oliver]

[*Translation*]

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET OUTSIDE THE PRECINCTS OF PARLIAMENT—DEBATE ADJOURNED

Hon. Jean-Marie Poitras, pursuant to notice of Wednesday, April 28, 1993, moved:

> THAT, notwithstanding the usual practices of Senate committees, the Senate authorize the Standing Senate Committee on Banking, Trade and Commerce to meet outside the precincts of Parliament for the purpose of hearing a witness through the technology of teleconference calls pursuant to its special study on the draft regulations ensuing from the new legislation on Canadian financial institutions.

He said: Honourable senators, this request is made of the Senate in connection with the work the committee must do on the various bills concerning financial institutions.

For example, the government is to implement legislation on confidentiality. This is important since the Common Market countries are preparing legislation that would require reciprocity between the Common Market and the countries with which they do business.

It is important for Canada to know the rules to which we will be subject. We want to hear an expert witness who played a big part in drafting the Common Market's regulations. He cannot come to Canada before Parliament dissolves, I suppose, so we thought of a way that is common today in many places: a teleconference call to hear the witness and question him.

Now the *Rules of the Senate* require all committees to meet on Parliament Hill. Unfortunately, we do not have this new telecommunications technology here and we must go to Bell Canada on Elgin Street. We can thus obtain this witness's input and make a proposal for these regulations.

At the same time, I suppose that it would be a new experience, if the Senate wishes, that could help reduce travel costs when we have witnesses coming from various parts of Canada. It is a new technology and could serve both purposes.

As for the cost, we believe that it will probably be cheaper than the budget approved to bring this Mr. Simitas here to Ottawa. The cost is now about $1,700 for half an hour. In half an hour, we can have a presentation and a period for questions. Even if the teleconference took more than half an hour, the expense would be less than if we had him come from overseas and housed him in Canada for a day or two.

Therefore I propose that this motion be adopted. It would do a great service to the Banking, Trade and Commerce committee and also provide an experience which the Senate might want to repeat.

[*English*]

Hon. John B. Stewart: Perhaps the honourable senator would deal with a question or two. Are we to understand that we do not have the equipment here in our own precincts to have a teleconference so as to be able to hear the witness and to address questions to the witness?

Senator Poitras: We do not have a screen. You need a screen.

Senator Stewart: So you have members of the committee who are deaf and can only read sign language?

Senator Poitras: We would be able to see the witness on the screen, and we could question him in French or in English.

Senator Stewart: You could do that without a picture, presumably.

Senator Poitras: The members of the committee, rather than sitting in one of our rooms, will be sitting in a room on Elgin Street.

Senator Stewart: It seems to me that all you are saying is that the advantage of making the move off the hill is that you will have pictures.

Senator Poitras: Yes.

Senator Stewart: Is that it? Moving pictures? It will be words with pictures?

Senator Poitras: We believe it will be superior and we should try it, yes.

Senator Stewart: I am not convinced.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned until Monday, May 3, 1993 at 8:00 p.m.

THE SENATE

Monday, May 3, 1993

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

Prayers.

SENATORS' STATEMENTS

NEWFOUNDLAND

LIBERAL VICTORY IN PROVINCIAL ELECTION

Hon. William J. Petten: Honourable senators, in the provincial election held in my province of Newfoundland today, the Liberals under Premier Wells have been elected for a second term with an increased majority.

Some Hon. Senators: Hear, hear!

DEMOCRACY

BASIS OF SOCIAL CONTRACT

Hon. Philippe Deane Gigantès: Honourable senators, in this house we should look beyond any four- or eight-year period; we should look at a larger pattern. Right now in the world, and in democracies in general, we are facing a rethinking of the basic components of the democratic deal that was first struck in 594 B.C.

Democracy, however, began much earlier than that. It stems from the fact that, to be an individual, a person needs freedom. Of course, there is no greater freedom than being very rich. However, this freedom can only be enjoyed in the context of a society, and that society needs order.

From the beginning, there has been a conflict between the need on the part of the individual for freedom, and the need for order on the part of society. From the beginning, there has had to be a compromise, a trade-off. The first democratic trade-off occurred under Solon in Athens, when the very poor rose against the rich, who were being pretty tyrannical by selling into slavery those who could not pay back their debts. The factions fought one another. Then, they had an astonishing bout of common sense and said, "Why don't we ask Solon" — who was trusted by both sides — "to settle the issue?" Because we have Solon's writings we know that his solution pleased no one, because he did not confiscate the money of the rich, as the poor wished, but gave political power to the poor through the vote.

Essentially, that is the basis of the democratic social contract, if we may call it that. Rousseau was the first to speak about it, not Mr. Rae. That contract states that the rich can get rich — and even richer — but the laws are made by the majority and, in effect, the majority is composed of the poor. However, if we find ourselves in a situation where the rich are breaking out of this deal under which they have to obey the rules of the majority of the poor, then democracy as a whole is in trouble.

I am about to suggest in the following days that this is one of those times, and that we should watch not to push things to a revolution.

ROUTINE PROCEEDINGS

CANADA POST CORPORATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. H.A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

Monday, May 3, 1993

The Standing Senate Committee on National Finance has the honour to present its

TWENTY-THIRD REPORT

Your Committee, to which was referred Bill C-73 "An Act to amend the Canada Post Corporation Act", has, in obedience to the Order of Reference of Thursday, April 1st, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON
Chairman

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

On motion of Senator Meighen, bill placed on the Orders of the day for third reading at the next sitting of the Senate.

BORROWING AUTHORITY BILL, 1993-94

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-117, to provide borrowing authority for the fiscal year beginning on April 1, 1993.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, May 5, 1993.

[*Translation*]

EXPORT 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-118, An Act to amend the Export Development Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, May 5, 1993.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 77 residents of the beautiful province of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Harvey Station, McAdam, Oromocto, New Castle, St. Martins, Hampton, Plessiville, Shediac and Moncton.

Honourable senators, I have the honour to present as well petitions signed by 40 residents of the province of Quebec who oppose the goods and services tax.

These petitions come mainly from Mont-Brun, Quevillon, Palmarolle, Cléricy and Rouyn-Noranda.

These petitions were signed in April 1993. In fact, I received them in my office just a few days ago. They are still very recent, which I hope will reassure Senator Murray.

This makes a total of 117 citizens who took the trouble to sign their name and give their address to protest a tax which they still cannot stomach, even after two years and four months of experience with it. It is unlikely that they will like it any better between now and the fateful day of the general election.

[*English*]

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—PRESENTATION OF PETITION

Hon. Jack Marshall: Honourable senators, I have the honour to present a petition from 49 Canadian citizens from British Columbia who are expressing their grievance over the showing of the series of films *The Valour and the Horror.* They humbly pray and call upon Parliament to support the activities of the Senate Sub-Committee on Veterans Affairs in examining the authenticity of the aforementioned series of films, a deed by the Canadian Broadcasting Corporation which will not go away.

QUESTION PERIOD

NATIONAL HEALTH AND WELFARE

PATENT DRUGS—PREMATURE APPROVAL FOR SALE

Hon. M. Lorne Bonnell: Honourable senators, could the Leader of the Government in the Senate advise whether there is any truth to the statement that five days after Glaxo, a patent drug manufacturing company, announced a $70 million factory in Canada and promised it would increase its research spending it was able to get approval for the sale of its migraine headache drug from the Department of Health and Welfare, in spite of the recommendations of officials of the department?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have never heard of the company. I do not know anything about the circumstances which the honourable senator has put forward, asking me to confirm or deny their veracity. If the government has any information that it can properly table on that matter at this time, I will obtain it from my colleague, the Minister of National Health and Welfare.

Senator Bonnell: Mr. Nicholas Regush, in his book *Safety Last*, says that the department ignored the objections of its senior drug expert, Dr. Michelle Brill-Edwards, and approved the powerful headache drug in February of 1992. In his book he quotes a memo from Brill-Edwards to her boss as follows:

> In my judgment, our methodology and organizational structure at present do not afford sufficient assurance of effective evaluation of new drugs prior to marketing for prescription use.

In other words, the system is failing.

It seems, according to Regush, that these patent drug companies that are talking about research money or money for plants are getting approval for drugs that might not be safe for Canadian people. Is that accurate?

Senator Murray: Honourable senators, my friend asked me, in his first question, to confirm the veracity or otherwise of several assertions that he placed on the record. I told him, in answer to his first question, that I was unable to do so but that I would consult with my colleague, the Minister of National Health and Welfare, to see what information he could properly give me on that matter at this time.

The honourable senator, not satisfied with that answer, has, on his own responsibility, vouched for the veracity of those statements and has drawn his own conclusions. I do not know what more I can say.

Senator Bonnell: Maybe you could say a little more if I were to give you the names of some further drugs. Perhaps you would look into them, too, and report on them all. A drug called Toradol apparently received quick approval. A drug called Halcion, which is banned in England, also received quick approval in Canada. Apparently, at least four Canadians have died from taking Toradol.

Senator Murray: Honourable senators, I have heard of Halcion. I do not think it is new on the market in Canada.

Be that as it may, again, the honourable senator is asking questions in the kind of detail that could only be dealt with in a written question and by written reply. I suggest he put those questions on the Order Paper so they may be processed in the usual way.

Senator Bonnell: Honourable senators, I do not understand the Leader of the Government. He told me initially that he would look into the matter and offer a reply. When I gave him more detail so he would know what to look into, he suggests that the questions be put on the Order Paper. It is on the Order Paper now because it is recorded in the minutes. He can take that notice and bring back a reply because the safety of Canadian people must come first.

Senator Murray: Honourable senators, I could not agree more.

The honourable senator did not give me more detail on his first question. He simply added two more drugs to the list for me to investigate. I will be glad to do that, but I do not want to encourage the honourable senator to think that there is much point in asking a question in such detail during oral questions. I simply do not carry that kind of information around in my head. It is not furnished to me in the ordinary course of events.

I will obtain the information the honourable senator desires, and it will be brought back by the Deputy Leader of the Government by way of a delayed reply. However, I repeat: The better way to obtain this kind of detailed information is to put a question on the Order Paper.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have replies to questions asked on April 27 by Senator MacEachen regarding Canada's indebtedness; by Senator Molgat regarding agreements between the federal government and various provinces for highway construction; and by Senator Bonnell regarding past agreements with Prince Edward Island for highway development. A number of documents are attached which are being tabled at the same time.

THE BUDGET, 1993

CANADA'S INTERNATIONAL INDEBTEDNESS— REQUEST FOR INFORMATION

(Response to question raised by the Hon. Allan J. MacEachen on April 27, 1993)

Foreign holdings of the stock outstanding of federal debt is the number most frequently used to assess the overall importance of foreign holdings.

Although Statistics Canada keeps track of flow figures, these relate to the entire debt stock: i.e. how much is purchased and sold — not to foreign purchases of new issues only.

We can however, look at the increase (decrease) in foreign holdings of debt stock from year to year. The numbers are as follows:

Year	Increase in foreign holdings of federal debt (billions)	Federal Deficit
1981 through 85	14.0	147.5
1986 through 88	29.3	87.3
1989	9.9	29.0
1990	10.8	30.6
1991	7.9	34.6
1992	5.1	35.5

As you can see, there is no direct relationship between the change in foreign holdings of the federal debt and the federal deficit. Both are only partial pictures.

Essentially, Canada's reliance on foreign savings is related to the current account deficit, which is our total exports of goods and services (including interest and dividend payments) vs. our total imports of goods and services. Current account imbalances are financed by capital flows. Capital inflows to finance current account deficits result in a net foreign indebtedness position.

While federal government deficits impact the current account, and therefore the need for reliance on foreign savings, the current account also reflects the activities of other levels of government, as well as the private sector. Similarly, capital inflows can go to any level of government, as well as to the private sector. There is therefore no reason to expect a one-to-one correspondence between foreign holdings of federal debt and the federal budget deficit. The correspondence is between capital account deficits and Canada's net foreign indebtedness.

NEW BRUNSWICK

FEDERAL-PROVINCIAL ARRANGEMENT FOR HIGHWAY CONSTRUCTION—REQUEST FOR COPY OF AGREEMENT

(Response to question raised by Hon. Gildas L. Molgat on April 27, 1993)

Recent federal-provincial highway agreements are part of the Strategic Capital Investment Initiative (SCII) announced by the Honourable Don Mazankowski on December 2, 1992. The agreements are intended to provide funding on a 50-50 cost-shared basis for projects that meet the objectives of the SCII.

It is not normal to release copies of federal-provincial agreements, but, it is hoped the following information and the attached press releases will provide sufficient detail.

Total federal highway spending will be in the order of $500 million in cost-shared projects with the provinces over periods up to five years.

It is not possible to detail federal highway spending in each province at this point, because the details are dependent on the outcome of bilateral negotiations with the provinces. Negotiations are not yet concluded in British Columbia, Ontario or Québec. Announcements will be made as these agreements are signed.

Agreements have been signed in Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia. The announcements for each agreement are attached and will be tabled. The following table provides a summary of the basic information:

The federal and provincial governments in collaboration selected high priority projects to be cost shared. Projects of high economic return and greatest need were given a higher priority. The National Highway Study (NHS) was a useful tool in reaching decisions in most provinces.

PROVINCE	DATE SIGNED	PERIOD YEARS	AMOUNT $MILLIONS
ALBERTA	MARCH 19, 1993	5	60 SHARED
MANITOBA	MARCH 26, 1993	2	70 SHARED
NOVA SCOTIA	APRIL 1, 1993	4	140 SHARED
NEW BRUNSWICK	APRIL 6, 1993	4	260 SHARED
SASKATCHEWAN	APRIL 19, 1993	5	70 SHARED

The federal objective is to ensure the most effective allocation of scarce resources. Expenditures have therefore been committed to projects deemed the most urgent and promising high economic return. This does not result in an allocation that is proportional to population.

PRINCE EDWARD ISLAND

FIXED LINK—EFFECT OF INCREASED TRAFFIC ON HIGHWAYS—FEDERAL ASSISTANCE—GOVERNMENT POLICY

(Response to question raised by Hon. M. Lorne Bonnell on April 27, 1993)

The following is a list of highway agreements the Government of Canada has had with the Province of Prince Edward Island in recent years.

1. Primary Highway Strengthening Improvement Program

a) Phase I - 1977/78 - 1980/81
$14 million cost-shared 50/50

b) Phase II - 1982/83 - 1985/86
$17 million cost-shared 50/50

2. Economic and Regional Development Agreement (ERDA)

1984/85 - 1988/89
$33.8 million cost-shared 50/50

3. Co-operation Agreement for Transportation Development

1989/90 - 1993/94
$30 million cost-shared 50/50

ANSWER TO ORDER PAPER QUESTION TABLED

REPORT OF THE ENVIRONMENTAL ASSESSMENT PANEL ON THE NORTHUMBERLAND STRAIT CROSSING

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 84 on the Order Paper — by Senator Macquarrie.

ORDERS OF THE DAY

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Rivest, seconded by the Honourable Senator Stratton, for the second reading of Bill C-114, to amend the Canada Elections Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Senator Rivest introduced Bill C-114 last Thursday. This bill was introduced in the House of Commons on February 22, 1993, passed second reading and was referred to committee on March 8. It was reported quite smartly on March 19. It passed third reading in the House on April 2. I mention these dates to indicate that it is a bill that the House of Commons is keen on passing. The plan is to have it in place for application at the next general election.

As mentioned by Senator Rivest, the Royal Commission on Electoral Reform and Party Financing, the Lortie Commission, was established in November 1989. The commission tabled a four-volume report, entitled *Reforming Electoral Democracy*, February 13 of last year. A special committee was appointed by the House of Commons to undertake a comprehensive review of the report and recommend changes to the Canada Elections Act. Bill C-114 is based on recommendations from the first phase of the committee's review.

It is tempting to treat this bill in the Senate as a matter of only passing concern to a legislative body whose members are not elected and whose interest in the next election and the laws, rules and regulations applying thereto is perhaps less intense than that of the members of the House of Commons. However, given that the House of Commons is very keen to pass this bill, perhaps that is a good reason for the Senate to at least take a moment to look at it and to have a committee study it as a part of our constitutional duty to examine and pass judgment on all legislation.

The House of Commons committee will at a later date examine other issues such as broadcasting, disclosure of information in public opinion polls, third-party advertising, election financing and methods for making it easier for disabled persons and those with young children to participate in elections as candidates. That might also be dealt with in the second phase.

• (2020)

It incorporates many technical amendments and some major and controversial issues. Some of the latter I want to touch on here at second reading, where we are debating the principle of the bill. I want to deal with them as subjects for committee attention.

First, there is the public opinion poll blackout. There will be a blackout on public opinion polls relating to the election, beginning at midnight on the Friday before polling day and ending when the polls in British Columbia close. That is legislated by the bill before us. Parties and candidates will have one more day on which to respond to any poll results released on the Friday. Many Canadians support this idea and would like to see it tested in the next election.

Second, there is the broadcast period. Broadcasting is to be limited to the period between the 29th day and the second day before polling day. No direct or indirect advertising by political parties, candidates or third party special interest groups can occur outside this time period. This ban on third party or special interest group advertising in the first three weeks and the last 48 hours of the campaign is new.

I will leave broadcasting for a moment and come back to the question of third-party advertising.

The new limit will be $1,000 and will be placed on individuals or groups other than political parties or candidates who advertise for the purpose of directly promoting or opposing a party candidate during the advertising period. Individuals and groups will not be allowed to pool their spending and all advertising must bear the name of the person or organization who sponsored the ad.

It is important to note the fact that the $1,000 limit does not apply to indirect advocacy advertising. That means that individuals or groups can advertise in support of or against particular issues espoused by any of the parties.

Someone asked me the other day where this term "third party" came from. It is a bit of a misnomer because it means "other than political parties." Since there are more than two political parties, the concept of third party is a bit of a

misnomer. "Special advocacy" or "special interest" groups is probably a better term. It means that individuals or groups can advertise in support of or against any particular issues espoused by any of the official political parties.

Indirect advocacy advertising played a major role in the 1988 election when a coalition of big business groups admitted that they had spent approximately $3.6 million on a pro-Free Trade campaign.

Let me say a word about the text. This ban on special advocacy advertising is too often torn out of context and railed against as a limitation on free speech. Of course, it is a limitation on free speech. However, more often than not it is pulled out of context as something quite apart from both the legislation that gave it birth and the concept behind that legislation, which was a limit on election spending. That was a new concept. I believe the first campaign where these limits were applied was the one in 1979. It was a brand new idea.

This "third party" concept or "special interest" concept came up with the limit in the most logical way possible. It is not complicated. If what the people of Canada wanted was legislation saying that you cannot buy elections, that you cannot spend your way into winning an election — and there was evidence that that is what they did want, then you must set a limit, and you put the limit on the candidates. What is the point of putting a limit on the candidates and parties, if others can come along and spend as much as they want for the party or for an issue? It is one or the other.

Maybe we should not have any limits on third parties. If we do not have limits on them we should not have limits on anyone. You cannot have it both ways. There is no point in setting up a structure that closes the door or puts a ceiling on the amount that can be spent and then says to others, "Of course, you folks can go right up through the ceiling, if you want." The two go together, but too often the concept of special-interest advertising is dealt with separately from the context of spending limits. I think that should be repeated, because almost every time it is criticized — at least in any piece I have read about it or any speech I have heard about it — it is always dealt with outside the concept of limits. Let us drop the whole concept of limits if we are dropping the concept of limits on third parties.

With respect to voting day registration, under Bill C-114 it will be possible to register on the day of the election. The revisal officer is established in each urban constituency so that the elector may register by providing proof of identity and address. Rural voters will continue to have the right to be registered on election day. However, they will be required to establish their identity and address by documents prescribed by the Chief Electoral Officer rather than by their own oath and that of an acquaintance.

On the matter of contributions to parties, which is a separate issue from the question of limits, the legislation provides that only Canadian citizens or permanent residents will be permitted to contribute to a political party or to candidates. Anyone who is not a Canadian citizen or permanent resident will be forbidden from doing so, as will corporations that do not carry on business in Canada, trade unions that do not hold bargaining rights in Canada and foreign political parties. That seems a bit jingoistic, even xenophobic, but perhaps it is justified by the dangers of abuse. Let us see what the committee thinks about the matter. I am sure it will hear some evidence on it.

Senator Rivest mentioned the special ballots used to extend the vote to more Canadians with Bill C-114. The Canadians referred to are those living abroad for less than five consecutive years and who intend to return to Canada; Canadians travelling or vacationing abroad; and Canadians who are outside their home riding during election but are still in Canada. Surely on principle we should support anything extending the ballot to more Canadians. I expect the committee will tell us of any problems they find with this principle. I see none.

One of the controversial issues to which I have referred is the matter of the candidate's deposit. The provision is that all candidates will be required to submit a deposit of $1,000. That is an increase from $200. Half of the deposit will be refunded when the candidate files a return after the election. The other half would be refunded if the candidate received at least 50 per cent of the votes cast.

Many people, perhaps even some of my colleagues on both sides, have received mail on this subject — certainly, I have — from individuals who see this provision as a threat to fringe parties, such as the Rhinoceros Party, the Christian Heritage Party and the Green Party. If it is a threat to fringe parties, I am against it. Our system's openness to small or so-called fringe parties is, in my opinion, a sign of healthy democracy. Democracy and freedom thrive on healthy and vigorous dissent. I am proud of the fact that our country and our country's laws encourage the formation of and activity by parties other than the so-called mainstream parties.

Honourable senators, opposition members in the House of Commons voted in favour of the bill. I was told they did so, not because they were wholly supportive of it — perhaps many of the government supporters were not wholly supportive of it, either — but because they felt that some of the amendments would improve the current electoral system. From my reading of the debates there, Liberal members felt that the bill represented electoral fiddling, and they would have preferred to see substantial amendments, such as a

mechanism for increasing the representation of women in Parliament through elections. They particularly supported the special ballot rules, which they see as a significant improvement that will broaden the franchise by allowing people to vote who were previously disenfranchised.

Liberal and NDP members all said they deplored the loophole that allows unlimited, indirect advocacy advertising. The Lortie Commission would agree. It found that Canadians also strongly opposed this loophole and "the view that the electoral process is akin to the economic marketplace...where personal wealth or access to wealth is a precondition of access and effective campaigning". Peter Milliken, the Liberal member for Kingston and the Islands, proposed an amendment to disallow indirect advertising that exceeds $1,000, just as the bill disallows direct advertising.

I have amendments prepared to the same effect. My proposal is not to move those amendments here. I have an undertaking from my colleague, Senator Stanbury, who is the deputy chairman of the committee, that he will propose those amendments in committee. We will then get the committee's views on them, just as I have invited their views on some of these other provisions.

Honourable senators, I think on principle we should adopt this bill and send it to committee. I hope the committee will not feel that, because it is a Senate committee, it ought to give the bill anything less than the careful, close, intelligent and critical analysis that it gives all other legislation.

Hon. Len Marchand: Honourable senators, I would like to say a couple of words on this bill. I approve of the bill and I support it as far as it goes. The Lortie Commission produced an extremely comprehensive report on electoral reform and made, I thought, some rather excellent recommendations relating to the aboriginal peoples of Canada. For instance, they recommended the establishment of what the committee of aboriginal parliamentarians called aboriginal electoral districts.

• (2040)

Those who have been in this place for some time will understand that the history of participation of the aboriginal people in the Parliament of Canada is a rather sad story. It was not until 1960, 93 years after Confederation, that our people were first able to vote. Throughout the history of the Parliament of Canada, there have been some 11,000 persons elected, only approximately 11 of whom were aboriginal people. That is not a very good record.

My point in rising tonight is to enter a caveat that, when bills are introduced or when we revisit the reforms to the Elections Act of Canada, or perhaps other acts that need to be amended, I will be pushing to ensure that some of the recommendations of the Lortie Commission are adopted. For the future of aboriginal people, those reforms are imaginative and could be one of the greatest springboards that we have ever had in terms of self-government of the aboriginal people.

[Senator Frith]

This was a large topic in the Charlottetown Accord, and it could be one of the most important reforms in terms of the betterment of the lives of aboriginal people in this country of ours.

On motion of Senator Molgat, debate adjourned.

CARRIAGE OF GOODS BY WATER BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Bolduc, for the second reading of Bill C-83, respecting the transportation of goods by water.

Hon. B. Alasdair Graham: Honourable senators, I wish to thank Senator MacDonald (*Halifax*) for his explanation of this legislation. It is acknowledged that, at first glance, Bill C-83, respecting the transportation of goods by water, seems to be a reasonable compromise between the interests of carriers and shipowners, cargo owners and insurers. The subject matter of the legislation is, like many of our contemporary transport bills, highly specialized. Bill C-83 has application to the question of contracts for the carriage of goods by ship, and the perhaps thornier question of carrier liability. With this bill, the government is attempting to update our legislation with regard to the transport of goods by water through a gradual adoption of two international conventions, the Hague-Visby Rules and the Hamburg Rules.

Honourable senators, we on this side of the house are in favour of the general adoption of this legislation, because we believe that Canada must follow a logical progression towards a maximum unification of maritime law. The emphasis of Bill C-83 is on a "gradualist" approach to what is essentially a matter of international private law. Clause 3(a) would repeal the Carriage of Goods by Water Act and replace the rules relating to contractual documents that is, bills of lading, with the Hague-Visby Rules. Under clause 4 of Bill C-83, and within six years of the coming into force of the Hague-Visby Rules, the minister would consider the replacement of those rules with the Hamburg Rules, and table a report on this consideration in both Houses of Parliament.

The six-year period, in my judgment, seems to be a hiatus reflective of the absence of agreement within the industry on what rules should replace those now in force in Canada. I personally believe that the six-year hiatus in introducing the Hamburg Rules is too long. It is widely acknowledged that the Hamburg Rules offer concrete solutions to a broad range of problems concerning the transportation of goods by sea.

The Hamburg Rules for the Carriage of Goods by Sea were adopted on March 31, 1984, but did not come into force until the government of Zambia adopted the rules in August of 1991, thus becoming the twentieth accessionary party and, in

effect, "triggering" the implementation of that treaty. These rules have a far broader application than the Hague-Visby Rules because they apply to a wider range of contracts for carriage by water, including incoming and outgoing trade.

Unlike the Hague-Visby Rules, for example, the application of the Hamburg Rules does not depend on the issuance of a bill of lading. These rules apply regardless of the nature of the document issued as a receipt for the carriage of goods. Insofar as carrier liability is concerned, the Hamburg Rules are again more advantageous because they provide for the principle of port-to-port responsibility; that is to say, carriers have a comprehensive responsibility for goods in their charge at the port of loading, during the carriage, and finally at the port of discharge.

It is also generally felt that the application of the Hamburg Rules would make legal proceedings easier. While the Hague-Visby Rules and protocols that came into force in 1984 did increase the monetary limit for loss or damage of goods transported by water, the Hamburg Rules would increase even further the maximum amount allowed for the value of goods in case of claims.

I believe that our shippers and cargo owners — indeed the whole industry — can only benefit from a clarification of the rules applicable to a given cargo claim. Hamburg, as a convention, is now in force, and I believe that there are now very good indications that the number of nations acceding to the rules will increase. I think our national interest is served by the recognition that the Hamburg Rules, although not perfect with reference to the conditions existing today, do go a long way in important directions: For example, in recognizing the needed removal of shipowners' immunity from "nautical faults". They are, in brief, a serious attempt to standardize and extend the rules applicable to the transportation of goods by sea.

On a global basis, there are now three conventions for the carriage of goods by sea. The inadequacies of existing laws are, therefore, complicated by a proliferation of international legal regimes, and uncertainties with regard to contracts and liabilities are commonplace in the international carriage of goods by water. We must remember, honourable senators, that uncertainty is no friend to shippers, nor to insurers or shipowners. It is certainly no friend to an exporting nation such as Canada.

• 2050

We must also consider the fact that the inadequacy of the law has been exacerbated by revolutionary changes in the shipping world. I refer to the growth of intermodalism, containerization, electronic data interchanges in documentation and communications, and a much noted increase in maritime safety stemming from improved navigation systems, for example. The Hamburg Rules, though imperfect, provide advantages to the cargo owner in this new age that far outstrip the Hague-Visby and Protocols. Hamburg establishes, to some degree, recognition of substantially changed conditions in the shipping of goods by water overseas and customer needs for "floor to floor" deliveries. Hamburg would make Canada more compatible with international realities in the marine world.

Honourable senators, I am fully in agreement with the gradualist thrust of the present bill. It is clear that all the interested parties in the industry agree that the Carriage of Goods by Water Act must be updated. It is also clear that the absence of consensus upon which rules should replace those now in force in Canada dictates caution. In my opinion, a six year hiatus breeds more uncertainty in a vital area of marine transport law.

Fortunately, we have a more significant precedent to guide us. I believe it is a more acceptable compromise than that presently seen in Bill C-83. Australia's revision of its Carriage of Goods Act in 1991 adopted in the First Schedule of the Act the Hague-Visby Rules. The Second Schedule containing the Hamburg rules adopted a provision which would trigger them in three years instead of six, after the application of the Hague-Visby Rules.

Honourable senators, there is no doubt in my mind that a transition period is right, just, and will allow the diverse interests within the industry to adapt and coalesce their interests with a new international marine regime. I find it hard to imagine, however, why the present government wishes to introduce such a lengthy period of transition. The Australian precedent of a three-year hiatus combines gradualism with progressive movement towards international maritime law. The signal to international community is clear. Australia has recognized that fairness to cargo and ship owners alike must be tempered by the recognition of revolutionary change in the shipping world and the needs of all sea-going states to dramatically adapt to that change. The six-year hiatus provided for in this legislation signals something else. It tells the international community that Canada puts a premium on hiatus and a penalty on change.

Honourable senators, I look forward to further examination of this bill in committee.

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?

On motion of Senator Lynch-Staunton, for Senator MacDonald, bill referred to the Standing Senate Committee on Transport and Communication.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

Hon. Royce Frith (Leader of the Opposition): I see they have given you the job of defending the indefensible.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): He will try to explain the unexplainable.

Senator Kelly: Honourable senators, I must say I was startled when I stood up simply to move second reading and Senator Frith had something to say. I have always watched him fairly closely because he corrects me every time I make a mistake. I wondered how I could have made a mistake by simply saying, "I move second reading of Bill C-93."

Senator Frith: Simply moving it was a mistake.

Senator Kelly: Honourable senators, Bill C-93 is an act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

Bill C-93 would reduce the number of organizations that are covered here by a net figure of five. Fifteen government organizations are proposed to be consolidated into ten. The consolidations are forecast to result in savings of approximately $15 million over five years. Many of the employees of these organizations will be transferred to the new or merged entities, employees who are declared redundant will be handled under the workforce reduction policy which provides for notice of layoff, opportunities for alternate employment, and fair and reasonable termination arrangements. The agencies addressed in this bill are as follows:

The Agricultural Products Board was established in 1952 to buy and sell agricultural products through programs such as the World Food Program and more recently to countries of the former Soviet Union. The functions of the board, which has been dormant since the budget announcement of February, 1992, will be assumed where necessary by the Department of Agriculture.

The Enterprise Cape Breton Corporation was created in 1988 to promote industrial development in Cape Breton, Nova Scotia. It will be merged with ACOA, the Atlantic Canada Opportunities Agency.

The Canada Council, the Social Sciences and Humanities Research Council (SSHRC) and the international programs of the Department of External Affairs will be consolidated into one new agency to be called the Canada Council for the Arts and for Research in the Social Sciences and Humanities.

Senator Frith: That is the mistake part.

Senator Kelly: Honourable senators, I understand that through miscommunication, misinformation and mishandling, considerable confusion has been generated as to exactly how much in savings will result from the merger of the Canada Council and SSHRC. I am advised that the Treasury Board, Privy Council Office and the organizations themselves are now united in forecasting annual savings of $5 million per year within three years after the merger is in place and has taken hold.

Senator Frith: Well done, sir.

Hon. John Lynch-Staunton (Deputy Leader of the Government): United we stand.

Senator Kelly: Honourable senators, I agree as well.

One of the reasons for the confusion over the numbers is that the Canada Council is a very independent agency due to historical considerations and the sensitive cultural nature of its mandate.

The Canada Council is one of the very few corporations not listed in the schedules to the Financial Administration Act, nor subject to the financial and policy restraints and reporting requirements enumerated in Part XII of that act.

• (2100)

Accordingly, it proved difficult for the central agencies of the government — Treasury Board and the PCO — to get a firm handle on the savings. It was partly due to the review of the organizations' operating budgets, flowing from the Minster of Finance's statement last December, that the savings numbers began to crystallize.

There is no doubt that savings will result from this merger — from having common services, from setting up a single window for access to grants and programs and so on. However, these savings will be realized in the medium and long term, not evidently in the short term. In my opinion that does not, in any way, reduce the merit of these proposals.

Under Bill C-93, the Canadian Commercial Corporation, CCC, will be integrated with the Department of Supply and Services. It was established in 1946 to act as the prime contractor in the purchase and sale of goods and services on a government-to-government basis. The CCC will continue, however, as a separate legal entity for the time being.

Emergency Preparedness Canada, EPC, will be integrated with the Department of National Defence. Honourable senators, I have a certain personal interest in this move. The Senate terrorism committees that I chaired commented on the plethora of departments and agencies around Ottawa having some role in the government's response to grave emergencies.

Each agency had its own staff, its own offices, well-equipped operations centres and so on. Committee members thought there was considerable scope for rationalization and consolidation, even if for no other reason than to keep these agencies from tripping over each other during an actual emergency. I am pleased, therefore, to see that, at least in one instance, it has happened.

A new body, the independent review commission of the RCMP, will take over the functions of the External Review Committee and the Public Complaints Commission for the RCMP. This is a measure that makes good sense. It brings together, in one organization, the external review of complaints coming from within the RCMP, usually from RCMP officers, such as demotions, discharges, grievances and so on, and complaints coming from members of the public about actions by RCMP officers.

The Copyright Board and the Trademarks Opposition Board will be merged into a new entity to be called the Intellectual Property Tribunal. This merger is based on recommendations made to the government in 1991 by Gordon Henderson to streamline the Canadian intellectual property and litigation system. The functions of the procurement review board will be integrated with the mandate of the Canadian International Trade Tribunal to form the International Trade and Procurement Tribunal.

The Petroleum Monitoring Agency (PMA) will be wound up and its functions assumed by the Department of Energy, Mines and Resources. The PMA was set up as part of the National Energy Program in 1982. Previously, the information-gathering functions were performed in the department. Bill C-93 would return the function to its original place.

Senator Frith: Maybe they should have given that to the Canada Council, too.

Senator Kelly: I will make a note of that, Senator Frith.

The activities of the Veterans' Lands Administration (VLA) are to be integrated with the Department of Veterans Affairs. The purpose of the VLA is to provide loans and other assistance to veterans of the Second World War and the Korean War. For obvious reasons, no new loans have been made since 1977. The VLA simply administers the existing loan portfolio — a function that can be transferred easily to the department at no inconvenience to the veterans who remain in the program.

Honourable senators, this completes the list of organizations, 15 in all, that will be affected by Bill C-93 — either merged, wound up, or their functions integrated with another organization.

Senator Frith: "Wound up" did you say?

Senator Kelly: Yes, wound up.

Senator Frith: I was thinking of another verb that went better with the preposition "up".

Senator Kelly: "Wound down", would that be better?

Senator Frith: No.

Senator Kelly: In many cases, the government has gone as far as it can administratively in rationalizing these organizations since the decision to do so was announced by the Minister of Finance in the 1992 budget statement. For example, the Canadian Commercial Corporation has already been effectively integrated with the Department of Supply and Services, with the Deputy Minister of Supply being appointed as president of the CCC last year.

Obviously, this bill seeks to streamline further the operations of government and reduce the government's operating budget as an important element of overall deficit reduction. Honourable senators, that is the purpose of the bill, to streamline the way in which government carries on its business.

Senator Molgat: Now we find out.

Senator Frith: The sins this government has committed in the name of streamlining.

Senator Kelly: I read with interest Mr. Chrétien's February speech at the Empire Club in Toronto, particularly his stated commitment to deficit reduction. I can only assume that in the absence of program cuts, Mr. Chrétien would support this streamlining of government and other cost cuttings as proposed by Bill C-93 as an important avenue to deficit reduction that appears now to be accepted by both major political parties.

The reorganizations proposed by Bill C-93 have few policy implications because the functions will continue, in the main, albeit in a new organizational context. The reorganizations have also been undertaken in such a way as to minimize disruption in services to the public.

This bill is an important initiative in the series of deficit reductions and streamlining of government actions taken by this government.

Honourable senators, I want to emphasize that I cannot discover in Bill C-93 any changes in policy other than a policy to streamline administration. In my opinion, savings are inevitable.

There will always be arguments and predictions of horrible results once you start moving the administration of two offices into one. If it is two agencies, for example, as in the case of the Canada Council and SSHRC, there will be those who will argue one of those two will become the poor relation. I think that is, perhaps, a totally justifiable matter of concern.

I think that there is every reason that those who have those concerns should have an opportunity to ask all the questions they need to ask and get all the assurances they need to get in settling their minds on the question: Is there a hidden agenda of some sort? It is for that reason I sincerely hope we can move this bill to committee where questions can be raised as soon as possible.

We can all posture and read the letters from various interested parties ad nauseam. It seems to me where these questions exist, and they are legitimate questions, the answers should be sought at committee. I would ask the Senate and the members in this chamber to consider that very seriously and to proceed as quickly as possible.

Senator Frith: Honourable senators, I move the adjournment of the debate.

However, I think I should say that I have made a mistake. I think that "up", as used with those verbs, is playing an adverbial role rather than a prepositional role.

On motion of Senator Frith, debate adjourned.

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Cochrane, for the second reading of Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related acts.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, a lot has been written and said about Bill C-92. I will not go over all the terrain.

My interest is limited to one specific aspect of this legislation: the proposed changes to the 21-year trust rules. I believe that an understanding of what is being done to these rules is not possible without first setting the context, and that requires that we recall how and why these rules were legislated into the Income Tax Act 21 years ago.

On June 18, 1971, the Honourable Edgar Benson, Minister of Finance, presented his budget which introduced the capital gains tax. We know that all income, salaries or wages have been taxed by the federal government since the First World War. In fact, when I studied tax law at Osgoode Hall, the act was called the Income War Tax Act. It was just supposed to be for the period of the First World War.

• 2110

What has happened is that, if you go to work and receive a salary, you pay taxes. What if you did not need to go to work? What if you earned your keep by buying and selling land, buildings, companies, stocks, or art? If you bought a building for $50,000 and sold it several years later for $150,000, you made a profit of $100,000. However, until 1972, you paid no tax on that capital gain. If you had made that money by working in a factory or office for several years, you would have paid tax on every penny of it. For a lot of people, especially those who relied on wages and salaries, which is most of us, this distinction did not seem very fair.

In 1971, Mr. Benson introduced a capital gains tax. The general rule was that one half of capital gains would be included in income and taxed at the ordinary rates. The new regime was to start on January 1, 1972. If a piece of property had been bought, for example, in 1970, any increase in its value between then and December 31, 1971, would not be subject to capital gains tax. Only the increase in value taking place since the end of 1971 would be subject to tax valuation, and it would only be paid when the owner sold the property or died.

But what about the very privileged in Canada who had grown accustomed to making large capital gains without incurring any tax liability? Would this new tax threaten their position? Would it bring undue hardship when they had to pay capital gains tax, if they sold the property or died? No, because, in addition to the stick, there was a very generous carrot presented by the Minister of Finance. What was that? The abolition of the estate tax.

In 1970, the estate tax brought in — listen to this, honourable senators — $120 million. In comparison, personal income taxes raised $4.7 billion. That was from Hansard, June 18, 1971, at page 7142.

If the same ratio had been maintained in 1992, when personal income taxes raised $59 billion, the estate tax would have cost the privileged of Canada between $1 billion and $1.5 billion. So over the years, this carrot has saved the very richest families in Canada many billions of dollars.

In addition, it must be recalled that, in early 1972, there was an anomaly that resulted in even further gains for them. Some families saved fortunes on the elimination of the estate tax without incurring any capital gains tax liabilities. Arthur Scace, the eminent tax specialist, in *The Income Tax Law of Canada*, prepared for the Law Society of Upper Canada, makes this explanation:

> If a man having an estate of $10 million died during the early months of the new system, his fortunate beneficiaries would have received the whole estate

> tax-free (apart from succession duty) whereas approximately $2,500,000 would have been payable if he had died on December 31, 1971.

So, in this example, not only would there be no estate tax payable, but any capital gains would be negligible, perhaps even zero, because capital gains would be calculated on the basis of any growth in the estate value between the end of 1971 and the date of the death.

What did the finance minister and the government expect from these very privileged families in return for this multi-billion-dollar tax break? And make no mistake, we are talking about the very elite; only one or two per cent of Canadian families really had to worry about the estate tax. In return, the government expected —indeed, I believe I am safe in saying that the vast majority of Canadians expected — that these families would eventually pay the new capital gains tax.

If you earn a salary or are paid a wage, you pay tax on your income every time you receive a paycheque. The tax is deducted from what you are paid. However, for capital gains that would be impractical. Every week you would have to get your property appraised, determine how much it had increased in value, and then remit the tax owing on the difference. That is clearly impractical.

The 1969 White Paper on Taxation proposed that capital gains be calculated and paid every five years. However, in 1972 the government was much more accommodating. Capital gains would only be calculated and taxed, if the taxpayer moved out of the country or sold the property, or when the taxpayer died. But the key to the whole plan was ensuring that, if and when one of these three things happened, tax would actually be paid.

But people do not like paying tax, nor do those they leave behind. So subsection 70(5) of the Income Tax Act provides that when a taxpayer dies:

> ...the taxpayer shall be deemed to have disposed, immediately before his death, of each property owned by him at that time that was a capital property...

That is fair, it seems to me. That property is deemed to have been sold at fair market value and capital gains are calculated and taxes paid.

However, not all property is owned by individuals. Property can be held in trusts, which, unlike individuals, have no natural limitations on lifespan. If a trust does not die, how does the government ensure that it is able to collect taxes that, in all fairness, should be paid? This is where we get into the subject of 21-year-trust rules.

Simply put, a trust is an arrangement where the property is held by one person for the benefit of another. There are some fancy words for it. "Beneficiary" is the best word. There is an expression, a "*cestui que* trust" which also means "beneficiary". The trustee is the person who has to fulfil the obligations of the trust.

So the basic components of a trust are the funds, the trustee, and the beneficiary. The trustee holds the funds on the terms and conditions of the trust. That can be an individual, a company, or a trust company. That is one of the big functions of a trust company, to hold money in trust from a donor, the person who gives the money to the trust, and to hold it for the benefit of the beneficiary.

Those are the three basic components of every trust. They are sometimes called *inter vivos* trusts, which makes it sound more complicated than it really is. It simply means a trust between living people, because, in practical terms, wills often provide for trusts between the testator, the person making the will, and the beneficiary under the will, and there is often a trust company holding the trust. However, we are talking here about trusts between living people. The donor is alive and can, of course, declare himself bound by the trust by making a declaration. However, usually there is a separate person or corporation to act as trustee.

It often happens that persons want to give their children the benefit of a trust. They make a gift or set up the trust. Then the trustee receives it, subject to the terms of the trust, and the children are the beneficiaries.

It is very common that the three principal players, the *dramatis personae* of which I have spoken, consist of a parent, a trust company and a child or children. Since the property in the trust does not belong to the parents, there is no capital gains implication when that parent dies because the equitable owner, as such are called, is the beneficiary. The beneficiary is called the equitable owner because the law presumes that the trust will be enforced, and therefore that the equitable owner will benefit from it.

• (2120)

The property could flow out of the trust and the child would then have full ownership and control, or it could remain in the trust when there is a so-called equitable owner — which means effective but not actual owner — not in possession. Only when that child died would subsection 75(5) kick in. The property would be deemed sold, and the capital gains tax would be due.

Imagine, however, the following situation: In 1972, a parent puts property into a trust for the benefit of two newborn children. There are no tax consequences because the gift tax — some of you may be old enough to remember the gift tax — was also abolished in 1972. However, in exchange for this capital gains tax, the government gave up succession duties, gave up the estate tax and gave up the gift tax.

Therefore, there are no tax consequences because the gift tax was abolished in 1972, before the parent has put this property into a trust for the benefit of these two newborn children. There are no capital gains consequences because 1972 is the base year for calculating capital gains.

Forty years later the parent dies. The property flows out of the trust to the children. There are no tax consequences because the children, now 40 years old, were always the equitable or beneficial owners of that property, even while in diapers. They each have one half of the property. Ten years later, one of the children dies. That child's share is deemed to have been sold, and capital gains taxes are paid. Forty years after that, in the year 2062, the other child dies at the age of 90. Then capital gains is paid on that child's share of the property.

The first impact of Bill C-92 is that, if the property is left in the trust, capital gains tax will not be paid proportionately as each child dies, but only when the last surviving child dies. In our example, the government says in Bill C-92 that it wants to wait another 40 years before it can collect a single penny of tax.

I ask, as have others: Why? Are the coffers so flush with funds that the government does not care whether it waits another 20, 30 or 40 years for these tax revenues? The chickens have come home to roost, but the government will not let them in.

It cannot be because the coffers are so flush. The last time I looked, Mr. Mazankowski was saying that he was $35 billion short. The answer must lie in the words of the Prime Minister who, as I mentioned on another topic, when he was a candidate in 1983, promised to show compassion and tenderness to the disadvantaged.

Who are the disadvantaged? Who was he talking about? Are they the unemployed? Yes. Did they get anything out of Bill C-92? No. Are they those who are on welfare? They would be disadvantaged, would they not? Are they getting any compassion or tenderness from Bill C-92? No. How about poor single mothers? Are they the disadvantaged? Did they get anything out of Bill C-92? Did they receive any compassion or tenderness? The working poor are the disadvantaged. Did they receive any compassion or tenderness by virtue of Bill C-92? No. They are not being told that they can defer paying their taxes for 30 or 40 years.

How about the hard-pressed middle class, struggling with record tax increases and the GST? Are they being given anything by way of Bill C-92? No. There is no compassion or tenderness there. There is no tenderness or compassion for any of these disadvantaged, as the Prime Minister called them — unless, of course, these poor, unemployed, disadvantaged, single mothers are struggling with the management of their family trusts.

Bill C-92 also proposes to completely emasculate the 21-year disposition rule. This rule also had its origins in 1972. If applied in our example, it would have been the delayed price for the carrot taken 21 years ago that, by now, has presumably been eaten and digested. But now that the payment comes due, the winding up of the trust within the 21 years — which was the carrot — is being refused or, better, is being allowed to escape and be postponed.

Subsection 104(4) of the Income Tax Act provides that a trust is deemed to dispose of its property 21 years after it was created, and every 21 years after that. Therefore, at the end of 21 years, the capital property in the trust would be deemed to have been sold, the capital gains determined and the tax owing calculated and paid. According to Mr. Mazankowski, he could use the money.

The term of 21 years, of course, was not picked out of thin air. For many years, the age of 21 was the age of majority and a child reaching the age of 21 was thought to be competent to control his or her own affairs. The 21-year deemed disposition rule could be avoided if the parent, in year 18, 19 or even 20, simply transferred the property out of the trust to the children. There would then not be any "deeming" because it would actually take place. There would not be the tax consequences until the first child died.

Why not transfer the property out of the trust? The answer is that, in most of these cases, the parent who has set up the trust is operating a business. The shares are in the trust. If you transfer the shares out, the parent no longer controls the company. The parent would lose control, and where the assets in the trust are shares of a company, their control may represent control over that company and all allied and related companies. The parents may be very reluctant to transfer that control to their children, even when those children are well past the age of majority. They may, in fact, be of retirement age themselves.

So what is the answer? The answer is that, as 1992 approached and all those trusts that were created prior to 1972 or in early 1972 were approaching this age of majority, the Prime Minister, I suppose showing his characteristic tenderness and compassion for the disadvantaged, stepped in to the rescue. His government would allow the trust to defer the deemed disposition until all the children who are the beneficiaries of the trust had died.

The government official from the Department of Finance claimed that the 21-year rule could be avoided, in any event. To salve people's conscience, they say that it could be avoided in any event if the assets of the trust were transferred to a new trust with new trustees.

• (2130)

I say pay no attention to those blandishments. This was not what was intended in 1972 and is certainly not what a plain

reading of section 104(4) of the Income Tax Act would suggest. It would certainly appear to be contrary to the general anti-avoidance tax rule; that is, the rule against measures designed to avoid the payment of tax.

So what authority do departmental officials offer to support this proposition? The authority is a ruling by other departmental officials at the Department of Revenue. To the best of my knowledge, there have been no court decisions, only a decision by officials at Revenue Canada taken, I believe, in the context of this bill's magnanimous gift. How did that ruling come about? I do not know, but presumably someone with an interest in family trusts approached the department, explained the problem, and asked for a ruling; some poor, single mother, or perhaps the unemployed, or some disadvantaged family to whom the Prime Minister said the government should show tenderness and compassion. Do you think so? I do not.

In any event, Revenue Canada claims there is a loophole. So let us take it as so, that there is a loophole which has apparently existed for years.

Now, as those disadvantaged families line up to squeeze through the loophole as year 21 approaches, the government intervenes. How does it intervene? Does it intervene to close the loophole? No. Instead of closing the loophole and restoring the original intent of the provision, which this legislation could do, it knocks down the whole fence and invites all these disadvantaged families to march on through.

I say "alleged" because when Sydney Goldstein, senior partner of Goldstein and Goldstein — a specialist in estate and tax planning — appeared before the House of Commons committee examining Bill C-92, he disputed the loophole's existence. When asked by Mr. Blenkarn whether you could keep avoiding the 21-year rule by changing trustees, he replied:

> It's not true. I would not recommend that. That suggestion has been made to my clients by other people, and that is certainly a technique I have not, with confidence, adopted for any of my clients. If that is a rationale for this legislation, the provision that's put in to stop that has nothing to do with changing the rules for deferral. You can close that up and leave the 21-year deemed disposition in place.

That quote is from the Standing Committee on Finance, Issue 61, March 18, 1993, page 10.

Mr. Goldstein says, I repeat: "You can close that (loophole) up and leave the 21-year deemed disposition in place." Of course you can, but instead of plugging up the loophole, the government says it will grant this magnanimous gift because there is a loophole. Well, plug the loophole! Instead of plugging the loophole, the government argues that its existence requires that the entire fence be knocked down. Using that as a justification is a breathtaking example of fallacious reasoning. It takes your breath away.

And then, if you can believe it — I cannot — the government goes on to say that the whole operation is revenue neutral. It will not cost the government a single penny. Imagine! Really! The government readily admits it has no idea how many such trusts exist or how much money is in them.

Mr. Neil Brooks, Assistant Dean of Osgoode Hall Law School, told the same House of Commons committee:

> I assume that there is enormous pressure from the bar and these families who own these trusts to get this rule passed. I assume that's why we're here. To say there's no revenue at stake, why the hell are we here then? Let's just leave it the way it is if everyone can avoid it.

Oh, no! You see, they say there is a loophole and we may as well let everyone through, or there is not, in which case we leave it where it is. If that is the case, why are we looking at this legislation?

If the 21-year rule can be avoided with impunity and if there is no money at stake, why is there so much interest by such a small and select group to have it changed? These people are very concerned. They exerted enormous pressure and, we are told, they can avoid it anyway — and there is no money at stake? It makes *Alice in Wonderland* look realistic.

There is so much interest because money is at stake. High-priced estate lawyers have not been approaching the government because they have time on their hands and want to engage in intellectual aerobics.

If the majority in this chamber wishes to vote in favour of this proposal, all I ask is that they have the common courtesy of acknowledging what they are voting for. They should not kid themselves or anyone else as to what it is our Senate will be rubber stamping.

The simple fact is that this change to the 21-year rule is substantive and will have fiscal consequences. The wealthiest families in this country — probably only a fraction of 1 per cent of all the families in Canada — will be given a chance to again defer their taxes for decades. Those taxes must run into the tens of millions of dollars, hundreds of millions of dollars, and perhaps billions of dollars. At this very moment, when we will be telling the extraordinarily wealthy of Canada that they do not have to pay any taxes for decades to come, Revenue Canada is preparing letters informing the hard-pressed middle class and poor families what they owe for their taxes and that they must shoulder the responsibility for the deficit and tighten their belts.

Honourable senators, we will be passing this legislation while leadership candidates for the governing party warn those same poor and middle class families that the future of

their social programs is in jeopardy because the government has no money. How will those candidates explain waiving the amount of money involved here? It is not fair; it is not equitable; it is not honest. We should not be doing this.

For years, the Senate of Canada has been accused of being a protector of the privileged. Here is a chance for each one of us, individually, to prove we are not and to stand and record our names as rejecting this bill.

Some Hon. Senators: Hear, hear!

On motion of Senator Molgat, debate adjourned.

MOTOR VEHICLE SAFETY BILL

REPORT OF COMMITTEE ADOPTED

The Senate proceeded to the consideration of the Thirteenth Report of the Standing Senate Committee on Transport and Communications (amendments-Bill S-8), presented in the Senate on April 29, 1993.

Hon. Donald H. Oliver: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

CHILD DAY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Joyce Fairbairn moved the second reading of Bill C-371, respecting a national child day.

• (2140)

She said: Honourable colleagues, I am pleased to speak on second reading of Bill C-371, which proposes a national child day. It was introduced in the other place by my colleague, Mac Harb, the member from Ottawa Centre. I congratulate him for it.

As honourable senators will know, the bill has received enthusiastic support of members on both sides of the House of Commons. It is supported by the government and particularly the Minister of National Health and Welfare. The bill was introduced in the House of Commons last November 19 and was given second reading, considered in Committee of the Whole and passed unanimously at third reading on March 19.

This legislation will provide for a national child day to be marked on November 20 of every year. It was on that date in 1991 that the United Nations adopted the convention on the rights of the child. This was the highlight of the UN World Summit for Children, co-chaired by Prime Minister Mulroney. That convention, which was ratified by Canada in December of 1991, sets out a series of basic standards for the treatment of all children in this country and in other countries that are signatories.

I should like to put on the record a letter that all senators and members of the other place received from the Honourable Benoît Bouchard, Minister of National Health and Welfare, when this bill was being introduced in the House of Commons. It states:

> To all members of Parliament and Senators:
>
> In the coming months you will have an opportunity to debate and vote on Bill C-371, an act respecting the establishment of National Child Day in Canada. I will be supporting this bill brought forth by Mr. Mac Harb, because I believe it presents an excellent opportunity to continue the momentum of Canada's efforts for children that began when the Prime Minister co-chaired the World Summit for Children in 1990.
>
> This Summit served as a catalyst for the signing and ratification of the Convention on the Rights of the Child, the establishment of the Children's Bureau and my appointment as Minister Responsible for Children and the Brighter Futures initiative. The Government of Canada is obliged to promote an understanding of the Convention on the Rights of the Child to all Canadians.
>
> A national child day designated on the anniversary of the adoption of the Convention by the UN would be an appropriate and effective means to fulfil that commitment and express our support for children in Canada.
>
> I urge all members to support this bill.
>
> With every best wish.
>
> Benoît Bouchard

The United Nations Convention came about because there are too many areas of the world in which children face desperate and frightening situations; conditions which threaten not only their proper growth and development, but their lives. I doubt that there is anyone in this country who is not moved, who is not horrified by the heart-wrenching scenes we see all too often every night on our television screens; children being mutilated, mistreated, killed and orphaned by war, famine and disease.

The vast majority of Canadian children do not face any such tragic conditions in their daily lives. They are protected by their families, are learning in their schools and are having fun in their communities. Still, the situation in this country is far from ideal. Approximately one million children in Canada are considered at risk, living in economic poverty, unhealthy living conditions and suffering from neglect and mental, physical and sexual abuse. Too many of our children are on the streets because of abuse at home. Too many of our children are being used as pawns by couples going through marriage breakups. Too many Aboriginal children on

reserves, in our cities, and across our northern territories are dealing with their despair and hopelessness by engaging in debilitating substance abuse or by taking their own lives.

I know that all honourable senators share a deep sense of sorrow and dismay over recent events in Labrador and northern Ontario which dominated the news in Canada in March. However, honourable colleagues, those were the things we heard about. Desperate conditions are the reality of daily life in many Aboriginal communities across this country and they remain a hidden tragedy.

The past few years of difficult economic conditions has also seen the phenomenal rise in food banks in our country. In 300 communities there are about 342 central food banks operating upwards of 1,800 grocery and meal programs. Statistics Canada reports that in 1991, 40 per cent of all the people served by food banks were children; and approximately 700,000 children, one in nine, needed food banks at least once. Surveys of recipients in Edmonton showed that in 1990, approximately 69 per cent of those most in need were in single parent families, most of them single parent mothers. A survey of food bank users in Toronto showed that more than 2,000 recipients were pregnant women and that 28 per cent of children in food bank families were preschoolers.

Poverty, honourable senators, affects all aspects of a child's life. What and how often they eat, what they wear, where they live, how safe it is, their health — both physical and emotional — how successful they are in school, and how successful they are in life.

Poverty is a cruel and crushing fate for anyone, but particularly cruel to innocent children. All of us know our society has changed dramatically in recent decades. The single-income family with the mother at home looking after the children is no longer the norm. More and more women have joined the workforce — many of them out of absolute economic necessity.

• (2150)

So this decade is a different and difficult world for our families. Some people may suggest that setting aside a special day for children is little more than a public relations exercise, a pious hope just to make people feel good. I believe it is another small step toward focusing awareness on one of the biggest problems we face today in our society. We allow it to exist and we must be reminded of the necessity of taking real action. Other days, weeks, months, years, even decades, have been marked to highlight a variety of subjects in public policy — women's issues, the environment, drug abuse, violence, peace, AIDs, and so on.

Honourable senators, certainly public understanding of the whole issue of illiteracy has been greatly advanced through International Literacy Day every September 8 and through the International Year of Literacy in 1990. The women's movement in particular has been greatly assisted by the recognition that women have traditionally been put at a disadvantage in countries around the world, including our own. In 1993 we recognize International Women's Year and on March 8 we celebrated International Women's Day. The year 1994 will be the International Year of the Family. Also, in Canada we have set aside December 6 as a day of remembrance and action on violence against women in response to the killing by a crazed gunman back in 1989 of 14 young women at L'École Polytechnique in Montreal. That day has become a symbol for women and men across this country of a daily evil that must end. It certainly gave impetus to efforts to strengthen gun control law in this country.

I would not for a moment claim that such national and international days of recognition of themselves produce solutions, but they may become part of one. What that recognition does is encourage positive momentum and it puts into the minds of individuals and governments the realization that a grave problem exists and that it is time to get on with the job of fixing it. With this bill we are not just talking about fixing statistics. We are talking about fixing young lives, not just for one day but for every day of every year. There are many happy, healthy, protected children in Canada who are motivated to build their future and we would acknowledge them with joy on this special day. It will also challenge us to work to create a Canada where all the other children may have the same right and opportunity to build and benefit from the same future.

Honourable senators, I would urge you to accept the challenge and pass this bill quickly.

On motion of Senator DeWare, debate adjourned.

AGRICULTURE AND FORESTRY

NINTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Ninth Report of the Standing Senate Committee on Agriculture (budget re study on farm safety) presented in the Senate on April 29, 1993.

Hon. Efstathios William Barootes: Honourable senators, I move the adoption of this report.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Earl A. Hastings: Honourable senators, is Senator Barootes moving the adoption of the budget of the Agriculture and Forestry Committee for the period ending March 31, 1994, in the amount of $42,100.

Senator Barootes: I must apologize, honourable senators; I did not get the import of Senator Hasting's question.

Senator Lynch-Staunton: What are you moving?

Senator Hastings: I want an explanation of what you are moving.

Senator Barootes: I am moving the adoption of the report I presented last Thursday about travel to Iowa and California by the committee in respect of the special study on rural health and farm accidents.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the report?

Motion agreed to and report adopted.

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF THIRD AND FOURTH REPORTS OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Beaulieu, for the adoption of the Third Report of the Standing Committee on Privileges, Standing Rules and Orders (amendments to the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Lynch-Staunton*) and,
>
> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Beaulieu, for the adoption of the Fourth Report of the Standing Committee on Privileges, Standing Rules and Orders (amendment to Rule 4 of the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Lynch-Staunton*)

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have a few comments on these reports that arise from certain remarks made by Senator Molgat last week. Once again, at that time he expressed total opposition to the rules, not only because they were passed under circumstances with which he does not agree, but also because he claims they put the opposition, as he said, "totally under the thumb of the government".

Senator Hastings: Under the heel.

Senator Lynch-Staunton: He said "thumb".

Senator Hastings: It should have been heel.

Senator Molgat: You can substitute "heel" or "boot".

Senator Lynch-Staunton: In reply to a question asked by Senator Finlay MacDonald, my honourable friend said he would like to see time allocation and the limit on the length of speeches removed, among other changes, in what he interprets as powers given to the government side.

Senator Molgat: Powers taken.

Senator Lynch-Staunton: This leaves the impression — one which I want to correct — that the Senate rules contain certain features that are seldom, if at all, found elsewhere. Thanks to research provided by the Committees and Private Legislation Directorate, the contrary is the case. A review of standing orders of each of the provinces shows that all of them, with the exception of Prince Edward Island, provide for either limits on the length of speeches or debate, some form of closure, or both.

Senator Frith: Everyone of them is an impotent parliament.

Senator Lynch-Staunton: What we have simply adopted are procedures in common usage elsewhere, although there are variations in the details.

Senator Molgat made one statement which is obviously behind his objections to the rules. "There is absolutely no way," he said, "in which the Opposition can in any way delay a measure". I hope that he is not implying that the prime role of an opposition is to delay.

Senator Molgat: To debate.

Senator Lynch-Staunton: If so, then that of government must be the opposite; to hasten. The role of both is to argue the pros and cons of legislation and to agree to come to a decision at a given time, by mutual agreement. Otherwise, the majority side is certainly entitled to force a vote or else delay would be the rule rather than the exception and the business of the house would be stalled indefinitely.

The complaint which I have heard most frequently is not that there is a time limit on speeches, but that perhaps 15 minutes are not enough. Other features of the rules are also questioned, more in their content than their intent. After nearly two years, I think we can all agree that it is not too soon to re-examine the rules and come to a bipartisan agreement on their improvement, taking into account that they contain nothing fundamental which is not found in other legislatures of a partisan nature as this one.

• (2200)

I therefore invite my friend the honourable Deputy Leader of the Opposition, who is also Deputy Chairman of the Standing Committee on Privileges, Standing Rules and Orders, to bring to the committee the suggestions of his caucus for improvements, as Senator Robertson and, more recently, Senator Grimard have requested on many occasions. Our caucus certainly is anxious to compare their suggestions with our own. We may not be as far apart as we think. Only by approaching the rules in this fashion, namely together, can

they be made more fair and equitable for all members, no matter on which side of the house they may sit.

Hon. Philippe Deane Gigantès: Honourable senators, it is an undeniable fact that a majority can have its way. Traditionally, in most parliaments, minorities are therefore given some weapons. One of the weapons minorities have is the ability to delay. If this ability is removed, there is no need for the opposition to be present. If this ability to delay is removed, there really is no need for a Parliament. We can simply elect a Prime Minister who may do as he wishes.

Even in sport, the opposition, which is a minority in certain circumstances, is given the right to delay. In hockey, a team that is short-handed is allowed to ice the puck, which is a delay tactic.

Senator Berntson: But the game is over in 60 minutes.

Senator Gigantès: The minority is allowed to keep the majority of players from scoring by using delay. It is not correct to say that the role of the opposition is not to delay, but to agree with the government.

Senator Lynch-Staunton: I never said that.

Senator Gigantès: Read your speech and you will see you suggested it.

At times it is the role of the opposition to delay so as to give, perhaps, time for public opinion to regroup and put pressure on the government, in order to make the government see the light and abandon a policy that is ill-thought-out, or is not good for the commonwealth.

On motion of Senator Corbin, debate adjourned.

CONFLICT OF INTERESTS

SPECIAL JOINT COMMITTEE AUTHORIZED TO ENGAGE SERVICES

Hon. Richard J. Stanbury, pursuant to notice of Thursday, April 29, 1993, moved:

> THAT the Special Joint Committee on Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders, to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendments to other Acts, be empowered to retain the services of expert, professional, technical and clerical staff as may be deemed necessary for the purpose of its examination and consideration of the bill.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, May 4, 1993

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

Prayers.

SENATORS' STATEMENTS

NEWFOUNDLAND

LIBERAL VICTORY IN PROVINCIAL ELECTION

Hon. P. Derek Lewis: Honourable senators, in the absence of the Honourable Senator Ottenheimer, who undoubtedly would have liked to have told this story himself, I would like to draw to your attention the very happy event which took place yesterday in the province of Newfoundland.

Senator Bonnell: Were you there?

Senator Lewis: I was there, as was Senator Ottenheimer.

As honourable senators know, a provincial general election was held yesterday in that province. The result was a resounding endorsement for the Liberal government of the province, led by the able Premier Clyde Wells. His government was returned with a slightly larger majority in that the Liberal Party elected 34 members, the Conservatives elected 17 and the New Democratic Party elected one. This result was achieved despite the huge amount of money injected into the campaign against the incumbent provincial government, both by the Conservatives and by third parties, in an attempt to discredit the policies of that government.

Apart from being a general endorsement of the policies of Premier Wells and his attempts to bring about restraint in government affairs, his victory is also a reflection on the attitude of the electors, and to their perception of the present federal government and its policies. This attitude was apparently well-recognized by the Conservative campaign organizers in that, in an attempt to distance themselves from their federal party — and presumably on the advice of their slick advertising agency — they saw fit to change the colour displayed on their campaign posters. Instead of using the usual Tory blue, their signs were produced in what appeared to be a green colour.

Some Hon. Senators: Oh, oh.

Senator Lewis: But it was to no avail; the public was not gulled by this deception. It will be interesting to see if the result of this election is a portent of what is to come in the Nova Scotia election and in the federal election to follow.

In any event, I join with others in this chamber in congratulating Premier Wells on his endorsement for a further term in office and, of course, to all others who were successful in the well-fought and clean campaign.

Some Hon. Senators: Hear, hear!

DEMOCRACY

SOCIAL VISION OF ECONOMIC HISTORIANS

Hon. Philippe Deane Gigantès: Honourable senators, pursuing what I was saying yesterday, over the next few days I wish to give some readings from various economists who are saying things about the situation in this country and in the world.

Today's reading is from a book entitled *Twenty-First Century Capitalism* by Robert Heilbroner, probably the best known current economic historian. He writes:

> Almost all of the great economists have written scenarios for capitalism. Adam Smith envisaged a Society of Perfect Liberty whose most striking characteristic was a general increase in well-being for everyone. It is less well known that his scenario also anticipated a time when such a society would accumulate "the full complement of riches" to which it was entitled by virtue of its resources and geographic placement, at which point accumulation would stop and growth with it. His social vision leads him to expect the moral decay of the labouring class, to which it will passively submit.
>
> Like Smith's, Carl Marx's analysis traces the consequences of an acquisitive drive in a competitive environment. He differs from Smith because Marx's upward trajectory, unlike Smith's, is continually interrupted by periods of crisis and restructuring. For Marx, capitalism disappears before the advent of its successor, socialism.
>
> Two other major scenarists also expect the end of capitalism. John Maynard Keynes was pessimistic because his understanding of the workings of the market, in which expectations played a key role, lead to the disconcerting conclusion that a market-driven society could settle into a position of lasting underemployment. His conclusion was balanced, however, by a surprisingly sanguine assessment of capitalist political possibilities. His vision included neither Smith's despairing assessment of the labouring masses nor Marx's largely buoyant assessment of its revolutionary potential.

Therefore it was possible for Keynes to envisage with equanimity not only the socialization of investment "as the only means of securing an approximation of full unemployment," but also the gradual "euthanasia of the *rentier*," while at the same time scoffing at the idea of socialism.

Honourable senators, tomorrow I will share with you more of these readings.

ROUTINE PROCEEDINGS

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

VETERANS HEALTH CARE REGULATIONS—REPORT OF COMMITTEE PRESENTED

Hon. Noël A. Kinsella, Acting Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

Monday, May 3, 1993

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

SIXTEENTH REPORT

Your Committee, which was authorized by the Senate on November 21, 1991, to examine and report upon the Veterans Health Care Regulations (SOR/90-594, August 28, 1990) and on all other matters concerning veterans affairs which may arise from time to time, respectfully requests that it be empowered to adjourn from place to place outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

NOËL A. KINSELLA
Acting Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Kinsella, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-THIRD REPORT OF COMMITTEE WITHDRAWN

Hon. Thérèse Lavoie-Roux: Honourable senators, before we adopt all the reports, I would move that the forty-third report of the Standing Senate Committee on Internal Economy, Budgets and Administration which was presented in the Senate on Thursday, April 29, 1993, be cancelled.

You will recall that last Thursday, I presented 12 budget reports. Inadvertently, the forty-third report was tabled twice. This is a technical error. Is there agreement to make this correction?

The Hon. the Speaker: Do you agree, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have a question. May I ask if we have followed the order of business and have gone to the item under Reports of Committees on page vi? Are we considering all of the reports at this time?

Senator Lavoie-Roux: Honourable senators, before adopting them, I wanted to ask you if we could make this correction because the forty-third report was tabled twice. We want to do it the right way now. An error was made. The forty-third report should have been the one on the spending plans of the Standing Joint Committee on the Scrutiny of Regulations. This correction should be made before we adopt all of the reports.

[*English*]

Hon. Earl A. Hastings: As I understand it, honourable senators, the 42nd and 43rd reports cover exactly the same thing, and the honourable senator is asking that the 43rd report be deleted.

Senator Lavoie-Roux: That is correct.

Senator Hastings: And that we should consider only the 42nd report.

Senator Lavoie-Roux: And that it be replaced by the report on expenditures of the Standing Joint Committee for the Scrutiny of Regulations, which was not tabled, the other one having been tabled twice.

Senator Hastings: Do we have the budget of the Scrutiny of Regulations committee before us?

Senator Lavoie-Roux: You can wait until tomorrow for this one, if you want.

Senator Hastings: Before proceeding, may I ask two or three questions with respect to the reports? Why are all the reports supplemental reports?

The Hon. the Speaker: Honourable senators, I believe there is some confusion here. We are not yet on Reports of Committees. Senator Lavoie-Roux simply wishes to withdraw the report. Let us proceed with that matter first.

Honourable senators, is it your pleasure to adopt the motion that the report be withdrawn?

Hon. Senators: Agreed.

Motion agreed to and report withdrawn.

[*Translation*]

FORTY-THIRD REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairperson of the Committee on Internal Economy, Budgets and Administration, presented the following report:

Tuesday, May 4, 1993

FORTY-THIRD REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Standing Joint Committee for the Scrutiny of Regulations for the proposed expenditures of the said Committee with respect to its review of statutory instruments, as authorized by section 19 of the Statutory Instruments Act, R.S.C. 1985, ch. S-22. The budget is as follows:

Professional and Other Services	$28,744
Transportation and Communications	550
Other Expenditures	18,700
TOTAL	$47,994

Respectfully submitted,

Thérèse Lavoie-Roux
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 59(1)(*h*), moved:

That when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, May 5, 1993, at 1:30 in the afternoon.

Motion agreed to.

[*Translation*]

CRIMINAL CODE, CROWN LIABILITY AND PROCEEDINGS ACT RADIOCOMMUNICATION 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-109, An Act to amend the Criminal Code, the Crown Liability and Proceedings Act and the Radiocommunication Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, May 6, 1993.

[*English*]

UNEMPLOYMENT

A CAUSE OF DEFICITS—NOTICE OF INQUIRY

Hon. Philippe Deane Gigantès: Honourable senators, I give notice that on Thursday next, May 6, I shall launch an inquiry into unemployment as a cause of deficits, the Tory reaction, and Liberal alternatives.

THE SENATE

REFUSAL OF HOUSE OF COMMONS TO BROADCAST PROCEEDINGS OF SENATE COMMITTEE ON PARLIAMENTARY CHANNEL—NOTICE OF INQUIRY

Hon. Dan Hays: Honourable senators, I give notice that on Thursday next, May 6, 1993, I shall call the attention of the Senate to the refusal by the House of Commons Parliamentary Operations Office to broadcast the proceedings of a Senate

Committee on the Parliamentary Channel, by reason of their inability to do so, and to the desirability of taking steps to ensure that the Senate and Senate Committee proceedings can be broadcast on the Parliamentary Channel on request, and under appropriate circumstances.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 250 residents of Alberta who object to the goods and services tax.

Most of these petitions are from Lethbridge, Edmonton, Camrose, Calgary, Redwater and Sherwood Park.

I also have the honour to present petitions signed by 39 residents of New Brunswick who object to the goods and services tax.

Most of these petitions come from Maisonnette, Tracadie, Caraquet and Evangeline.

These petitions were signed on March 13, 1993, less than two months ago.

Altogether, 289 Canadians insist on reminding the government of their unflagging opposition to the GST, an unfair tax that was shoved down Canadian throats after a number of manoeuvres that were a disgrace to this house. Canadians have often shown that they may be patient, but they never forget.

[*English*]

QUESTION PERIOD

AGRICULTURE

PRAIRIE GRAIN FARMERS—PROMISE OF "THIRD LINE OF DEFENCE" ASSISTANCE

Hon. H.A. Olson: Honourable senators, last week I asked the Leader of the Government if he would come prepared today to answer questions or give information that the government has respecting the third line of defence in agriculture. This relates to a promise that, whenever necessary, the government would call into service what they refer to as the third line of defence when there is a desperate or nearly desperate situation.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not believe I can be of much assistance to the honourable senator. I have information here on the general subject. The honourable senator knows that there are federal programs already in place to provide assistance to producers. These are programs that have been developed with the producers themselves, and with other interested parties such as the farm safety net programs GRIP and NISA, the Cash Advance Programs and the related Cash Flow Enhancement Program. I have descriptions here of those programs and, in the case of most of them, some detail on payments out of those programs in the last little while, as well as projected payments in the present fiscal year. I am not sure, however, if that is what the honourable senator is seeking.

• (1420)

Senator Olson: To be more specific and precise in what I am seeking, the returns from the sale of grain, in particular wheat, on the international market have been very unsatisfactory for at least six or seven years. The consequences are now evident in the results being obtained from the market by the farmers involved in that business.

Specifically, what will the government do by way of either correcting or assisting in correcting these disastrous low international grain prices? Some countries, for example Europe, the United States and several others, have introduced programs of assistance of one kind or another. In Canada we have a program called the third line of defence or assistance. What will the government do with respect to that assistance? They promised solemnly that they would take some action with the so-called third line of defence. The statistics are in now and they indicate that 1992 was not only as bad as previous years, but in some cases was worse. Yet we are well in to the 1993 season and there has been no announcement from the government to date.

Senator Murray: Honourable senators, the third line of defence process has sometimes been misunderstood. It is important to note that it is not a process for automatically triggering financial assistance or new programs.

All I can tell the honourable senator is that we recognize the adverse financial pressures on prairie farmers as a result of both unfavourable weather conditions experienced last year and the continued subsidization of grain sales by the U.S. and the EEC into our traditional markets. To that I can only add that we are continuing to work with the farm community and the provincial governments to develop even better overall security programs for farmers and to develop alternatives to address these issues.

Senator Olson: When can the farmers expect an announcement that you will trigger such a process? If the government is unaware that there is a need for this assistance now, then surely there is a communication problem.

The minister admitted that the government was aware that there were unsatisfactory financial conditions. However, it is a little more than that. The situation is desperate. "Desperate" is the correct word to describe the situation. If the government is not aware that it needs to bring forth these

programs, then surely it has to improve its lines of communication. However, if it is aware, when can we expect an announcement?

Senator Murray: Honourable senators, I cannot undertake that there will be new programs. The third-line process is not a process for automatically triggering financial assistance or new programs.

Senator Olson: Just promises.

Senator Murray: The first interim GRIP payments for 1992-93 are complete. Payments to producers across Canada are $627 million. I am also told that the 1992-93 second interim GRIP payments of about $423 million are currently being processed and paid by the provinces.

Senator Olson: Very unsatisfactory. That is not third level.

SASKATCHEWAN—REQUEST FOR IMMEDIATE "THIRD LINE OF DEFENCE" ASSISTANCE

Hon. Dan Hays: As a supplementary, I think Senator Olson has covered this question very well, but it is important. As a matter of record, in my supplementary I draw to the minister's attention that there were groups from Saskatchewan, in particular, that were asking for third-line-of-defence assistance, particularly in light of the crisis in that province, which I think is well illustrated by the projection that farm income in 1993 will be between 26 and 38 per cent lower than in 1992.

Nineteen ninety-two was a year in which one of the third-line-of-defence programs, namely Farm Support Adjustment Measure II, was brought into the system. In other words, third line of defence — not ad hoc, like Canadian special grains, but a third line of defence delivered through second line of defence — was the order of the day. Those representatives from Saskatchewan made clear to those of us who attended meetings with them that the situation in 1993 is every bit as bad as it has been in other years when third line of defence was provided by the government.

The minister can take it as a question or simply notice that I, as a parliamentarian, have received these representations, and be assured that the situation out there calls for these measures now, in accordance with the past history for which the government has been complimented when it has given this kind of response in the past.

Hon. Lowell Murray (Leader of the Government): I appreciate the point made by the honourable senator about the situation in Saskatchewan and the program change there. I will ask my colleague the Minister of Agriculture whether he has anything to add to the information I have already placed on the record, and to deal with the point raised by Senator Hays.

[Senator Olson]

BOSNIA-HERZEGOVINA

SOURCE OF ADDITIONAL CANADIAN PEACEKEEPING TROOPS—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): My question is for the Leader of the Government. Yesterday, at the United Nations, the Prime Minister indicated that, given certain conditions in Bosnia, if the peace initiative proceeded, Canada would be prepared to send further troops.

I wonder if the minister could tell us where we would get these troops, because recent indications have been that we are already very heavily involved in a number of peacekeeping operations, and we do not have the manpower available. Can you tell us where the troops would come from?

Hon. Lowell Murray (Leader of the Government): Not specifically, honourable senators. The point that was made by the Prime Minister in New York yesterday was that, if there is a call for a new initiative on the part of the United Nations in Bosnia, we would do what we hope and expect other countries would do, namely consider the matter very seriously and try to contribute.

Senator Molgat: I thank my honourable friend for his answer, but that is not the way the message came across. It came across that the Prime Minister had said, "We are prepared to send more troops." Perhaps my honourable friend can find out whether the Chief of the Defence Staff has indicated that we have more troops available and, if so, can he identify for us which troops those are?

Senator Murray: Honourable senators, I appreciate the point that the senator has made about how the message comes across, but I am not responsible for how the message comes across.

The statement of the Prime Minister is that if the United Nations decides on a new initiative in Bosnia, as loyal members of the world body, and as a country that takes its responsibility seriously and the role of the UN seriously, we would have to consider the situation and try to contribute as best we could.

Some of these assignments are a moveable feast. We have a number of troops in Somalia, as the honourable senator knows. When we sent them there, we announced that, while they would take part in the enforcement effort, they would not be staying around for the peacekeeping duties afterwards. As of now, they are scheduled to leave Somalia at the end of June.

Senator Molgat: Can we assume, then, that there is a possibility that the troops presently in Somalia might be going directly to Bosnia? That is an interesting proposition.

Senator Murray: No, you are not to assume that.

Senator Molgat: I wonder if my honourable friend could obtain a report on the present status from the Chief of the

Defence Staff? What troops would we have available now for foreign service?

Senator Murray: Honourable senators, the deputy leader of the opposition should not jump to any conclusions from what I have said, except that there are many assignments in which Canadian forces are present at the moment, but where they are not stationary. There is some flexibility on the part of the Chief of the Defence Staff, and I am sure he will know how to use it in meeting the obligations of Canada and the responsibilities we undertake. It is true that our resources are stretched, but if the United Nations calls on us, we will have to try to respond.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—GOVERNMENT RESPONSE TO COMMITTEE REPORT

Hon. Jack Marshall: Honourable senators, I have a question for the Leader of the Government in the Senate: Will he provide the Senate with the response of the government to the report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled *The Valour and the Horror*, which was tabled in the Senate on January 25, 1993?

Hon. Lowell Murray (Leader of the Government): Honourable senators, my understanding is that the response of the government on that matter is contained in a letter that my cabinet colleague the Minister of Communications has addressed to Senator Marshall in his capacity as chairman of that subcommittee.

Senator Marshall: Yes, I did receive that letter, but the motion calls on the Leader of the Government to report to the Senate. I suppose I could send the letter around to everyone in the Senate, but that is not what the motion called for. As a response to the report, I feel that the letter is about as useful as something that the CBC would do.

Senator Murray: Honourable senators, I appreciate the point that the honourable senator has made, and I take his point also that a letter to the honourable senator is perhaps not a report to the Senate. Under those circumstances, all I can do is obtain a copy of that letter and table it here for the information of honourable senators.

PRINCE EDWARD ISLAND

FEDERAL-PROVINCIAL ARRANGEMENT FOR HIGHWAY CONSTRUCTION—OMISSION OF P.E.I.

Hon. M. Lorne Bonnell: Honourable senators, perhaps the Leader of the Government in the Senate could tell me if he knows that there is a province in Canada called Prince Edward Island, and another one called Newfoundland?

Senator Barootes: That's rather facetious.

Senator Bonnell: Is that facetious?

Senator Barootes: And a little on the stupid side as well.

Senator Bonnell: That is what I thought. Thank you very much. Yesterday, I got an answer to a question about the money for the highways in the different provinces, and I find out that Alberta, Manitoba, Nova Scotia, New Brunswick, and Saskatchewan received many million of dollars under the national highway study. The provinces of British Columbia, Ontario, and Quebec have not yet concluded the studies.

However, the province of Newfoundland and the province of Prince Edward Island, apparently, are receiving nothing by way of the national highway study program. Not only that, we are the only two provinces in Canada to have lost our railways. The other provinces still have railroads to carry their heavy freight.

In lieu of that, however, in the agreement taking away the railroad, I understand that Newfoundland obtained a guarantee of several million dollars that is not mentioned here. But Prince Edward Island got nothing. We have no railroad and we have no money coming to us under the national highway study.

Perhaps the Leader of the Government can bring me back an answer as to why Prince Edward Island is receiving no money under that highway study program.

Hon. Lowell Murray (Leader of the Government): Honourable senators, first of all with regard to Newfoundland, I seem to recall that there is a provision, either within the program or occurring at the same time as the program, for the funding of a highway in Labrador.

As for Prince Edward Island, I have to remind the honourable senator that the federal government is committed to facilitating the construction of a fixed link. Surely the honourable senator would agree that that is a rather considerable undertaking in itself. In that connection, I am sure that there will be demands from Prince Edward Island with regard to approach facilities and the like.

• (1440)

As indicated in an answer tabled yesterday by the Deputy Leader of the Government, we have had cost-sharing programs with Prince Edward Island in the field of highway construction.

Senator Bonnell: Honourable senators, I understand all that. I understand the TransCanada Highway was put through by a Liberal government, that it was a program shared 50-50 and that certain sections were 90 per cent shared. However, stating now that the reason we are not getting any road programs is that we are getting the fixed link makes it even worse.

I can drive from Alberta to British Columbia, from Nova Scotia to New Brunswick, or from New Brunswick to Quebec for no cost. However, Prince Edward Islanders will be expected to pay a toll to visit their friends in New Brunswick, and New Brunswickers will be expected to pay a toll to come and see us Islanders for a game of golf in the summertime. To me, that is unfair.

Under the Constitution, we were promised continuous communication with the mainland.

Senator Murray: By steam.

Senator Bonnell: I do not care if it was by steam; we were promised continuous communication. It did not state in the Constitution that we had to pay our own way. Other provinces have continuous communication between each other and it costs them nothing. Therefore, if we do have a fixed link it should be toll free, pursuant to the Constitution of Canada.

I should like an answer to my question: Is there any money available for Prince Edward Island for road construction and maintenance under the national highway study program for the year 1993-94?

Senator Murray: The honourable senator has answered that question himself. There were no announcements made of highway construction in Prince Edward Island under that program. Therefore, I think he must assume that under that program there is no provision for highway construction in Prince Edward Island.

There is, however, and it has been in existence for some time, a highways construction agreement under ACOA, under the cooperation plan between the federal government and the province of Prince Edward Island. I do believe my friend the deputy Leader of the Government tabled some information on that matter yesterday.

MEDICARE

POSSIBLE INTRODUCTION OF USER FEES—REMOVAL OF PRINCIPLE OF UNIVERSALITY—GOVERNMENT POLICY

Hon. M. Lorne Bonnell: Honourable senators, according to the newspapers over the last few days one or more of the candidates for the leadership of the Progressive Conservative Party of Canada are suggesting that we have user fees for Medicare. I believe that we should have an up-to-date report from the minister. I understand that the Leader of the Government in the Senate and the Speaker are supporting a particular candidate, and going out looking for money for her. Now she is going to take universality away from the people of Canada under Medicare, which would be against the law under the Canada Health Act.

I should like to know where the government stands on this. When ministers of the cabinet speak, they speak on behalf of the government. If ministers of the cabinet are now proposing to do away with universality, that must be government policy, because the minister cannot make statements of that nature without having government policy behind her.

Since he is one of her advisers, where does the Leader of the Government stand? Where does he stand when it comes to universality? Is he also trying to destroy it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, it is fair to ask whether there has been any change in the policy of the government. The answer to that question is in the negative.

Senator Bonnell: In the negative. You are not for the Canada Health Act?

Senator Murray: Let me reformulate my friend's question: Is there any change in the policy of the government? The answer is: No.

Senator Bonnell: Can the Leader of the Government advise me if it is possible for ministers of the Crown to be going around the country dictating government policy on their own without the backing of the Government of Canada?

Senator Murray: No, honourable senators, and that is not done.

Senator Bonnell: Honourable senators, you heard the answer. It was, apparently, no. That means that the statements made by the minister of the Crown are government policy statements and therefore Canadian citizens have to worry about losing universality.

Senator Stollery: There are only eight weeks more, so it does not matter.

THE ECONOMY

BANK OF CANADA RATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, since Senator Olson did not take the opportunity to ask about it, I wish to place on the record that the bank rate came down again today by 21 points.

Hon. H.A. Olson: I thank the Leader of the Government for an answer to a question that I did not ask.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have an answer to a question asked on April 27 by Senator Grafstein regarding the safety of the Canadian peacekeeping troops in Bosnia-Herzegovina.

BOSNIA-HERZEGOVINA

UN PEACEKEEPING FORCE—PROTECTION OF CANADIAN TROOPS

(Response to question raised by Hon. Jerahmiel S. Grafstein on April 27, 1993)

The Canadian troops are in Srebrenica to assist the Serbs and Muslims to implement the terms of an agreement which these parties have made with each other. The agreement includes a cease-fire.

There is, therefore, no question of the few Canadian troops standing off several thousand heavily armed Serbs as a *New York Times* article implies.

The troops are appropriately armed, trained, and equipped to undertake their task.

When the Canadians first undertook the task, the Secretary of State for External Affairs and her officials consulted closely with the United States, France and the U.K. with a view to ensuring that the UN contingent was made up with a broad international representation. The use of air power to support the contingent in case of an emergency was also discussed.

There are now at least 10 nations represented in the force. Canada is satisfied that the mandate can be implemented and that emergency contingency plans exist.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—POINT OF ORDER

Hon. Jack Marshall: Honourable senators, I rise on a point of order. On February 4 of this year the Senate adopted the following motion:

> That, within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the Report of the Standing Committee on Social Affairs, Science and Technology entitled *The Valour and the Horror* tabled in the Senate January 25, 1993.

The 60 days expired on April 5, which is almost one month ago. The Leader of the Government has not tabled in the Senate the government's response to the report.

As the motion clearly stated that the Leader of the Government in the Senate would be tabling a response to the report, I find it difficult to believe, as he indicated, that a brief one-and-a- quarter page letter addressed to me from the Minister of Communications complies with the motion.

Perhaps Your Honour would take this matter under advisement and report as to whether the motion tabled in the Senate has been complied with.

Hon. Lowell Murray (Leader of the Government): Honourable senators, on the point of order, when Your Honour is taking this matter under advisement, I would ask you to consider the following. Our friend has risen on a point of order. There is no rule in this place that purports to oblige the government to respond to a committee report. There was a recommendation eight years ago, in 1985, from the Standing Committee on Privileges, Standing Rules and Orders that the rules of the Senate ought to be changed to require government responses, if so requested by a committee.

Senator Roblin, who was then the Leader of the Government, supported the insertion of a provision in the *Rules of the Senate* regarding this matter. The then Leader of the Opposition, Senator MacEachen, however, pointed out to us that a resolution of the Senate would not bind the government nor the Leader of the Government in the Senate. As a matter of fact, with reference to a provision that currently exists in the Standing Orders of the House of Commons along those lines requiring the government to table a response requested by a committee, Senator MacEachen pointed out during the 1985 discussion here that a resolution of the House of Commons does not bind the government. There are no sanctions provided for in the House of Commons Standing Orders, should the government fail to make such a response as requested.

The second part of Senator Marshall's point of order has to do with the nature of the reply. In response to that report, the government chose to reply to Senator Marshall by way of a letter from the Minister of Communications, Mr. Beatty. Senator Marshall points out that the letter in question is a page and a half and, in his view, does not constitute an adequate reply to the report and recommendations of the committee. He will find, however, if he examines some of the replies and interim replies tabled in the other place by way of responses to committees, that many of them are fairly short and to the point. Indeed, in this letter, Mr. Beatty, after pointing out that it is important to maintain an arm's length relationship with regard to the activities of the CBC and the National Film Board, indicates that each organization is taking steps to address some of the report's key proposals. He says:

> These —

> These steps, I presume —

> ...appear to me to be reasonable responses.

The honourable senator obviously finds the response inadequate, but a response it is. It does constitute the response of the Minister of Communications on behalf of the government.

Therefore, with your permission, I wish to table a copy of the letter from Mr. Beatty to Senator Marshall so that

honourable senators may have an opportunity to read it for themselves and consider it.

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

Hon. Senators: Agreed.

Senator Marshall: Honourable senators, I know that no such rule exists. In fact, I have questioned the lack of such a rule, given the many years that the Senate has been in existence. Indeed, I asked the chairman of the appropriate committee a year ago why I could not make a motion to put such a rule into effect. The matter was to be taken up by that committee, but it never was.

If there is no such rule, why, then, did the Senate adopt my motion? There must have been some reason for the adoption of that motion. Perhaps other senators also wanted to hear what the government had to say about the report on *The Valour and the Horror.*

I do not agree with the reasoning of Mr. Beatty. It is wrong. Parliament can call before it such bodies as the National Film Board and the CBC. That is stated in the journalistic policy, and I will probably have an opportunity to raise that point at a later date. However, I again ask the Speaker to rule on whether or not there has been compliance with the motion that I placed before the Senate.

The Hon. the Speaker: Honourable senators, the answer has been tabled. Whether Senator Marshall agrees with the answer or not, the request has been complied with. I can have a second look at the matter, but at first sight I would say there is no point of privilege because the answer has been tabled.

Senator Marshall: I did not raise a point of privilege; I raised a point of order. I will ask the question again: Why did the Senate adopt the motion? There is a commitment by the government to table a report.

Senator Perrault: Hear, hear!

Senator Marshall: They are not doing it, and I do not understand why.

The Hon. the Speaker: I will take the matter under advisement, honourable senators.

Hon. Robert Muir: Honourable senators, on the same point of order, and despite what our distinguished leader has said — and I have the greatest respect for him, as do I for the Honourable Senator MacEachen and his comments regarding this whole situation — why would the Senate endorse this resolution that was put before the Senate, as my dear friend Senator Marshall has said, and go through this charade if nothing more was to be done about it? I would hope, sir, that you take that into consideration when you deal with this subject.

Senator Perrault: Hear, hear!

ORDERS OF THE DAY

CANADA POST CORPORATION ACT

BILL TO AMEND—THIRD READING

Hon. Michael Arthur Meighen moved the third reading of Bill C-73, to amend the Canada Post Corporation Act.

Hon. H.A. Olson: Honourable senators, before the vote is called, I wish to make some comments to perhaps assist senators in deciding whether they want to vote for or defeat this bill at third reading. Perhaps I should give a report from the committee.

Honourable senators, on Wednesday, April 28, your committee held two meetings to review Bill C-73. At the first of these meetings, the minister responsible for Canada Post Corporation, the Honourable Harvie Andre, presented a defence of the bill. He was accompanied by the President and Chief Financial Officer of Canada Post Corporation and by a Vice-President of Wood Gundy Inc., one of the several investment and benefits management firms that were asked by Canada Post Corporation for advice on setting up an Employee Share Savings Plan — or ESSP — as this bill proposes. During the second meeting, your committee heard from representatives of Rural Dignity of Canada and from the Canadian Union of Postal Workers (CUPW).

Honourable senators will not be surprised to hear that the minister and the management of Canada Post Corporation on the one hand, and Rural Dignity and the union spokespersons on the other hand, presented very different interpretations of the intentions of the bill. The minister stated:

> Some have suggested that we are somehow trying to sneak privatization through with this legislation. Let me be clear and unequivocal: We're doing no such thing. This government does not believe it has to hide or obscure any decision to privatize. If and when it is appropriate, we will make no secret of our decision. For the time being, privatization is not on the table for Canada Post.

Bill C-73 states that only the employees of Canada Post Corporation will be entitled to purchase shares in the corporation. These will be non-voting shares, and will be made available up to a maximum of 10 per cent of the total shares outstanding. The other 90 per cent of the shares, as a minimum, will be held by the government as the sole voting shareholder, and the shares will not be marketable or transferable to members of the public at large. These facts are used by the government to demonstrate that Bill C-73 does not amount to legislation to privatize Canada Post Corporation.

Opponents of the bill, including the representatives of Rural Dignity and CUPW who appeared before the committee, instead take the view that, while the bill may not legislate privatization per se, it strengthens the profit maximization motive and, therefore, increases the likelihood that small, mostly rural, unprofitable post offices will be closed.

• (1500)

They believe the bill reinforces the idea that profits are more important for Canada Post than maintaining postal service to the public, and that it attempts to influence the corporation's employees toward this view by offering them inducements to purchase shares and participate in the corporation's profits. It is thus argued that Bill C-73 represents the thin edge of the wedge as far as future privatization is concerned.

The witnesses also referred to a 1990 report of the Standing Committee on Consumer and Corporate Affairs and Government Relations in the other place entitled, "Moving the Mail: Canada's Postal Services in the 1990s". This report apparently recommended, among other things, that the government should privatize Canada Post by means of a public share issue incorporating an employee share ownership plan.

The union representatives argued further that workplace conflicts could arise from the fact that some employees, and they believe a very limited number of their members, would purchase shares while others would not. These employees who own the shares would be more receptive to cost-cutting proposals by the management of Canada Post, including increased automation and additional post office closures that would cause other employees to lose their jobs. Because of this possibility, CUPW plans to discourage its members from buying shares in the post office.

It argues further that Canada Post should be looking for ways to maintain and enhance the viability of its postal facilities, particularly those in small communities, instead of seeking to close them or transfer their operations to private retail outlets. This could be done, in the union's view, by permitting post offices to extend their opening hours, to provide banking services and to sell such items as fishing and hunting licences, permits, transit and lottery tickets and prepackaged insurance plans.

Honourable senators will no doubt have differing views on whether such activities should be carried out by Canada Post in competition with the private sector. Your committee was unable to assess the validity of these concerns raised by the union about the potential for employee conflict in the proposed share savings plan. I would note, however, that these concerns were stated with great conviction and therefore, perhaps, justify some scepticism about the government's claims that Bill C-73 would have a major beneficial effect on labour-management relations at Canada Post.

Clause 3 of Bill C-73 states:

> This Act shall come into force on a day to be fixed by order of the Governor in Council.

Members of the committee attempted to determine when that date might be. In response, the president of Canada Post stated that once Royal Assent is given, the corporation plans to hold consultations and focus groups with its employees to ascertain what features they would like in the employee share savings plan. The bill will not come into force until these features are agreed upon, and certainly not before next autumn at the earliest.

The minister provided the committee with some insights into the policy of Canada Post, stating that companies in businesses like Canada Post return 40 per cent or so of their profits by way of dividend. This policy is unlikely to change once the ESSP is introduced and employees are entitled to become shareholders and therefore to receive dividends from the corporation.

I thank honourable senators for their attention. I hope that these comments about what went on in the committee will be helpful in their determination to either support this bill or not.

Senator Meighen: Honourable senators, I should like to thank Senator Olson for his very complete and accurate report of the proceedings of the committee which, undoubtedly, gives all honourable senators the pros and the cons of what we who were fortunate to be in the committee heard from the witnesses.

I think it fair to say that from the report that Senator Olson presented to honourable senators it is clear there are many more pros than cons in this legislation. I urge all honourable senators to support Bill C-73.

I think that honourable senators would agree from personal experience, perhaps, that great progress has been made by the post office since it was incorporated in 1981. Senator Frith, you will recall, urged those of us who were interested to go out to see the operation here in suburban Ottawa to see exactly how these improvements have been brought about in a technical and mechanical sense. It is clear that labour-management relations have improved from an admittedly very low level a few years ago. I suggest to honourable senators that Bill C-73 is another step in improving those relations.

I think I am correct in saying that a recent survey by the Toronto Stock Exchange indicated that over 90 per cent of employees involved in share purchase programs said they were proud to belong to such programs. About 75 per cent felt these programs had a positive overall effect on the company by whom they were employed.

The witnesses from Rural Dignity and from the union, raised matters which I think all members of the committee hope the post office will consider and continue to examine with the greatest of care. But they are not matters, I suggest, honourable senators, which flow from the provisions of this bill. There are those who might suggest that the flow does come indirectly, but there is nothing in Bill C-73 that refers to privatization. There is nothing in this bill that refers to the service provided by the post office in rural areas. I think one has every reason to believe that that service will improve rather than deteriorate, if labour-management relations within the post office improve rather than deteriorate. That is the thrust of Bill C-73 as I see it and as I think most honourable senators see it.

In closing, may I simply respond to one item raised by Senator Olson about share ownership, something which was raised by the union, I believe; the register of shares is intended to be maintained as a private register and not open for examination. Therefore, the identity of those who participate in the plan will not be known except to the trustees of the plan.

Hon. John B. Stewart: Will the honourable senator permit a question?

Senator Meighen: Certainly.

Senator Stewart: The honourable senator has emphasized the value of share ownership by employees of companies. As I understood the testimony in the committee, the idea was that having employees of the Canada Post Corporation hold shares would give them an incentive to make the company more efficient and more profitable because, as a result of being profitable, the value of their shares would go up and if the corporation paid dividends, they would be the recipients of those dividends, which would be directly related to the profitability of the corporation.

The implication, then, is that although the corporation insofar as those shareholders were concerned was not technically a private corporation, it would be behaving very much like a private corporation; it would be profit driven as opposed to a corporation which had been established to provide a public service.

The situation might arise where it might be, from the viewpoint of profitability, desirable to close down dozens, perhaps hundreds, of post offices. On the other hand, you could have people in those areas saying, "Just as we expect the Government of Canada to provide us with defence, we expect this basic service to be provided to us as Canadians." There is the possibility of that kind of conflict. Although formally this measure does not constitute privatization, there is a privatization thrust to it which emphasises profitability and which the honourable senator has not dealt with fully in what he has said. I wonder if he would deal with that point.

Senator Meighen: Honourable senators, Senator Stewart raises an excellent point. There are no absolutes in this business. Obviously a question of balance is at play here. I suggest to honourable senators that in previous times there was an obvious imbalance in terms of quality of service. I think most honourable senators will agree that the service provided by the post office has improved by leaps and bounds in recent years. One of the primary reasons for that is improved management-labour relations. If you accept that the employee share profit scheme is a good management labour relations tool —

Senator Frith: Which the employees in this case don't all accept.

Senator Meighen: Which the unions don't all accept.

Senator Frith: They have a little to do with the employees.

Senator Meighen: Perhaps we could hold our judgment until such time as we are aware of the level of participation. Many companies have found it to be an excellent tool and there is every reason to expect that it will be here. The post office will have to continue to provide good service in order to continue to be profitable. The two go hand in hand and you cannot exclude one from the equation.

As far as rural service is concerned, there was evidence, as the honourable senator will recall, to indicate that some of the steps that the post office has taken with rural service — for example, opening and closing hours, days when facilities are available to people as compared with the standard post office — has meant improvement in service. Therefore, I do not think it is fair to conclude that in the interests of profit alone one will see the wholesale closing of rural post offices.

Hon. Eymard G. Corbin: Honourable senators, I do not recall His Honour saying that if the sponsor of the bill spoke it would close the debate.

Senator Frith: It is third reading.

Senator Corbin: Then I want to make some comments. The honourable senator was looking at me straight in the eye when he said that there is nothing in this bill which is conducive to privatization. The public has a gut instinct about these matters. The unions also have gut instincts about certain orientations in public policy and legislation. Both the individual speaking for the rural post offices and the two excellent union spokespersons who appeared before the committee led us to understand that this was a step in the direction of privatization. I agree with the godfather of the bill, that there is nothing per se in the legislation that says that this is a step toward privatization. Anybody reading French or English knows that and we do not have to be reminded of it.

The fact is that behind all legislation there are intentions, lobbies, thrusts, some of which are open and some of which are more or less silent. With the exception of the government interventions, very few people in this country believe that this is not a step toward privatization. The government cannot have it both ways. We all know how legislation is cooked,

how it is prepared, how functionaries and bureaucrats with the help of the ministry discuss these matters in an attempt to make them palatable to the public. I for one, along with hundreds and thousands, believe that this is a step toward eventual privatization of the postal service in Canada.

The very examples quoted by the minister to support his benefit-sharing approach, which is the thrust of this legislation, demonstrate that private enterprises who do participate in profit sharing enjoy better productivity. We do not know whether that will be the case with Canada Post. The godfather referred to those awful days back in the early 1980s when there was strife between the employer and the employees, but that is a statement that could still come back to haunt him in his sleep.

Unions are unpredictable when they are unfairly attacked, when they are unjustly treated. There are numerous examples of instances when unions and workers have risen against the wills and the whims of government. That may be repeated in the future.

The minister, I believe, was his own best undoer when he attempted to have us believe that this measure is definitely not a step toward privatization. He said that there is nothing in the bill in that regard and I agree with him. Behind the bill there is the machine, the work, the long-term approach toward exactly just that: privatization. I believe the unions are right. The people who are standing up for rural dignity are absolutely right. They may be fighting a losing battle. Some of us got up in Parliament many years ago to predict more or less what is happening now. The same thing will happen with our national railways, and has happened in that other sector of transportation, the airlines.

We are selling Canada. We are giving it away to private enterprise. I do not believe that private enterprise, motivated as it is strictly by profit, will give better service to Canadians, a service to which Canadians are absolutely entitled. Therefore, I will oppose this legislation.

Hon. Finlay MacDonald: Senator Corbin, earlier when you were talking about the other place, were you referring to the incorporation of Canada Post or to the matter of the Kierans plan?

• (1520)

Senator Corbin: I do not understand what you are trying to get at. I did not talk about Kierans.

Senator MacDonald: You said you prophesied when this "thing" came about. Which thing; the incorporation of Canada Post or the original Kierans plan?

Senator Corbin: I can tell you quite openly and honestly that I opposed the Kierans plan. Mr. Kierans backtracked when it came to stopping service to smalltowns and rural Canada. He backtracked considerably. I stood up in the other place, as I have stood in the Senate in recent years, saying that all of this was wrong.

Senator MacDonald: You probably watched the political memoirs of Mr. Kierans last Sunday in which he referred to the three people who stabbed him in the back. One was Marchand, another was the greatest Liberal of them all, Bryce Mackasey, and the third was John Turner, the Minister of Justice who refused, after Kierans' repeated urgings, to prosecute what was then known by everyone as the grossest tactics on the part of the unions. The matter was out of hand.

Senator Corbin: You are engaging in a completely different line of debate.

Senator MacDonald: Yes, I am.

Senator Corbin: We are talking here about profit sharing and the tendency —

Senator MacDonald: It takes two to tango, Senator Corbin.

Senator Corbin: — towards privatization.

Senator MacDonald: If you want to impute, or whatever you want to do, to anything to do with profit or private enterprise, it is your privilege. I am just asking you to point out why you take this conspiratorial view that this is going to result in the closing down of every small post office —

Senator Corbin: What is left of them.

Senator MacDonald: Or what is left of them, as you say, or that it is going to destroy them. Whatever happened to the theory that he who profits most, serves best? Does that ever cause you a twinge or to say that this is possible?

Senator Corbin: What really bothers me is your private enterprise model as being well-run, profit-motivated, et cetera. We have these recommendations on the National Transportation Act to privatize CN, to break it up in sections, to give it away, to close it up altogether or to sell it no matter what.

The very epitome of your private enterprise model was CP. What is CP today? What is it doing for Canadians today? I do not want to see Canada Post go that way, not one damn bit, and I am going to oppose this.

Hon. Philippe Deane Gigantès: Honourable senators, speaking about this model of "he who profits most, serves best", we have had the recent example of the Vogue company, which fabricated undergarments here in Canada. They paid their workers $8 an hour. They moved their operation to

Mexico where they can pay their workers $.40. Sewing bras is not a highly skilled job. The same bra is now selling for $1 less. It used to be sold for $20.96 and it is now sold for $19.96, but they are only paying their workforce $.40 instead of $8 an hour.

We have always been told that the consumer would benefit. I do not see the consumer benefiting very much. It is the entrepreneur who is benefiting. He is not serving the consumer terribly well because the new bras are apparently not as good quality, but he certainly is making a hell of a lot more money than before. The people who were working for him before are now out of a job.

If GM fired all its workers in Ste-Thérèse, moved the equipment to Mexico and replaced those $14-an-hour workers with $1.40-an-hour workers, the 8,000 workers in Ste-Thérèse would not be able to afford GM cars any more, and their 8,000 replacements in Mexico would not be able to afford GM cars either.

The logic escapes me. When companies do that they strike at the society in which they have been operating and the people who constitute this society. All they think of is their own short-term profits.

Senator MacDonald: I do not want to prolong what has obviously degenerated into an ideological debate.

Hon. Royce Frith (Leader of the Opposition): You cannot because you have already spoken.

Senator MacDonald: This is third reading.

Senator Frith: You cannot speak more than once, but we will give you consent, especially if you will tell us whether you are the author of this great saying, "He who profits most, serves best". I wonder whether I can find that in Bartlett.

Senator MacDonald: I made it up.

On June 11, 1944, in Amersfoort, Holland, I had my first vote, and I voted CCF.

Some Hon. Senators: Oh, oh.

Senator Frith: It sounded like CCF doctrine, "He who profits most, serves best".

Senator MacDonald: There has never been a Conservative from Cape Breton who could not be mistaken for a member of a communist cell. However, after listening to the likes of Senator Corbin, I am beginning to wonder whether this background, in which I had a certain amount of pride, was not misplaced.

I couldn't care less what they do to the Post Office, I really couldn't, but this is nonsense. Now we are talking about Vogue. I thought it was Stanfield that was selling in Mexico. I think we should get on with the question.

[Senator Gigantès]

Hon. Allan J. MacEachen: Honourable senators, I remember Senator MacDonald in his radical youth and I attest to the flaming progressiveness that he possessed then, which I think may lurk still somewhere in the recesses of his soul.

I want to lighten the atmosphere a bit by recalling an incident that occurred with Mr. Kierans and me when we were in the government. It has to do with post offices. If you were a member of Parliament in those days, when a post office was threatened with closure, it was a matter of great moment, particularly in the rural districts. I had such a case in the Margaree Valley of Inverness County, Cape Breton, when the Postmaster General decided to close a small post office in Emerald. If you know anything about the Margaree Valley, you will recall that it had an important settlement of Irish people, among whom later were the illustrious Dr. Coady and Dr. Tompkins.

I appealed to Mr. Kierans not to close the Emerald Post Office on general grounds of politics, service and so on, but I got a very curt refusal. I wondered what to do. I appealed to his Irish background, as I had nothing else.

I wrote him a letter saying that this was the only vestige of the Irish fact in the Margaree Valley — Emerald. Remember the settlers who recalled Ireland and called the place "Emerald". Well, it had no effect. He closed the post office, and I regret it to this very day.

Senator Frith: Just one more aphorism for Senator MacDonald about his confession of early pinko votes. I do not know who said this; maybe it was Senator MacDonald: The experience of power saps radical instincts.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: On division.

Motion agreed to and bill read third time and passed, on division.

CANADA ELECTIONS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Rivest, seconded by the Honourable Senator Stratton, for the second reading of Bill C-114, to amend the Canada Elections Act.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on the 15th of November, 1989, the government appointed the Royal Commission on Electoral Reform and Party Financing. Two years and three months later, after spending $20.5 million, the commission reported on the 15th of February, 1992. This is the final report of the commission: Four thick volumes.

In addition to that, if any of you have been following the subject, there is a pile — I am not quite sure how high, but I would guess several feet — of exceedingly interesting background studies. It is very useful material.

I am deeply disappointed that, after having spent that kind of effort in this commission, after having spent $20.5 million of the taxpayers' money, the government is not proceeding to follow very much of what the commission has recommended. The commission did something that is, to my knowledge, rather different from what previous commissions did. It actually produced the proposed law, chapter, verse, clause and everything else. Most of this has been put aside by the government.

I will not go over the whole of the commission's report, but I do want to touch on certain specific items. Yesterday, my colleague Senator Len Marchand touched on one of them; the question of aboriginal representation in the House of Commons. The commission in that regard makes the following point:

> Since Confederation, only 12 self-identified Aboriginal Members of Parliament have been elected to the House of Commons ...

That is not a very good record. The commission recommends some action ought to be taken. It looks at other countries and how they deal with it, but the law that is before us does nothing about this.

The commission, on page 46, makes the point that the first Indian person elected to Parliament was Len Marchand from British Columbia. It is rather interesting that he should now be a member of this house.

The second item on which the commission makes some points, or the second item on which I want to touch, is the representation of women in Parliament. The commission says:

> Women are underrepresented in the legislatures of almost every industrial democracy, and Canada is no exception. In the 1988 election, 39 women were elected to the House of Commons.

This was the highest number ever, reaching a total of 13.2 per cent of the membership.

They quote as well a statement by the Fédération des femmes du Québec:

> ... since Agnes Macphail's election in 1921, only 100 women have been elected to the House of Commons. They estimated that "if women continue to gain by 4 per cent each election, and if there is an election every five years, it will be 45 years before 50 per cent of the elected members are women.

There is obviously an underrepresentation, but the bill before us does nothing about it. I think it is a regrettable omission on the part of the government that here is an obvious area where the commission made a study and made recommendations, yet the government does nothing about this matter in this bill.

The third item I want to touch on is the matter of third-party advertising. It is true that the bill states that there is to be a limit of $1,000 on third-party advertising, but then there is a loophole. There is a loophole that allows unlimited indirect advocacy advertising, something which is completely against the recommendations of the Lortie commission, which spent a little over two years studying and $20.5 million. Here is what the Royal Commission says:

> The challenge, therefore, is to draft a law that upholds the objective of fairness while meeting constitutional tests and judicial standards. Without such a law, the role of money in electoral competition would be unrestrained. We have seen the consequences of the U.S. electoral experience with no restraints on election spending and conclude that it is imperative that Canada not travel the same road. Our traditions and basic values, which are affirmed through the electoral process, are at stake at this critical juncture: they must be preserved and promoted. Our recommendations are designed to promote fairness in the electoral process by limiting the election expenses of candidates, parties, and other individuals and groups. These limits ensure a fair expression of opinions and views from all quarters, partisan and otherwise, and healthy and vigourous competition between those seeking office.

I repeat:

> ... limiting the election expenses of candidates, parties and other individuals and groups.

I repeat again:

> We have seen the consequences of the U.S. electoral experience with no restraints on election spending and conclude that it is imperative that Canada not travel the same road.

Yet, in this bill, the government is not proceeding to do that. It is not putting on the limitations that ought to be put on. The power of money will continue to dominate the Canadian electoral process, and it is wrong.

The government, having established this commission and spent all that money, is proceeding to go against the recommendations. On that basis, I think this bill should not be supported.

Before I sit down, I want to touch on two other brief items. One of them is the length of time required to hold a Canadian election. I fail to understand why, in the United Kingdom, for example, an election can be held in 17 days, excluding weekends. That is 17 days, with a population twice ours. Admittedly, they do not have the same geographic problems, but, still, it is 17 days. Australia, with almost the same demographics and geographic structure as ours, an immense country, can manage to hold their elections in 23 days. New Zealand can manage to hold theirs in 20 days. India, with a population vastly surpassing ours and great geographical problems, can hold theirs in 60 days. In Canada we have been unable so far to hold elections in less than 50 days, although this present bill will reduce it to 47 days.

• (1540)

Why is it that we cannot find a system to speed up that electoral process, which would reduce considerably the costs of elections? Why is it, for example, that we cannot go to a permanent list when you take into consideration the fact that we have a plethora in this country of electoral levels, starting off with school boards, municipal, and very often on top of that municipal regional, provincial, and federal. Considering that we have now broken up the country into small postal zones, all of us with six letter and number digits are living in a very clearly defined, limited postal zone. Those are small postal zones. Why is it that, with all of those levels of government cooperating and with that postal zone structure, we cannot have our electoral process on a permanent list where the boundaries would be the same as the boundaries of postal zones? It could include many postal zones, but would not divide postal zones. We would then be clearly identified and could supply that list at every level for school board elections, which are in many areas every year but certainly every two years; for the municipal elections; and for the provincial elections. We would then have at hand a constant list of voters.

Surely with computers today, with our postal zone structure, and with all our levels of electoral processes we can find an easier way to have election lists which would permit us to have elections in a more rapid way than we are presently doing.

I want to come back to my main theme: The present bill does not conform to what the Lortie commission recommended. The government has wasted a considerable amount of money in proceeding with this and has not followed the recommendations. In many areas it could have done so in this bill.

The Hon. the Acting Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion please say "yea"?

[Senator Molgat]

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators who are opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion, the "yeas" have it.

Senator Molgat: On division.

Motion agreed to and bill read second time, on division.

[*Translation*]

REFERRED TO COMMITTEE

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

On motion of Senator Rivest, bill referred to Standing Senate Committee on Legal and Constitutional Affairs.

MARINE INSURANCE BILL

SECOND READING

Hon. John Sylvain moved the second reading of Bill C-97, respecting marine insurance.

He said: Honourable senators, Bill C-97 is new legislation governing marine insurance contracts. It will provide a clear and specific legal framework for the marine insurance industry, following a ruling of the Supreme Court of Canada under which marine insurance, which is now covered by provincial legislation, will henceforth be in federal jurisdiction.

[*English*]

The Canadian shipping and insurance industry strongly recommended that the British Marine Insurance Act of 1906 serve as a model for the proposed legislation to promote uniformity of marine insurance law, not only within Canada, but also at the international level.

This bill achieves this goal by preserving the substance of the provisions of the British act while modifying the form in which they are expressed to meet the current drafting standards. The bill was drafted after extensive consultations with industry.

The main provisions establish statutory framework for the contractual relationship of the principal parties to a contract of marine insurance — the insurer and the insured — and their respective rights and obligations arising under the contract and the principles of indemnity for losses covered by the contracts.

The proposed legislation is essential to correct anomalies and uncertainties that make the conduct of business unpredictable as far as marine insurance contracts are concerned.

This bill has become necessary as a result of the 1983 Supreme Court decision in the case known as the "Triglav case". Triglav was the name of a Yugoslav insurance company that insured a Canadian client. The case gave federal courts jurisdiction over marine insurance, stating that they became an integral part of maritime law. Since then, the shippers and ship owners and the insurance industry have been awaiting a federal statute to remove the uncertainty that exists.

Marine insurance is an international field by its nature. Companies from around the world will subscribe to a single policy. This evidently requires an adhesion to a basic contract. This contract has evolved over three centuries and has been tested repeatedly in courts since that time so that every word and comma has received a judicial stamp of interpretation. Bill C-97 responds to the need for international standards and meets the requirements of those individuals and companies that require the protection of an insurance contract that has a firm basis in law and responds as well to the interests of the province.

[*Translation*]

We had an opportunity to discuss the bill with representatives of the insurance industry and were assured that this bill meets all their requirements. They asked us to please pass it as soon as possible.

[*English*]

I would recommend that this bill be submitted to the Standing Senate Committee on Transport and Communications for their consideration.

Hon. Peter Bosa: Honourable senators, I am pleased to take part in this debate. This is a non-controversial bill and my honourable friend has explained the main points. I will add a few more.

Bill C-97, the Marine Insurance Act, would establish a statutory framework to govern contracts. It is a badly needed piece of legislation because it fills a gap created by a 1983 Supreme Court of Canada decision involving a review of federal and provincial jurisdiction in marine insurance.

The court held at the time that a contract of marine insurance is a contract of marine law and, therefore, within the jurisdiction of Parliament by virtue of its powers over navigation and shipping. By this decision, provincial legislation concerning contracts on marine insurance was rendered inoperative. Because no federal legislation in this field existed at the time of this decision, Bill C-97 was drafted to fill that vacuum.

In May of 1988, Transport Canada published a discussion paper on the proposed federal legislation. After extensive consultations with the Canadian marine insurance industry, the decision to use the British Marine Insurance Act of 1906 was reinforced and thus became the model for C-97.

This model will promote the uniformity of marine insurance law, at both domestic and international levels. The British act is widely recognized as being the most developed law on marine insurance and has therefore served as a precedent for the national legislation of many states world-wide.

The main provisions of Bill C-97 establish a statutory framework for, first, the contractual relationship between the insurer and the insured with regard to the contract of marine insurance; second, the rights and obligations of the principal parties which arise under the contract; and third, the so-called indemnity principles, principles for losses covered by the contract. There will be two methods of valuing insured policy under C-97, identified as "valued policy" and "non-valued policy". The former would specify the agreed value of the insured property; the latter would provide for a maximum amount to be insured, although it would not specify the agreed value.

Bill C-97 also sets out acceptable cases of variation or delay. For example, a delay without lawful cause would discharge an insurer from stated responsibilities. An insurer would not be required to fulfil a contract if premiums had not been paid. As well, rules for recovery or losses under a marine policy are well outlined in the "Measures of Indemnity" section of the bill.

I believe Bill C-97 to be a finely crafted piece of legislation which has the additional merit of being strongly supported by the Canadian marine insurance industry. I believe the British Marine Insurance Act of 1906 is a model precedent for Canada in this regard.

The new law fills a legislative gap, for the Supreme Court decision of 1983 clearly held that Parliament has jurisdiction to legislate in this field. Bill C-97 provides a clearer legal framework for the marine insurance industry in this country and thereby eliminates an area of uncertainty in the broader realm of Canadian maritime transport policy.

In this era of revolutionary change in the shipping world, we must remember that uncertainty in any guise is no friend to an exporting nation. I look forward to greater detail of the examination when this matter is referred to the committee.

The Hon. the Acting Speaker: Honourable senators, it is moved by Honourable Senator Sylvain that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Sylvain, bill referred to the Standing Senate Committee on Transport and Communications.

CHILD DAY BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Fairbairn, seconded by the Honourable Senator Hastings, for the second reading of Bill C-371, An Act respecting a national child day.—(*Honourable Senator DeWare*).

Hon. Mabel M. DeWare: Honourable senators, it gives me great pleasure today to rise to speak to Bill C-371, An Act to designate November 20th of each year as the national day for the child. This day would be a national occasion to promote the United Nations Convention on the Rights of the Child.

Canadians will remember that our Prime Minister was an early supporter of the World Summit for Children, that when asked by UNICEF and member-states of the United Nations to co-chair the summit, he accepted, and that the summit was an unqualified success.

One of the subjects of the summit was the Convention on the Rights of the Child and, in the final communiqué and subsequent action plan endorsed by the 71 participating leaders, the ratification of the Convention on the Rights of the Child became the first commitment expected of governments around the world.

In December of 1991, in a ceremony held in the Parliament buildings in the presence of children from all regions of Canada and members of the Canadian Coalition For the Rights of Children, the convention was signed by the Prime Minister. The convention asserts the underlying principle that the best interests of the child should always be the primary consideration. It outlines the responsibilities we have as legislators, parents and grandparents. The convention asks us to look at children in a new way — as people and citizens with the same inherent rights as all other members of the family.

In the hustle of our daily lives, among the constant demands upon our time and energy, this is neither easy nor simple. Last evening, Senator Fairbairn pointed out to us the difficulties of raising children in these difficult economic times. She pointed out the responsibilities of parents, one- or two-parent families, who both have to become wage-earners to be able to cope with the housing, clothing, food, education, and taxes that they have to pay, a lot of which some Canadians take for granted. We would also like to mention that we must become more conscious of the needs of the children of our country.

Last week some of us attended a forum for young Canadians. At our table, many questions were brought up and one of them was, "What will we do in Canada about poverty?" I was amazed that the five New Brunswickers and two Ontarians who joined me at our table had these kinds of questions as high school students. I think that relates to us that they also now realize that we have a problem in this country that must be addressed. It is a tribute to them that, at that age, they are conscious of the needs and that they were reflecting these needs about children. I was very impressed with our conversation that day.

In creating this national day, we are responding directly to article 42 of the convention. This article, one of the shortest of the 54 articles that make up the body of the convention, is one of the most powerful for the future wellbeing of children.

States-parties undertook to make the principles and provisions of the convention widely known by appropriate and active means to adults and children alike, as stated in article 54. This bill will help us accomplish this objective.

By selecting November 20, we as parliamentarians will affirm a common national date around which Canadians, their organizations, and their governments can mobilize their efforts to recognize the rights of children. Far different from Mothers' Day and Fathers' Day, which are used to recognize the contribution of mothers and fathers in this country, this will be to recognize the problems and difficulties that children have in trying to become productive citizens in our country of Canada.

Honourable senators, this bill is also consistent with the government's comprehensive program for children called "The Brighter Futures Initiative". The ratification of the Convention on the Rights of the Child has put in place the first of our four components of Brighter Futures.

The other three are the new child tax benefits recently passed by Parliament, the Canadian Action Plan for Children, and the Child Development Initiative. Taken together, these four components form a major commitment toward children by the government of Canada over the next five years. Brighter Futures recognizes that, in recent years, a body of research on child development is shifting the focus of social policy for children from one of attempting to solve problems once they have disrupted the child's life, to one of anticipating and preventing them through timely intervention. Increasingly, we can see the pathways that lead to problems in later life and influences that protect or buffer the children.

• (1600)

For instance, in the Brighter Futures Program, strong emphasis will be placed on educating women in the early stages of pregnancy on the effects that smoking, drinking and drug abuse will have on an unborn child. There will also be a follow-up program to counsel young parents in the development of childhood and on the supports that they will have in their community.

Early interventions that are targeted can help a child move from dangerous pathways to healthy pathways.

I should like to mention at this time, honourable senators, that over the past year I have played a role myself, in doing research and in producing a manual to help parents and teachers recognize a problem that children experience called attention deficit disorder. The manual, which will be readily available to parents and teachers, properly diagnoses the problem and is a help in guidance and prevention.

The assertion has been made that one out of five of our young children have a disorder of some type. These children have average or above-average intellect, and with early intervention they can be helped to live a normal and happy life.

In conclusion, honourable senators, I am proud of the progress begun by this government on behalf of children. It started with a world summit two and a half years ago, and I am conscious that this progress reflects our government's interest in children.

Children are important to all of us, and contributions to their wellbeing must be made by all of us. Remember, honourable senators, we were all there once. Some of us may have had the luck of birth, some of us may have used our own initiative, and some may have had to claw or scrape our way through life. It would be very interesting if this group joined Toastmasters and delivered speeches about our lives. Perhaps one of the easiest speeches to make is about where one came from and how one was brought up. I think we would all be very sensitive. We would be appalled at some upbringings and sincerely sad about others. It would be very interesting if that could happen, and I am sure we would all have a much better understanding of each other.

This bill adds to our society's recognition of the important place we must establish for our children. It is a very welcome bill and I thank Senator Fairbairn for introducing it.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE OF THE WHOLE

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we may proceed to Committee of the Whole and discuss it and then go to third reading, or we can proceed to third reading now. It is as the sponsor wishes.

Hon. Joyce Fairbairn: Honourable senators, I move that Bill C-371 be referred to Committee of the Whole immediately.

The Hon. the Speaker: It is moved by the Honourable Senator Fairbairn, seconded by the Honourable Senator Bosa, that the bill be referred to Committee of the Whole.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

CONSIDERATION IN COMMITTEE OF THE WHOLE

The Senate was accordingly adjourned during pleasure and put into a Committee of the Whole on the bill, the Honourable Gérald J. Comeau in the Chair.

The Chairman: Honourable senators, the Senate is in Committee of the Whole on Bill C-371, respecting a national child day.

Shall discussion on the title of the bill be postponed?

Hon. Senators: Agreed.

The Chairman: Shall the preamble be postponed?

Hon. Senators: Agreed.

The Chairman: Shall Clause 1, the short title, be postponed?

Hon. Senators: Agreed.

Senator Frith: Is no one going to speak to it? Will there be nothing on the record at all?

Senator MacEachen: Honourable senators, I want to raise a question or two that have been stimulated by the comments of Senator DeWare. I understood her to say that she had met with a group of young people who asked the question of her and others, what are we going to do about poverty in Canada, particularly, I would imagine, the poverty of children, single-parent families and single women from the ages of 60 to 65. If I recall, these are important areas where poverty is most severe in Canada.

Could Senator DeWare give us any indication of what the sense of the discussion was on the question of what do we do about poverty?

A second question or thought comes to mind, and perhaps both Senator Fairbairn and Senator DeWare would like to comment on this. Is there a role for the Senate in investigating the question of poverty and how it can be tackled? Obviously, the question of poverty is a long-term problem and it could not be settled in a month or a year, but it may be worthwhile to have a fundamental investigation of what might be done to tackle this problem and whether the current delivery systems are doing their job properly, or whether there is an alternative system that might be more effective in handling and coping with these questions of poverty.

Senators will recall that in the past the Senate did make a contribution through the Croll committee in looking at the question of poverty and drew some conclusions about the

guaranteed annual income. We know that at about that time the guaranteed income concept was applied to a portion of old age pensions based upon an income test, with the result that the guaranteed income supplement, as it is called, is now a much larger component of our old age security payment than the old age security itself.

These are some of the thoughts that came to mind and I wonder if any of the senators who have spoken to the bill would care to comment.

Senator DeWare: Honourable senators, about our meeting with the young people, the conclusion they came to in a short time was that education seemed to be the top priority in eliminating poverty in the country. Most of them were talking about school children, young girls who leave the system because they are pregnant and then are not able to get back into the system to earn a proper living to look after that child. They felt there should be a support system to encourage young girls who become pregnant to stay in school.

What came out of that was very interesting. We did not deal with the seniors in that respect, but they did mention the topic. We want to keep seniors in their own homes. Perhaps there is a way to unite the girl with a family with seniors in their own home. They could become parents or grandparents to her, help her look after her child, and, in the meantime, she could continue her education. As well, she could become a companion to them and help them in the home where help is most needed. Seniors would then be able to stay in their homes.

I was interested in that concept. I thought that perhaps we have not explored that avenue as best we should. Perhaps there is a way to support young people to get an education, and the older folks could stay in their own home with the support system they require. Perhaps the girl and the child could become their family, and it would give them the substance to want to live and be part of her education system and watch that child grow up.

They suggested that if you are educated and you can earn, you can support; if you are not educated, you cannot earn and you cannot support. These young people have come a long way in their life to come up with a concept like that.

Honourable senators, I feel that, at this time in our history, another study on poverty may be an important role that the Senate can play.

Senator Fairbairn: Honourable senators, in response to the points Senator MacEachen raised, as they might apply to the thoughts behind this bill, as I said in my remarks last night, no one would think for a moment that the passage of this bill or the simple act of recognizing a special day of focus or remembrance will produce a solution to the problem. What some of these efforts have done in other circumstances is help to build a momentum or firm up a motivation to pursue the subject matter of a special day of recognition.

The point is well taken that in the Senate, for many years, there has been a legacy of concern that was very forcefully brought to the attention, not just of the Senate of Canada, but the Parliament of Canada and indeed the country, through efforts, particularly by the late Senator David Croll. We miss that prodding, and perhaps as a result of some of the focus on this issue the time of a committee of this Senate would be well spent again in refocusing on the question of poverty and some of those who are most victimized by it.

People in political life make bold statements about how the future of this country is for the young people, or the young people are the future of this country. We make bold statements that Canada will be, after all, on the cutting edge of technology and the great promise of the future.

Well, if we look at what we are allowing to develop in this country in terms of a great number of young Canadians being completely alien to the rhetoric we are promoting — young people who grow up in a spiral of poverty and all that stems from that in terms of education, health, self-worth and ambition — if we permit a huge chunk of our young population, as a matter of course, to find that this is the only outlet for them in their lives and in their futures, then there is no way our country will be on the cutting edge of anything.

Senator Gigantès: Except crime.

Senator Fairbairn: Senator Gigantès says "except crime", and that is true, not only within our cities but, as I said last night, within our aboriginal population.

Honourable senators, one of the challenges ahead for all of us in public life is to take a very hard and harsh look at the great distance that has developed between the classes within this country — between those who have and those who have not. This is a role that has certainly been carried out very sensitively and powerfully at times within the Senate. However, I would hope, Senator MacEachen, that a bill like this refocuses our attention on the area of poverty particularly as it affects the lives of young Canadians.

Hon. Senators: Hear, hear!

Senator Frith: Honourable senators, as a procedural footnote, the debate on this bill, the debate in Committee of the Whole and the interventions in Committee of the Whole have been salutory and helpful and have raised some interesting questions, particularly ones raised by Senator MacEachen. I do not fault Senator Fairbairn or Senator DeWare, but I want to note that when we send a bill to committee — particularly Committee of the Whole — the sponsor, the author, the minister, or, in this case, a member of the House of Commons should be here to answer questions about a bill that did not originate in the Senate.

I do not like to fault Mr. Harb. He is a member of the same political party as I. As a matter of fact, he is the Member of Parliament for the area in Ottawa in which I live.

Honourable senators, I hope when we send bills to Committee of the Whole or other committees that we continue with our tradition of making sure that, if the sponsor of the bill is not a senator, someone on their behalf or they, themselves, appear before the Senate committee in order to explain and answer questions about their bill.

The Chairman: Shall the schedule carry?

Hon. Senators: Carried.

The Chairman: Shall the preamble carry?

Hon. Senators: Carried.

The Chairman: Shall the title carry?

Hon. Senators: Carried.

The Chairman: Shall the short title carry?

Hon. Senators: Carried.

The Chairman: Shall I report the bill without amendment?

Hon. Senators: Agreed.

The Hon. the Speaker: Honourable senators, the sitting is resumed.

REPORT OF THE COMMITTEE OF THE WHOLE

Hon. Gérald J. Comeau: Honourable senators, the Committee of the Whole, to which was referred Bill C-371, respecting a national child day, has examined the said bill and has directed me to report the same without amendment.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

• (1620)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF THIRTY-SECOND TO FORTY-SECOND REPORTS OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the thirty-second to forty-second reports of the Standing Committee on Internal Economy, Budgets and Administration, presented in the Senate on April 29, 1993, approving budgets of the following committees:

32nd	Agriculture and Forestry;
33rd	Banking, Trade and Commerce;
34th	Banking, Trade and Commerce;
35th	Banking, Trade and Commerce;
36th	Energy, Environment and Natural Resources;
37th	Fisheries;
38th	Foreign Affairs;
39th	Foreign Affairs;
40th	Legal and Constitutional Affairs;
41st	National Finance;
42nd	Social Affairs, Science and Technology.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of these reports.

Hon. Earl A. Hastings: Honourable senators, I have two questions I should like to direct to the mover of the motion for the adoption of the reports. It pertains to the use of the word "supplemental".

The budgets in these reports are referred to as "supplementary" budgets. At the meeting of the committee I attended, we had presented to us budgets for the fiscal year 1993-94. Some of the budgets covered the whole fiscal year, while others covered portions of the year. However, they all covered the fiscal year and were not supplemental to anything. I am now asking the honourable senator why the word "supplemental" was used.

Senator Lavoie-Roux: Honourable senators, I knew that the honourable senator would ask this question of me. I have tried to find the answer for him. I believe he also raised it at the meeting of the Subcommittee on Budgets.

Pursuant to rule 105, committees are to give an accounting of all expenses incurred during the previous session. Therefore, even though committees are obliged to present new budgets each fiscal year, these budgets are considered supplementary to the first budget of the committee presented during that session.

There is not a new session of Parliament until there is a Speech from the Throne. That is why they are called "supplementary". That is the only explanation I can give the honourable senator.

Senator Hastings: Of course, the committees do not present a sessional budget which could be supplemented. The committees operate, as do all areas of government, on a fiscal year. A supplemental budget is something to cover a deficiency. The committees have no deficiencies to cover; they are budgeting from March 1 forward. Therefore, to refer to these budgets as "supplemental" is a misnomer, because the committees are not operating on a sessional budget; they are operating on an annual budget.

Senator Lavoie-Roux: We are getting into a question of semantics. The honourable senator says that these supplementary budgets should be interpreted as supplementing a deficiency to the first budget that was approved by the Senate at the beginning of the session. If I understand the word "deficiency" correctly, I do not think these budgets are to cover deficiencies. It is to indicate that we are carrying on with the work that has already been undertaken or, perhaps, we are undertaking new work or new studies.

I do not see why the honourable senator seems to identify the word "supplementary" with the term "deficiency". To me, it is one and the same budget for a full session. That is all I can say. If that does not satisfy the honourable senator, we will have to go to the Rules committee, or consult a lawyer to get the right explanation.

Senator Hastings: I am not a lawyer, Senator. It may be a question of semantics, I do not know. I went by the Oxford Dictionary which states that "supplemental" is making good a deficiency or a shortcoming. It is something added to supply a deficiency. We are not doing that. We have Supplementary Estimates at the end of the year which provide committees and governments with money to cover deficiencies. However, I do not wish to carry this matter any further.

Some of these budgets cover a whole fiscal year, while some go for three months ending June 30, 1993; others end on September 30, 1993. Is there any particular, good reason why the period covered by these budgets could not have been included in the report?

Senator Lavoie-Roux: I do not have the budgets in front of me. I suppose that the period they cover has been included for each committee. I take for granted that it is either up to June 30 or September 30.

As far as I am concerned, I thought we all understood that the committees were to present their budgets for a six-month period. Last year, if my memory serves me correctly, we adopted budgets for the whole year. However, those budgets could not extend for more than six months, after which time permission had to be granted for the last six months.

In terms of the one or two committees which asked for three- month terms, that was up to them. If they want to come back in three months and ask for another three months of budget, they can always come back.

Hon. Royce Frith (Leader of the Opposition): I think the whole thing should be sent back to the committee for semantic and other study.

Senator Hastings: I am not criticizing the committees for asking for terms of three or six months. I am asking why it has not been indicated in the report that the budgets we were asked to approve were three months, six months, or a year. They are all different. The reports do not indicate what period is covered by the amount that we will be asked to approve.

Senator Lavoie-Roux: If it is the wish of the Senate that it should be indicated, and you seem to say that it is not, then there is no problem in having it indicated. There is no objection to that, as far as I am concerned. If various people are willing to have the periods indicated, then it is up to the Senate to decide.

Hon. Colin Kenny: Honourable senators, I should like to move an amendment and make a brief comment. I move:

> That the thirty-fourth report be not now adopted but that it be amended by deleting the sum of $5,250 for transportation and communications, and substituting therefor the sum of $1,000.

By way of explanation, I am a member of the Internal Economy Committee and I am a member of the Subcommittee on Budgets that examined the budget of the Standing Senate Committee on Banking, Trade and Commerce. The bulk of the $5,250 which I am recommending be deleted is for a rather elaborate telephone call to Europe for a witness.

When the proposal came forward I inquired of the officials and of the members of the committee presenting the proposal why they needed to spend so much money to deal with this question. I was told that it was an arrangement where the committee would go to a place off the Hill where there was a television hookup and a satellite link from here to Europe and where the witness could see the members of the committee and the members of the committee could see the witness. I inquired as to the cost of just having a conference phone call where the committee could sit at a table and talk to the witness, as we frequently do in conference calls, and I was advised that that would not be satisfactory. The reason given as to why it was not satisfactory was that you could not read the witness's body language.

We are continually hearing about how important it is to be careful in spending money. We are continually concerned about not doing things that are frivolous; so it seems to me that on this occasion we are really going ahead with something that is not necessary. I do not believe there is anyone in this room who really thinks that a Senate committee should spend $5,000 so that it can read the body language of a witness appearing before it.

I want to be clear. I think this committee does good work. It is one of the hardest working committees in the Senate. I respect the members of the committee and the work they do. I recognize that it is cheaper to talk to the individual on the telephone than to fly the individual here or to send the committee over there. Having said that, I think they can accomplish their end perfectly well by simply talking to the person on a speaker phone. I would encourage everyone in this chamber to support my amendment.

The Hon. the Speaker: Honourable senators, it is moved in amendment by Senator Kenny:

> That the thirty-fourth report be not now adopted, but that it be amended by deleting the sum of $5,250 for transportation and communications and substituting therefor the sum of $1,000.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

[*Translation*]

Senator Lavoie-Roux: Honourable senators, I just want to point out that the matter was raised by Senator Kenny in the budget subcommittee and also in the Standing Committee on Internal Economy, Budgets and Administration.

After a fairly long discussion, the committee finally decided, with a majority vote, to approve the report on the supplementary budget for the Banking, Trade and Commerce Committee as it did in the case of other committees, but with a minor correction.

I would have preferred Senator Poitras, chairman of the Banking, Trade and Commerce Committee, to be here to provide further explanation. If I am not mistaken, I believe he has already done so in this house. He has had a chance to give his views on the matter.

At first glance, like Senator Kenny — as you know, I tend to take a dim view of extravagant spending by the Senate. In any case, I have been —

Hon. Philippe D. Gigantès: Extravagant spending?

Senator Lavoie-Roux: Yes, extravagant! And I had better do something about it!

Senator Gigantès: Would you mind providing a list of extravagant expenditures before making such allegations?

Senator Lavoie-Roux: As you know, I tend to watch Senate expenditures very closely, but I realize that would be only fair. I would like that to be on record, and I want to thank you, Senator Gigantès, for pointing this out.

I must admit I was not very happy with this new formula, and I went along with it on two specific conditions. First, that it would not be seen as a precedent. I would not like to see every single committee asking to use the same system tomorrow morning. Second, this experiment should be assessed according to very strict criteria, while considering the positive or perhaps less than positive results of this experiment. I think we have established certain rules to prevent this from becoming a routine procedure without knowing exactly what the positive or less than positive consequences would be.

I believe we have taken the necessary precautions. For the benefit of those who were not on the committee, the Banking, Trade and Commerce Committee is dealing with the whole question of confidentiality in financial institutions and insurance companies.

We were told that this person, who had been visiting Washington and other parts of the United States not long ago, did not plan to return to Canada within the foreseeable future. He was a professor from the University of Frankfurt, if I remember correctly. He is supposed to be an acknowledged expert on these matters. Having him come back here, and there was no guarantee he would be available, would probably have been even more expensive than the teleconference.

In the circumstances, I think the request was justified. We must evaluate this on the basis of very strict criteria, but I think it was a legitimate request. It seems that was also the opinion of the majority of the members on the Standing Committee on Internal Economy, Budgets and Administration, who approved the request mainly to make a point, I believe, of Senator Kenny's dissenting vote.

Senator Gigantès: Honourable senators, where will it all end? First of all, we cannot say a precedent is not a precedent. If you do something, it is a precedent, even if you say it will not be one. You are still setting a precedent.

What are we going to do every time we ask a minister to appear before one of our committees to talk about a subject that may eventually come before a court? Are we going to videotape the minister? Will the judges want to look at Parliament's intentions? Will they want to examine the minister's body language? I think we are getting into a rather absurd situation when we want to examine a witness's body language. This is ridiculous! There are other procedures. Written testimony is normally accepted. You do not even hear their voices, in that case.

Well, if you are against extravagant spending, this is a prime example. This is really very extravagant.

There would be a cheaper way. He probably has a camera, so why not ask him to focus the camera on himself and send us a cassette afterwards, and we can watch that, if that is what you want. I really think you are setting a precedent, and a very expensive one. Saying it is not a precedent does not stop it from being one. So let us drop the whole thing, if you do not mind.

[*English*]

• (1640)

Senator Lynch-Staunton: Honourable senators, I find Senator Kenny's arguments very convincing. On the other hand, I am a little concerned about amending a committee's budget in the absence of both the chairman and vice-chairman of that committee. They are not here to give us an explanation on what alternative they could find, if any.

Senator Gigantès: They should be here.

Senator Lynch-Staunton: I agree they should be here, but perhaps they were not aware that this issue was coming up. I suggest that rather than voting on the amendment, I adjourn the debate and we return this particular report to the Internal Economy committee, and ask Senator Poitras and his colleagues who want to appear, to come before the subcommittee and hash it out once and for all. I really do not think it would be fair to them to take a decision on Senator Kenny's recommendation in their absence.

Senator Kenny: As the issue is coming up before the Senate again today when it considers the principle of the idea, perhaps we could resolve both issues at the same time. I see further on in the scroll that we will hear from the chairman of that committee asking the chamber for permission. Perhaps we could deal with both questions at the same time. Rather than sending it back to the committee, perhaps we could just defer the vote on this and deal with both issues, the budgeting and the principle.

Senator Lynch-Staunton: I would like to adjourn the debate.

The Hon. the Speaker: Am I to understand that there is a motion by Senator Lynch-Staunton, seconded by Senator Kenny perhaps, that further debate be adjourned until later this day?

Senator Lynch-Staunton: Later this day, possibly; then we can decide.

Senator Kenny: It seems to me, honourable senators, that we are going to deal with the principle of the matter later this day. I would be happy to deal with the financing of it at the same time. There is some logic to dealing with the money and the principle together. Obviously it cannot go ahead without the two being in accord.

The Hon. the Speaker: Is it agreed that debate on this particular amendment and the report be adjourned until later this day?

Senator Lynch-Staunton: Why can we not approve all the reports except this particular one so that we can at least get all the ones on which we agree out of the way and not hold them up because of one report?

Senator Kenny: I have no objection to that.

The Hon. the Speaker: Is that agreed honourable senators?

Senator Molgat: If the questions of my colleague, Senator Hastings, are satisfied, that suits me.

Senator Hastings: The question I have with respect to each budget is what period is covered by that particular budget, so that they are not all taken as a full year. I submit that that should have been included with respect to each report. Perhaps they should stand until that can be added.

Senator Lavoie-Roux: It seems that we are not going to adopt those budgets today, because some of them are being held back. Or is it only the report of the banking committee that is being held back?

Senator Gigantès: It is all of them.

Senator Lavoie-Roux: Therefore, I will ensure that that provision is included.

Senator Lynch-Staunton: Do I understand now that Senator Lavoie-Roux will give a more precise explanation of the word "supplemental", the exact dates and the reason that some budgets are for the full fiscal year and others for only part of the year.

Senator Hastings: Not why. I know why.

Senator Lynch-Staunton: You want to know the exact dates then?

Senator Hastings: That is right.

Senator Lynch-Staunton: We are asking for practically a brand new report then. I think we should send it back to the Internal Economy committee and request a more complete report.

Senator Gigantès: Could someone explain why we want the German witness to see the body language of our committee members? What good will it do for them to see which committee member wiggles when he says what?

Hon. Eymard G. Corbin: If we are still on that matter, I would like to say a word on it. I can shed some light on all of this. I see that Senator Hastings and Senator Oliver are here. They were in the Committee on Banking, Trade and Commerce when the matter was raised. I was substituting as a member of that committee for a colleague who could not make it.

When that item came up, the chairman of the committee, rightly or wrongly, sought the approval of the committee and probably thought that we would give it carte blanche, but I raised a note of caution. I suggested to the Chair and the committee that before this item proceeded, it ought to be brought to the attention of the Senate.

First, it was a precedent, as everyone seems to recognize. Second, the chairman thought it was an informal sort of meeting. The fact that it was informal should not be the cause of concern or create insurmountable problems in terms of the way committees are supposed to operate. However, in view of the fact that this whole exercise was to take place outside the precincts of Parliament, where committees usually do their job, except when they have authorization from the Senate to travel, I suggested, and believe the committee concurred, that the chairman should bring the specific matter to the attention of the Senate to seek authorization to hold the meeting off Parliament Hill. That is how this whole matter came about. The cost, et cetera, is another concern, rightfully raised, I would conclude, by Senator Kenny.

I just wanted to apprise you of how this came about in the Banking Committee. It was very simple. I do not think that Senator Poitras, as Chairman of the Banking Committee, can shed any further light than what I have just told you as to the circumstances. He may tell you something about the witness. He may tell you why it is not possible for the witness to come here at his expense or the committee's expense. The witness in question is a specialist in European community affairs. The committee thought that his experiences would be very useful in view of the economic direction in which the world is now oriented. Those are matters he can address. As to the process and procedures, that is how the issue was brought to life.

Senator Lynch-Staunton: Honourable senators, I still would like to suggest to Senator Kenny that he withdraw his amendment, that we send the report back to the Internal Economy committee, that we get the answers for Senator Hastings' questions, and that, with all consideration to the explanation given by Senator Corbin, Senator Poitras have a chance to hear these representations and react accordingly. He should be told that it appears to be the feeling of the Senate that he is asking for too much, but he should be here to reply and have a chance to argue his case if he still has a case to argue.

Senator Kenny: Is Senator Poitras not going to be here in 15 minutes to deal with his request for authorization? Is he not coming any minute?

Senator Lynch-Staunton: I do not think all the chairmen of all the committees are here to answer for their budgets.

Senator Kenny: No, not on his budgets, on his motion. He has a motion to authorize the committee to meet outside the precincts of Parliament.

Senator Lynch-Staunton: If he is not here, it will be stood.

Senator Kenny: I understand that but is he not —

Senator Lynch-Staunton: I cannot speak for him, Senator Kenny. I do not know whether he is here or not.

Senator Kenny: All I am suggesting is that, if he is going to be here when it comes up in ten minutes, he deal with it then.

Senator Lynch-Staunton: Definitely; that is fine.

The Hon. the Speaker: Honourable senators, is it your pleasure to refer everything back to committee?

Senator Kenny: With the exception of this report, which I hope we can deal with when Senator Poitras comes.

The Hon. the Speaker: That is on the Orders of the Day for later this day.

Do I understand correctly that Orders 2 to 13, consideration of the 32nd to 42nd reports of the Standing Committee on Internal Economy, Budgets and Administration will stand today, or are they being referred back to committee?

Senator Lavoie-Roux: Not back to committee.

Senator Lynch-Staunton: Or the chairman will bring additional information at the next sitting. That is all.

Senator Lavoie-Roux: Senators, there are only two problems. The first is referring to the length of the term of the budget that has been presented, whether it is three months or six months, and, if everyone agrees, this can be added to the various reports.

The second problem is the matter of the télévidéo-visuel of the Banking committee. Obviously at one point or another, either today or tomorrow, Senator Poitras will address that issue, and we can then decide.

Senator Hastings: Honourable senators, I do not think you can add to a report, as the chairman has indicated. It has to go back to committee to be amended and brought back.

With that in mind, I move they be referred back to Banking, Trade and Commerce for inclusion of the term with respect to each budget.

Hon. M. Lorne Bonnell: There is a motion on the floor now for later this day. Is this an amendment or a motion?

Senator Lavoie-Roux: You won't be able to spend the money. That is all.

The Hon. the Speaker: What is your pleasure, honourable senators? Does everyone agree with Senator Hasting's suggestion?

Senator Kenny: Mr. Speaker, there is a motion before the house. It has been amended. It is time for a vote.

Senator Lynch-Staunton: I move adjournment of the debate.

Senator Bonnell: Can you tell us what the motion is we are adjourning? It seems to me there are three motions before the house. I have been sitting here trying to figure out which is which. One is to later this day, another is that we delete certain sections from the report, and another that we send the thing back to the committee. Now, there are three motions, and none of them have been put. Which one are we proposing to delay to another time?

Senator Lynch-Staunton: There have been a number of suggestions made, but there is only one motion on the floor, and that is the chairman's motion to adopt the report with an amendment by Senator Kenny. Discussion then flowed from that, and suggestions were made, but not in the form of a motion.

Senator Bonnell: I was certain I heard a motion that related to later this day. Senator Hastings stood up and said he had an amendment to the motion. Now none of them are

motions but only suggestions. I am getting so confused I don't know what is going on.

Senator Gigantès: Even though he can see the body language.

The Hon. the Speaker: Honourable senators, it was moved by Senator Lavoie-Roux, seconded by Senator Spivak, that these reports be adopted. There was a motion in amendment by the Honourable Senator Kenny that the 34th report be not now adopted, but that it be amended by deleting the sum of $5,250 for transportation and communications and substituting therefor the sum of $1,000.

Senator Lynch-Staunton: I then moved the adjournment of the debate.

The Hon. the Speaker: Senator Lynch-Staunton now is moving that further debate be adjourned until the next sitting.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Senator Bonnell: Honourable senators, does he have unanimous consent to withdraw the other motion of later this day? It seems to me when a motion is on the floor it has to be disposed of. The only way we can put a new motion on the floor is if the senator who moved the motion asks that it be withdrawn and gets unanimous consent. Only then can we go on to the new motion.

Senator Hastings: New rules.

Senator Lynch-Staunton: There was no motion made.

Senator Bonnell: There were three motions made, or I am deaf. I don't understand it.

On motion of Senator Lynch-Staunton, debate adjourned.

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF FOURTH REPORT—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Beaulieu, for the adoption of the Fourth Report of the Standing Committee on Privileges, Standing Rules and Orders (amendment to Rule 4 of the *Rules of the Senate*), presented in the Senate on 4th March, 1993.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I spoke last night on a similar item, which is now Number 1, so I can have my name withdrawn from this item. It can be adjourned in somebody else's name if somebody else wants to speak to it, or else we can adopt the report.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Senator Corbin is holding the companion motion. Perhaps we can simply adjourn it in Senator Corbin's name. The two deal with the same matter. Does that suit Senator Corbin?

Senator Corbin: Yes.

Order stands.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—ORDER STANDS

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993 when the Prime Minister announced his resignation.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I believe Senator Frith was planning on speaking today. He is just out for a moment. I wonder if this matter could be left for a few minutes. I will ascertain for sure if he wishes to speak today.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Agreed.

Order stands.

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY REPORT OF NATIONAL TRANSPORTATION ACT REVIEW COMMISSION—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator DeWare:
>
> That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation; and

That the Committee present its Report no later than September 30, 1993.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I adjourned this order in the name of Senator Corbin who has an interest in this matter. It can stay in my name, unless he is prepared to speak today.

Hon. Eymard G. Corbin: No, I am not ready to speak, but will be in a day or two, I hope.

Senator Lavoie-Roux: With some inspiration.

Senator Gigantès: Watch the body language.

Order stands.

THE BUDGET, 1993

STATEMENT OF MINISTER OF FINANCE—INQUIRY—DEBATE ADJOURNED

Hon. Allan J. MacEachen rose pursuant to notice of Tuesday, April 27, 1993:

That he will call the attention of the Senate to the Budget Statement made by the Minister of Finance on Monday, April 26, 1993.

He said: Honourable senators, I put down a Notice of Inquiry to deal with the budget statement made by the Minister of Finance on Monday, April 26, 1993. In the past, I have regularly commented upon budget speeches and economic statements, and, if only for the purpose of continuity, I wish to make some comments on the current budgetary situation. There are a number of important items that I will not be able to deal with which I have touched upon in the past, particularly the increasing vulnerability of the government to international creditors and the current world economic situation which will undoubtedly have a bearing on the future course of the Canadian economy. Because I am not going to deal with those today is no indication that I regard them as unimportant.

This September, honourable senators, will mark nine consecutive years of Conservative government in Canada. More relevant to my purpose and to the subject matter of the inquiry, it will mark nine years of Conservative economic and fiscal policy. After nearly a decade in office, a government can and must be judged on its own economic and fiscal record.

Though this government has made some misleading and unfounded allegations about the predecessor Liberal administration, its criticism is still shamefully evident in the April, 1993 budget, and the pre-budget document Charting the Economic Course sets standards by which it is only fair to judge this outgoing Conservative administration.

• (1700)

Honourable senators, eight and one-half years have elapsed since the Honourable Michael Wilson tabled *A New Direction for Canada: An Agenda for Economic Renewal.* That occurred in those pompous days of November 1984.

Through the intervening years Canada has experienced steady economic growth, with the exception of the last three years, which have been marred by a recession. We are told that the recession is over, but the fact of the matter is that the total production in Canada today is only slightly greater than the total production at the onset of the recession. After three years, our rate of growth is nine-tenths of 1 per cent, so we are still creeping slowly out of that recession. The last three years have been marred by that recession, by a painful adjustment to free trade, high unemployment and a deadly string of ill-timed economic, fiscal and monetary policies, which have been ruthless in their impact on the Canadian economy. Initially smooth, latterly rocky and perilous, the road we have travelled thus far has been a long one.

Nothing underlined the long journey for me more than looking back and considering the past budget documents from Michael Wilson's tenure at the Department of Finance, particularly *A New Direction for Canada: An Agenda for Economic Renewal*, and the recent economic statements and budgets of Mr. Mazankowski.

The differences are striking if one compares then and now. Gone are the invincible proclamations and claims to future successes. Instead, we have today a finance minister who is in shackles, bound by the failures of the government, and one who has resigned himself to waiting out the hard times without action, without confidence or hope.

The document released just prior to the budget, *Charting the Economic Course in a World of Change*, was the apologia of a government that not only failed to live up to its own promises and predictions but also failed to meet its own standards of appraisal, hence the ever-evolving framework for gauging economic and fiscal performance.

There is nothing that I can say that will alter the already fixed consensus with respect to the budget of last week. The consensus is that it offers nothing new, that there is little in the 94 pages which elicits confidence or inspiration, but there is certainly much that elicits cynicism and disappointment. In spite of the great differences between the 1984 document, *A New Direction for Canada* and the 1993 document, *Charting the Economic Course for a World in Change*, one thing has remained consistent and is evident in the April budget. In spite of this long, difficult road we have travelled, much of Mr. Mazankowski's latest budget regurgitates the now tired arguments, myths and prognostications laid down by his predecessor back in 1984 and continued in the subsequent years.

Nothing provides better evidence of this regurgitation of now tired arguments, myths and prognostications than the document produced prior to the Budget entitled *Charting the Economic Course in a World of Change*. It is issued by the Honourable Don Mazankowski and carries the *imprimatur* of the Department of Finance.

I read the document and I should like to share with you a few of the excerpts that bear out my comment about tired and worn-out arguments and false statements and distortions.

First, there appears at page two of the document this statement issued by the Department of Finance, that "In 1984 the country was at an economic crossroads. Real growth had slowed and inflation and unemployment had risen."

Of course this is pure fiction, embellished and built up over the years. The Conservatives inherited a surging economy in 1984. I have dealt with this topic in the Senate on previous occasions, but the repetition of this falsehood makes it necessary for me to return to the matter again. I will briefly remind honourable senators of the situation as it prevailed in Canada in 1984 because it belies the Conservative inventions about Liberal economic management and the inheritance or the legacy of the Liberal years.

In 1984, when this government came to power, the economy was growing at a rate of 4.7 per cent in real terms, a growth rate that was exceeded only in 1988 when the rate of growth was 5 per cent. Unemployment had declined from a recession peak of approximately 13 per cent to about 11 per cent; inflation averaged 4.4 per cent, the lowest rate since 1971; and all the trends were positive. We had come out of a deep recession and a period of inflation and the economy had begun its upward momentum, as was evident in the rate of growth in 1984.

That is the legacy. The merchandise trade balance had a surplus of about $20 billion, a near record level, with a non-merchandise deficit of $17 billion. The balance of payments on the current account showed a $2.7-billion surplus. Interest rates had fallen to less than 11 per cent from their pre-recession summits. The domestic savings rate was over 7 per cent of GDP and government-held foreign indebtedness was being reimbursed.

That was hardly a disaster, but the Conservatives, all through the subsequent history, were only concerned with misleading references to the debt. Mr. Wilson's paper warned that if nothing were done, net public debt would more than double from its present levels rising to over $400 billion by the early 1990s. I will come back to that.

The public debt of Canada in 1983-84 was at $167.8 billion. Under the policies of this government, under its watch, the net public debt of Canada in 1992-93 was $458.6 billion, and it will grow by over $32 billion this year as estimated in the most recent budget.

The conclusion I draw is simple. The Conservatives suggested they could do better while, in fact, they have done worse than even their own wild exaggerations about the consequences of continuing Liberal policies. Yet they continue to blame their own failure on a government that left office more than eight years ago.

In those heady days of 1983 when Mr. Mulroney was elected leader of the Conservative Party, he predicted he could reduce the deficit to about $3 billion by the year 1990. In fact, the deficit was 10 times that at $30.5 billion.

Let me add a further comparison of the economic situation in 1984 and the economic indicators today.

All these figures come from a Department of Finance document, *Economic Reference Tables*. I am not sure whether I ought to believe them because some of the statements in this particular document are distorted and misleading, but at least they come from reference tables in a departmental document.

In the early 1980s, Canada's current account was practically in balance. It fluctuated from small surpluses one year to small deficits in another. Beginning in 1986, however, Canada began having deficits every year. In every year since 1986, the deficit has broken Canada's record.

In 1984, Canada was first in the G-7 for growth in real GNP and growth of productivity, second in employment growth, and had an inflation rate the same as the average for the G-7. We also boasted the highest productivity growth in the G-7.

The Hon. the Speaker: Honourable senators, according to the rules, the time of the honourable senator is up. Is it agreed that we extend the courtesy to him, and allow additional time?

Hon. Senators: Agreed.

Senator MacEachen: I thank honourable senators for their indulgence in this matter.

In 1991, Canada was second in real growth, second last in employment growth, third-last in growth of productivity, and third highest in inflation. We do have the second highest unemployment rate.

Honourable senators, what am I to make, in light of those facts, of a Department of Finance document which states, "In 1984, the country was at an economic cross-roads."

The second quotation from this pre-budget document is equally interesting. It is found at page 3 and it reads as follows:

> Between 1984-89, we enjoyed the second highest rate of growth among the seven largest countries constituting the G-7.

Why is it, in that protracted period of economic growth, the second highest rate of any country in the G-7, that Canada failed to make any progress in the reduction of the deficit?

I recalled on a previous occasion in the Senate that the editor of the *Wall Street Journal* had described that period of economic growth in North America as "the seven fat years". They were seven fat years because there were seven years of continuous economic growth. In those years, there was an opportunity to do something about the Canadian deficit. In fact, a start was made, and the deficit came down to $28 billion.

I am ready to be corrected, Senator Grafstein, but my recollection is $28 billion.

There was no further progress. The deficit increased. The important question that must be asked is, "Why was the opportunity of decreasing the deficit not grasped in those seven fat years?"

The document, *Charting the Economic Course in the World of Change* fails to provide any explanation. It skims over that burning question which, on previous occasions, must be the one question that members of the Conservative Party were asking. As they concentrate on the debt and the deficit in their current leadership campaign, I would like to hear somebody get up and ask one of the candidates: Why did you not make any progress on the deficit in the seven fat years?

No one expected the government of Canada to make substantial progress on the deficit in a period of recession which began in April 1990 and which is, more or less, still in existence. How could substantial progress be made? I have never asked that the government push the economy into further stagnation by contraction in a period of deep recession. Therefore, that is a very interesting quotation from this document.

Another quote to which I would draw your attention is the following:

> In the last five years, the government has seen a cumulative operating surplus — when revenues exceed program spending.

There has certainly been no shortage of new and inventive ways of looking at the deficit and debt. Take, for example, the operating surplus, so frequently touted as a sign of progress in the fiscal management of Canada. What exactly is an operating surplus? It is defined as the excess of revenues over expenditures, which we can only arrive at without putting into the equation interest payments on the debt.

What does it mean? It is referred to in this document. It is referred to by the Minister of Finance. It is referred to by the Leader of the Government in the Senate. It was frequently referred to by Mr. Wilson. What does it mean?

It certainly does not mean that progress has been made in controlling or reducing the deficit, which was the target of the government. I quoted at least once the words of the chairman and CEO of the Royal Bank of Canada who said a few years ago that this operating surplus was irrelevant. I think I should quote him again.

He said:

> The government of Canada talks about an operating surplus, but what does that mean? It is like an individual Canadian saying he or she would have a positive cash flow if it were not for the mortgage interest. It is true but it is irrelevant.

In reaction to the April 26 budget, many comments were heard on the operating deficit. The managing director of the Canadian Bond Rating Service who downgraded Canada's rating after the last budget, argued that appraisal of the deficit must incorporate interest payments.

He said: "But interest payments are the Achilles' heel. They've got to attack the full deficit, which includes interest payments."

Michael McCracken, the President of Infometrica Ltd., complained of the vague layout of the budget and its lack of detail: "Each of these things is a box with a bunch of puzzle pieces. You're given three hours to put the puzzles together and you always suspect that they're holding a few of the pieces in their pockets."

There is no better evidence of the existence of the puzzle pieces than the reference to the operating surplus, no better evidence that they are keeping a few of the pieces in their pockets when the size of the deficit is discarded as a test of fiscal competence in favour of this new concept of the operating surplus.

Now, honourable senators, I know it is tedious to do these things, but why don't you go back on the weekend with a copy of "A New Direction for Canada", the document which Mr. Wilson brought forward in 1984 and see if you will find in that a statement that the target of government is to have an operating surplus. That will not be found. The target of the government then was a reduction in the deficit.

There is one other comment I would like to make about this document, honourable senators, because it illustrates how desperate the officials and the minister were when they would include this comment at page 11:

> Without the government's action to control its spending, the deficit would have reached $82.5 billion by 1991-92 — close to two-and-a-half times the actual level and the debt would have reached $645 billion, or 95 per cent of GDP.

This is an example of yet another contrivance created to avoid embarrassing the still proud government, because Michael Wilson had conjured up the worst-case scenario back

in 1984. Listen to this: "Net public debt would more than double from its present levels, rising to over $400 billion by the early 1990s," he stated. If there were no alteration in Liberal policies, the debt would come to over $400 billion by the early 1990s.

Those are the projections provided to him by his officials in 1984. Ironically, this turned out to be the case under the Conservative government. The much feared $400 billion that might occur if Liberal policies were maintained, as Mr. Wilson stated in 1984, because that turned out to be the case — this turned out to be the case under the Conservative watch — hence the need to revise the already over-blown projections of 1984. Like the Sophists of Greece who tailored morality to the individual situation — I hope I am correct there —

Senator Gigantès: Please, let's not get into that.

Senator MacEachen: — the Conservatives, after consistent failure, tailored the projections to their own poor performance and political needs.

It will be interesting for the committee of National Finance to call the officials from the Department of Finance together and ask them how they could produce a projection in 1984 stating that the total debt would rise to over $400 billion by the early 1990s, with no change in policies, and ask them to compare that with the projections which were included in this document stating that if the government had not taken its actions the debt would have reached $645 billion. I cannot explain that. The projection is $400 billion in 1984 and because that is how it turned out, the document increases the projection to $645 billion.

How can one put confidence in the work of the document? I read this document. I found it to be unfair, inaccurate, and to be a document which distorts the fiscal and economic history of Canada and which contrives to assert that the world of prosperity and righteous government began in Canada in 1984. The legacy was a bad one, so bad that it is still determining the course of government in Canada.

I hope that when the Liberals form a government, the Minister of Finance will never authorize a document of this kind. Perhaps it is the minister's own document and the officials have no responsibility for it. But it states "Department of Finance, Canada." I thought one had reason to believe that when a document came from the Department of Finance on economic and fiscal matters, it was to be taken as reliable. I do not think that reliability is apparent in this particular document. It is not surprising, because of what I have been saying, that so many commentators have repudiated the work of the Department of Finance in this most recent budget. I have a number of quotations.

Senators may have read the very interesting article that appeared in the *Globe and Mail* following the rating of the department's work by the Canadian Bond Rating Service Limited (CBRS). Ihor Kots, managing director of CBRS, in defending himself, because he had been attacked by Mr. Mazankowski and his officials, said: "They were harsh, they were unwarranted, they were aggressive and they really hurt, because we really put out very good work." He was upset at their criticisms. Then he went on to state:

> I take great offence at what the department is suggesting. They are people who have been way off target in anticipating this recession, way off target in this whole debt-reduction mode, way off target on the deficits, and they're coming back to us and quibbling over a couple of percentage points.
>
> Even if you use some of the numbers they use, they are still terrible. So let's not play games. Let's get on with solving this debt and deficit problem.

An official with one pension fund said bluntly that the Finance Department's forecasts are not credible. He is quoted as saying: "If a company lied to you seven or eight years in a row about where their earnings were going, you wouldn't trust them."

I am not reassured to hear that, honourable senators, because one should expect this principal department of government to produce factual and reliable accounts of the past. One can understand them going wrong in the future, but surely they are mature enough to understand that the growth projections, which they have put forward for the next few years, are highly unrealistic. They are mature enough to know that most private economists disagree fundamentally with them, and that they are immature and wrong in telling the Canadian people that in four years we would be paying back on the debt and that we would have no further requirement to borrow money to finance the deficit.

Those are the thoughts that were provoked in me when I read this document and this reinvention of history.

Honourable senators, may I just say a word about the deficit because it is so important.

The deficit in 1992-93 was $35.5 billion. The deficit when this government took office was $34.5 billion. The deficit in this year that we have just finished is $1 billion greater than the deficit the government inherited.

The authority for that statement is the Minister of Finance. The quotation is worth putting on the record. It is from the Economic and Fiscal Statement of November 8, 1984. The quotation reads as follows:

> There is no easy solution to the problem we face. We cannot just grow our way out of it. Next year we will have completed the third year in this economic recovery...

That positive statement by the minister is now contradicted by his officials in the document I have just quoted, saying that Canada in 1984 was at the crossroads. Let me continue with the minister:

> Next year we will have completed the third year in this economic recovery and in each of those years the deficit will have increased — from $25 billion in 1982-83 to $31.8 billion last year, to $34.5 billion this year to a projected $37.1 billion next year.

So compare $34.5 billion and $35.5 billion. The deficit for 1992-93 was $8 billion greater than that which was projected last June, and $1 billion greater than the $34.5 billion predicted only four months ago in the December Economic Statement.

We know that the past projections for the deficit in 1992-93 appear absolutely ludicrous in retrospect. In February 1988, the deficit for 1992 was projected at $19.5 billion, $16 billion off; and the February 1991 budget projected the 1992-93 deficit at $24 billion, only $11.5 billion off. These are some of the facts we must assess.

Let us take a look at the financial requirements as an expression of the deficit.

The tendency over a number of years by Mr. Wilson was to emphasize the financial requirements in preference to the budgetary deficit, because the financial requirements are generally a significantly lower number. In fact Mr. Wilson, in 1989-90, hinted that he might abandon the use of deficit numbers and take on the use of financial requirements as a basis of his financial accounting. He said, in 1989-90:

> Financial requirements represent the extent to which the Government has to borrow in capital markets. This more closely parallels the definition of deficits used in both the U.S. and the U.K.

In his 1991 budget, Mr. Wilson predicted that from 1994-95, a surplus would be achieved to pay off government indebtedness. Less than a year away from this momentous occasion, prudence dictates that we be very wary of all these forecasts.

In the February 1986 budget, the financial requirements were predicted to decline to $10.8 billion in 1990-91, but borrowing requirements or financial requirements in 1990-91 were actually $24.5 billion, just over $13 billion off.

However, we are not to worry, honourable senators. Let us forget about all of this. Look to the future because the most recent budget tells us the financial requirements will disappear in 1997-98, and in that year, we will begin to pay off our indebtedness.

How can we accept these predictions as credible? The 1993-94 financial requirements are $26.5 billion, two times the $13.3 billion predicted in the June 1992 budget.

I have argued before that the government is on the same treadmill with respect to financial requirements as it is with the deficit.

Honourable senators, why have I selected the deficit for such extensive treatment? It should be evident, but perhaps I should explain.

In 1984, the present government rode to power on the promise of reducing the deficit. In his first Economic Statement, November 8, 1984, the then Minister of Finance, Michael Wilson, targeted deficit reduction as a primary and long-term objective. He said as follows:

> This government is committed to act now. Because I believe that deficit reduction is the key to rebuilding confidence, and confidence is the key to growth and job creation, controlling the deficit must be our priority for this year and for each year of our mandate. The goals of deficit control and increasing job opportunities cannot be separated.

Well, the government did succeed in bringing the deficit and debt to a place of priority, not only on its own agenda, but also in the minds of most Canadians. This acute public awareness offered the government and the Minister of Finance no place to hide. He is finding he cannot hide behind allegations of Liberal mismanagement 10 years after the fact, and he can no longer offer up half-truths in support of the economic and fiscal course chosen. That is made evident, honourable senators, by the fact that the budget, its policies, its analyses, its projections for growth and deficit reduction have been discarded, disregarded and rejected by the country as a whole, even by those who are seeking the leadership of the Conservative party. They have said this is a disgrace.

• (1740)

The cycle has come full circle and we are left with the net public debt. I hesitate, honourable senators, to make a long statement about the debt. I have just a few salient facts to refresh the memory and to leave on the record the state of play as it is today in Canada.

These cumulative deficits have contributed to the accelerating increase of the net public debt. In the past nine years, the net public debt has increased by 173.3 per cent. It is more than two and one half times what it was when this government took office.

I remind honourable senators that the net public debt was then $167.8 billion. In 1992-93, it was $458.6 billion. This is an increase of $280.8 billion. Back in 1984, Mr. Wilson pledged to ..."put our own fiscal house in order... to limit and ultimately reverse massive build up in public debt and the damaging impact this has had on confidence..."

We know, honourable senators, that the build up in the public debt has not been limited. It has not been reversed. It has grown apace. It has accelerated. It has grown in leaps and bounds. What is worse is that the interest charges have been exacerbated by a misguided monetary policy which, in the first case, failed to detect the signs of inflation in 1988. Because of that delay in detecting the onset of inflation, the government was then forced to use more than justified monetary measures to halt inflation which brought on the recession one-half year earlier in Canada than in any other western country.

Why was it that before the U.S. and Europe Canada was in recession six months before anyone else? We paid the price for calling the shots wrong. First, by allowing inflation to go up, interest rates went up, as did the cost of interest payments and the deficit. Because the country was then plunged deeper into recession, we paid the price in the form of reduced revenues.

That is the sad story. It is a sad one, indeed. I have never found it easier to make a speech on economic matters or fiscal matters since I came into Parliament because of the abundance of fact, the abundance of evidence, about the state of the economy.

Honourable senators, we are coming to the end of the Mulroney era in Canadian politics. He is to terminate his post as Prime Minister in June and there will be a new Prime Minister of Canada. It is certainly not up to me to undertake a comprehensive assessment of the successes and failures of the period during which Mr. Mulroney was Prime Minister.

However, I want to say one thing. As Prime Minister and political leader, he performed splendidly in maintaining the unity of his party and the unity of his government. If I can borrow a phrase from the Minister of Finance, he got the fundamentals right. But why was it that with that skilful political performance he was denied the opportunity to run a third election? Why was it clear to him and clear to most everyone else that he could not win this election?

In my view, and I give you an opinion, it is not from the document of the Department of Finance, but I tell you it is as political as some of the statements in this document, "Charting the Economic Course in a World of Change". In my view, the Prime Minister could have run the election if he had had one big single success. It could have been a constitutional settlement. He sought that very diligently, but Mr. Clark denied the Prime Minister that opportunity. That success evaporated.

Then, we have the economy. One or the other would have done; or both would have been tremendous. Where is the success there? Could he run the election on the GST? Hardly. It may have marvellous economic merit in the minds of the government and the economists, but it certainly was not a winner.

Nor could he run it on free trade. But these were not the fundamental targets of the new government in 1984. Deficit reduction was.

Let me tell honourable senators that if the government had pursued its objectives in those fat years and reduced the deficit substantially, Mr. Mulroney would have had his big success. But Mr. Wilson denied him that. The deficit today is bigger than it was when Mr. Wilson became Minister of Finance. The Prime Minister is paying the price. He is paying the price for the failure of his ministers to serve him in a way that he deserved.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, I do not want to go over everything Senator MacEachen said or try to answer all his points, but for a few minutes I would at least like to look at two aspects of the question.

It is claimed that the government has been mismanaging public finances for seven or eight years. The debt has gone from $206 million in 1984-85 to $423 million today; it has doubled. With the interest rates over eight years, it has doubled, so about—

Senator Thériault: You are responsible for the problem.

Senator Bolduc: I let him speak. You will have your turn shortly. Give me a chance. You will not get to me I am not worried. All I want to say is this: apparently, our government's financial management was not right. All we did is double the debt, that is true. It rose from $200 billion to $400 billion. But in the eight years before that, it rose from $39 billion to $167 billion, which means that you quadrupled it. I think that is quite important. For a long time you have been berating us about the debt, now I will answer you. You increased it fourfold and if we go back another five years, you multiplied it by eight in the space of 20 years. Do not try to impress me with the Liberals' financial management.

I will tell you why you did that. It is quite simple. You built a budget structure that was more than Canadians could afford. Even in prosperous times, it was not possible to maintain the system of transfers to individuals and to the provinces as you built it. That is the basic problem in Canada. Senator MacEachen was an architect of it, he was even a chief architect of a system of social security based on transfers to people and to the provinces which the government could not afford. That is the problem.

When we came to power, we were caught with that. What did we do then? We tried to lower it. We said that those who were better off could pay back part of their old-age

pension. That is what we said and your friend Senator Buckwold said it was outrageous nonsense. That is what we did.

When we tried to act responsibly by directing help to those really in need, what did you on the other side do? You voted against it every time. That is what you did. So do not tell us stories.

Senator MacEachen played around with many figures, but basically, he cannot answer what I just told you. We doubled the debt, but you quadrupled it in eight years, the same length of time as we took to double it. I say that we must be reasonable. We were under the impression that bigger was better.

Senator MacEachen forgets about 1982-83 and 1983-84. Let us take 1982-83. The government had $60 billion in revenue and spent $72 billion. We had a $12-billion deficit, which means that the government essentially spent $1.30 or something like that for every dollar it took in. Total spending was $79 billion. Do you call that sound management? You carried on like that for three or four years. I have it in front of me. Debt service charges started to rise in the 1980s. With decreasing revenues, you cannot make it. We inherited this debt service problem and that is the trouble, basically. That is as far as I will go today. I just wanted to point that out.

On motion of Senator Bolduc, debate adjourned.

[*English*]

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before we proceed with the adjournment could the Deputy Leader of the Government tell us about the committees? Two committees were due to meet. What is the situation?

Hon. John Lynch-Staunton (Deputy Leader of the Government): As far as I know the Standing Committee on Privileges, Standing Rules and Orders is meeting immediately *in camera*. The Legal Affairs Committee, chaired by Senator Beaudoin, will meet right away as well.

Senator Grafstein: At what time?

Senator Lynch-Staunton: Both are meeting right now.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, May 5, 1993

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

DEMOCRACY

CAPITALISM AND ITS FUTURE

Hon. Philippe Deane Gigantès: Honourable senators, I am continuing these three-minute discourses on capitalism and its future. First, let me say that I prefer capitalism to other systems. I do not particularly like capitalism, but it is more accorded to human nature, which is basically greedy, than other systems which live in the clouds.

Continuing now with my readings on this matter:

> Joseph Schumpeter asks, "Can capitalism survive?" in his magisterial *Capitalism, Socialism and Democracy*, published in 1942. His answer is unequivocal: "No, I do not think it can." Schumpeter perceives the culture of capitalism as corrosive of values. The sustaining core of its beliefs, like all such foundational value systems, is ultimately beyond rational defence and it will wither under the unsentimental scrutiny of capital values. "Capitalism", he writes, "creates a rational frame of mind which, having destroyed the moral authority of so many other institutions, in the end turns against its own: The bourgeois finds to his amazement that the rationalist attitude does not stop at the credentials of kings and popes, but goes on to attack private property and the whole scheme of bourgeois values." The end comes as entrepreneurs who embody the élan of the system lose their enthusiasm and settle down for a secure existence as socialist managers.

This is taken from a book by Ronald Heilbroner called *Twenty-First Century Capitalism.*

> Why do none of our philosophers, not even Smith or Schumpeter who are surely partisans of the order, foresee a long untroubled future for capitalism?
>
> The obvious answer is the sheer difficulty of successfully maintaining capitalist order. The more suppositious one is nagging doubts regarding capitalism's political and moral validity.
>
> The crucial difficulty for maintaining economic order takes on many forms — the indeterminacy of the outlook for investment and for technology; the unequal distribution of incomes...the technological displacement of labour and the technological impetus toward cartelization; the inflationary tendencies of a successful economy and the depressive tendencies of an unsuccessful one.

Honourable senators, I will continue my readings on this subject tomorrow.

ROUTINE PROCEEDINGS

RULES OF THE SENATE

AMENDMENT OF RULE 98(3)—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday next, May 11, 1993, I will move that the *Rules of the Senate* be amended as follows:

Immediately after rule 98(3) add the following:

> That within 150 days of the presentation of a report from a standing committee or special committee the government shall, upon the request of the committee, table a comprehensive response thereto.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 121 residents of Nova Scotia who oppose the goods and services tax.

These petitions come mainly from Antigonish, Havre-Boucher, Frankville, Merigomish, Trenton and Heatherton.

Honourable senators, I also have the honour to present petitions signed by 100 residents of Quebec who oppose the goods and services tax.

These petitions come mainly from St-Hyacinthe, St-Damase, Clarenceville, Mansonville and Montreal.

These 221 petitioners join the tens of thousands of citizens who have opposed the GST, without doubt the most contentious and hated tax in our country's history.

I hope that the government which conceived it and brutally imposed it on the people does not harbour the illusion that these tens of thousands of frustrated petitioners will forget their frustrations on election day.

[*English*]

QUESTION PERIOD

BOSNIA-HERZEGOVINA

UN PEACEKEEPING FORCE—PROTECTION OF CANADIAN TROOPS

Hon. Jerahmiel S. Grafstein: Honourable Senators, yesterday, the government responded to a question I asked on April 27 respecting the safety of Canadian peacekeeping troops in Bosnia. In its response, the government suggested that the use of air power to support Canadian troops in the case of an emergency had been discussed with appropriate officials at the United Nations and in other countries that had been supplying troops to that troubled area.

The response concluded by saying:

> Canada is satisfied that the mandate can be implemented and that emergency contingency plans exist.

I took that response to mean that emergency plans, such as air power support for Canadian troops in the event of undue attack, were in the cards.

Yesterday in the *Toronto Star* a portion of the government's answer was confirmed in a report from the United Nations. The report in the *Toronto Star* said that the Prime Minister had talked to President Clinton about the safety of Canadian troops in Bosnia if the peace plan failed and military action was undertaken.

But here, honourable senators, the confusion arises. Mr. Mulroney then went on to warn that, if the peace process were to break down, Canada would oppose any unilateral military action led by the United States. Any such action would have to be endorsed by the Security Council, he said.

My confusion is with regard to the crucial time lags. If Canadian troops are put in harm's way, if Canadian troops are unreasonably attacked, is it the government's position that the government of Canada would then go to the United Nations, seek a Security Council resolution and then bring air support to provide protection for Canadian troops?

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is a difficult and delicate subject and a difficult and delicate situation and I do not intend to extemporize upon it. I heard what the Prime Minister said.

The Prime Minister has, of course, taken the occasion to brief his cabinet colleagues on his discussions with the UN Secretary General, as well as with the President of the United States. However, answers to quite difficult questions, such as that asked by the honourable senator, should not be provided off the cuff by me or by anyone else. I will obtain a written reply.

AVAILABILITY AND SOURCE OF ADDITIONAL CANADIAN PEACEKEEPING TROOPS—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on a somewhat related question, and following on my question of yesterday, I wonder if the minister has yet found out from the Chief of the Defence Staff whether troops are, indeed, available to send to Bosnia, apart from his comment yesterday that troops in Somalia might go there? Are there others?

Hon. Lowell Murray (Leader of the Government): Honourable senators, once again, the point I was making is that Canadian troops are to be found in a variety of assignments at home and abroad, and in none of these assignments are their feet nailed to the ground. There is still some flexibility.

Further to that, as I said yesterday, Canada, along with other responsible members of the United Nations, would have to consider any request that came from the United Nations pursuant to a proposed new initiative by the world body. Other than that, I do not have anything to add, and I doubt very much that the Chief of the Defence Staff does, although I will bring the honourable senator's question to the attention of my colleague the Minister of National Defence.

Senator Molgat: Honourable senators, my question is not asked in a frivolous way at all. What has happened is that, for example, from time to time the Minister for External Affairs has gone off on trips to various places, and is reported as saying that we are prepared to send Canadian troops there. On other occasions, the Prime Minister has said that we are prepared to send Canadian troops. However, statements I have heard from National Defence, on the other hand, indicate that they are scratching the bottom of the barrel.

It is important for Parliament to know whether or not troops are available. The only man who can tell us that is the Chief of the Defence Staff. I trust that my honourable friend will obtain a definitive statement.

Senator Murray: Honourable senators, I hope I did not suggest that the question was a frivolous one, or was asked frivolously. It is not. It is a serious question. Whether it is a question on which I should extemporize here is another matter. Indeed, whether it is the type of question on which a definitive reply can or should be provided by the Chief of the Defence Staff is another matter.

Honourable senators, our forces are stretched. I made that point yesterday. The chief of the defence staff, the Minister of National Defence, and other ministers have made the same point from time to time. However, in light of the quite serious and urgent international situations that are occurring, such as what is now happening in the Balkans, we must seriously consider any request that comes from the world body. We have participated, I believe, in every peacekeeping effort that has been sponsored by the United Nations since peacekeeping operations began in the late 1950s. The world body looks to us for assistance in these matters. We will do our best to respond when and if such a request comes.

Honourable senators, I will see whether there is anything that the Chief of the Defence Staff and the Minister of National Defence wish to add to what I have already said, but I do not think those persons are in a position today to indicate from where we might redeploy troops in the event of a still hypothetical request for further assistance from the military.

INTERNATIONAL COURT OF JUSTICE—JUDGMENT ON ALLEGED WAR CRIMES—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Honourable senators, perhaps I might ask a further question on the same general topic. I understand that last week the International Court of Justice issued a judgment respecting the alleged war crimes, or crimes against humanity, with respect to actions taken by states — or by military troops under direction from states — within the boundaries of the former federation of Yugoslavia. Perhaps the Leader of the Government in the Senate would table a copy of that judgment, together with the government's reaction to it, if, indeed, the government intends to react or respond to such a judgment.

Hon. Lowell Murray (Leader of the Government): There again, I would have to make inquiries, honourable senators.

FOREIGN AFFAIRS

RELEASE OF INFORMATION BY RUSSIAN AUTHORITIES ON 1983 DOWNING OF SOUTH KOREAN AIRCRAFT—CURRENT POSITION

Hon. Allan J. MacEachen: Honourable senators, I wish to revive a question I raised with the Leader of the Government late last year on the subject of KAL Flight 007, namely, the Korean airliner which was shot down in September of 1983 by the Soviet Union. Of course, a number of Canadian lives were lost at that time. As I mentioned in raising the original question, it was a very important incident in the Cold War. Canada made strong claims, because of the Soviet action, to have compensation for Canadian victims and their families.

Honourable senators, Senator Murray did provide an answer which happily confirmed the position that the Canadian government took at that time. I wish to follow up on that question to find out what has happened since.

For example, there has been a meeting of the representatives of the affected countries. I should like to know what happened in that meeting; what stand did Canada take and what analysis did Canadian officials make of the information provided at that meeting?

A further point mentioned at the time was that, shortly after the incident, the Soviet Union recovered the cockpit recorder after making an extensive sweep of the oceans and then concealed that fact from the rest of the world until a few months ago. The Canadian government has been asking for the release of the contents of the black box, as the recorder is called, and not just the transcripts.

[Senator Murray]

Can the leader tell me whether any further information is available? This has been an important incident affecting Canada. It illustrated many things, including the duplicity of the Kremlin and the manner in which it treated the rest of the world at that time.

At an appropriate time, could the minister try to give us any additional information that has developed in the interim, and in particular whether or not the Soviet authorities are now prepared to consider the matter of compensation? In the past the Soviet Union refused to consider compensation. They accused the United States of an espionage attack on the Korean airliner and for that reason stated that compensation should be paid by the U.S. What is their position now?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall make inquiries into that matter.

ENERGY

SCOTIA SYNFUELS STUDY — GOVERNMENT POSITION

Hon. Allan J. MacEachen: Honourable senators, I wish to clean up another outstanding item that I have had in mind for some time concerning the useful study that was made by the energy committee on Scotia Synfuels. A report was presented in the Senate some considerable time ago entitled "Scotia Synfuels: The Project for the 1990s".

I think it was a unanimous report. The committee made a number of recommendations to the Government of Canada, including that "the Minister of Energy, Mines and Resources Instruct his officials to undertake a comprehensive social cost benefit analysis of the synfuels project." There are a number of other recommendations, which I will not repeat.

It is timely to ask whether or not the government has followed up on any of these recommendations of the committee. If not, what additional impetus could the Senate give to follow up on this item?

Hon. Lowell Murray (Leader of the Government): Honourable senators, various departments of the federal government have taken an interest in this matter, and have been involved in studying various aspects of the proposal. I will make inquires of those colleagues who are involved and bring in a reply as soon as I can.

QUEBEC

TRANSFER OF ICAO STAFF FROM MONTREAL—EFFECT ON EMPLOYMENT

Hon. M. Lorne Bonnell: Would the Leader of the Government advise this chamber whether, in fact, the International Civil Aviation Organization is moving out of Montreal, and taking with them 600 jobs?

Senator Murray: Not today, honourable senators.

Senator Bonnell: It is not moving today?

Senator Murray: I cannot advise on that matter today, honourable senators.

OFFICIAL RECORD

CORRECTION TO HANSARD

Hon. Finlay MacDonald: Honourable senators, with your permission I would ask for a correction to yesterday's *Debates of the Senate*, at page 3160. I was referring to the Canadian general election which, in fact, took place in 1945. The Debates have it as 1944. I intended to say June 11, 1945.

Senator Frith: That was the pinko vote.

Senator MacDonald: The old pinko day, yes.

ORDERS OF THE DAY

BORROWING AUTHORITY BILL, 1993-94

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-117, to provide borrowing authority for the fiscal year beginning on April 1, 1993.

He said: Bill C-117 requests borrowing authority in the amount of $31.5 billion for 1993-1994. This is comprised of $28.5 billion to cover anticipated borrowing requirements and the normal $3 billion reserve to manage foreign exchange transactions. The borrowing requirement is comprised of the government's net anticipated financial requirement from the budget of $26.5 billion, and $2 billion in estimated exchange fund account earnings.

In line with a measure introduced in last year's legislation, Bill C-117 ensures that the 1993-94 borrowing authority may only be used after the fiscal year begins. This provision links the borrowing authority to 1993-94 financial requirements. Bill C-117 also contains a standard clause stating that any unused borrowing authority granted by this bill over $3 billion will be cancelled on March 31, 1994. This clause allows a nonlapsing contingency reserve to be carried forward into 1994-95, in case new borrowing authority is not in place by then. There are also a couple of technical clauses which ensure that the use of borrowing matches the financial requirements for the fiscal year. In addition, the bill provides for any unused borrowing authority from 1992-93 to be cancelled once Bill C-117 comes into force.

Prior to this bill coming into force, the $3 billion contingency fund from the previous year's authority can be used between March 31 and the date the new borrowing authority bill takes effect. The $3 billion was exhausted in early April, and further borrowing after that time has been done under section 47 of the Financial Administration Act. Therefore, until new borrowing authority is in place, only short term instruments can be sold, and the government cannot maintain the desired balance of short- and long-term debt in its debt program—a balance designed to reduce the government's exposure to increases in debt service charges resulting from short term changes in interest rates.

I might add, just to elaborate, that the government announced on April 6 that a portion of the treasury bills to be offered for sale on April 13 were to be sold under authority granted by section 47, which has been used ever since, and forced the cancelling of an issue of 10-year bonds because the new borrowing authority was not available.

Therefore, honourable senators, I have no doubt that you appreciate the urgency of this bill receiving Royal Assent as soon as possible, and accordingly, I trust that it can go to the Standing Senate Committee on National Finance, which is holding one of its regular meetings later this day.

Hon. Allan J. MacEachen: Honourable senators, I am not proposing to make a statement, but I would ask the sponsor of the bill one or two questions which he might answer now or later. I understand from his statement that the government is seeking borrowing authority in the amount of $31.5 billion.

Senator Lynch-Staunton: Correct.

• (1400)

Senator MacEachen: Therefore, I ask this question: Of that authority which is sought, what amount is likely to be the financial requirements, or what amount will be borrowed in the capital markets?

Of that amount which will be borrowed in the capital markets, whether it is $28 billion, what proportion is likely to be provided by foreigners? I have been trying to track that down and I have not yet succeeded. However, this may be a way by which inferences could be drawn as to what amount, based on past experience, is to be provided by foreigners and not by domestic savings.

Senator Lynch-Staunton: I do not have an answer to those two questions in front of me. I could give one answer, but it would not be complete. I will certainly attempt to see that the answers are provided when the officials and the minister appear before the committee this evening, if the bill goes to committee.

Hon. John B. Stewart: I believe the Deputy Leader of the Government in the Senate stated that there was urgency with regard to this bill because the money available from the previous borrowing authority had been used up in the middle of April.

Senator Lynch-Staunton: Early in April.

Senator Stewart: Early in April. It is now May 5 and only now is the enactment of this bill sought. What is the explanation for the urgency?

Once again we are given the argument that prudent debt management requires an appropriate balance of short- and long-term instruments. If that is what would drive the Senate to give speedy passage to this bill, why was that not relevant in the thinking of the government?

Senator Lynch-Staunton: I must say that the same question occurs to me, as to why are we getting this bill at this stage. I can only answer that it must have something to do with the legislative scheduling in the other place; perhaps this bill did not receive the proper priority or perhaps it could only be dealt with on a certain date. I know it has something to do with how they proceed in the other place, but I cannot answer for them at this stage.

Senator MacEachen: Honourable senators, I thank the senator for his answers with respect to the information I seek. However, I am not fully confident that the minister and officials will be forthcoming in providing information on these matters. It has been an elusive trail that I have been following, so I would like him to be more firm in saying that this information will be provided in an understandable and intelligible form.

Senator Lynch-Staunton: I will certainly relay Senator MacEachen's questions in those terms, and endorse them at the same time.

Senator MacEachen: Do you think we can give it second reading on that understanding?

Senator Lynch-Staunton: Yes, but you will not get the answer here today or tomorrow.

Senator MacEachen: I will rely on you.

Senator Lynch-Staunton: Thank you, sir.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, the point raised by my colleague Senator Stewart does raise an interesting question. My records indicate that the bill was introduced in the House of Commons on March 12 and yet was not proceeded with until March 26. I do not know why the sudden urgency at this point.

The bill received third reading in the other place on April 30. The delay between March 12 and March 26 raises a very good question: Are we being told once again, as we have been told by the department so many times in the past, that there is a great urgency when in reality there is none?

Hon. H.A. Olson: Honourable senators, Senator MacEachen pointed out that it raises in the minds of some senators the question of whether or not we should proceed to second reading today and refer it to the committee before we receive answers to some of the questions that have been asked. However, I will leave that to others.

The trouble we have with these enormous borrowing authorities is nothing new. As has been pointed out, it is $31.5 billion again this year; so it is not new. It may be that this is one of the largest single borrowing authorities presented to Parliament, but it is certainly not the largest, nor is it out of line with those that have been asked for by Parliament ever since this Government took office in 1984.

In 1984, certain speeches criticizing the government in office at that time stated that the government was managing the debt badly, borrowing $30 billion plus per year, and that if the government stayed in office and allowed that bad debt management to continue it would drive the country into a terrible depression. The people bought that argument, at least to some degree, and elected the Conservatives. However, all the things the Conservatives predicted would happen under a Liberal government happened under the Conservatives.

As one of the so-called developed countries, we probably have the worst debt ratio problem of any country in the western world. Not only that, honourable senators, but senior officials in the government, particularly the Minister of Finance, are advising us that we will continue having enormous deficits, although perhaps not as high as the one this year. The Minister of Finance has made some undertaking about reducing it a little. He also made it clear that, in his opinion, the national debt of Canada will rise to about $600 billion before it levels off and we can begin to provide a surplus and, thus, the opportunity to pay off some of the debt that has accumulated over the last 126 years.

Prior to the election in 1984, the Conservatives were explaining what they would do if they were elected. What they were warning the people against is exactly what happened under them, and we now have debts of this size.

I am sad for my country. I think people generally expected the Conservative government to get all the fundamentals right. It has tried the monetary philosophy of the Bank of Canada and has soaked everybody with interest rates. At one point, we were being asked to pay 16 per cent, which was about two or two and a half years ago.

Senator Barootes: What about today?

Senator Olson: I am not talking about today, and you know that. You also know, as do I, that the enormous debts that were accumulated not only by the government but by all of the people involved in the Canadian economy —

Senator Di Nino: Even the provinces.

Senator Olson: — such as the provinces, as well as by large corporations and medium-sized corporations, small corporations and individuals. They all got caught in the monetary policy of this government, led by the Governor of the Bank of Canada, John Crow.

Senator Barootes: Was he responsible for the 22 per cent mortgage rates that were extant at the time of the Liberal administration?

Senator Olson: I am glad there is at least one Tory over there by the name —

Senator Barootes: I didn't mean to upset you.

Senator Olson: You didn't upset me — by the name of Senator Barootes who takes enough interest in this matter to at least have an opinion about something. Most of the time they just dismiss the whole thing as if to say, "Well, that kind of borrowing, that is just normal, and that is what we have to do. We have done it now for seven or eight years in a row, so we are used to it." This is the way Tories run the government: Thirty-billion-dollars-plus deficits added to the national debt every year. It is true that we are now in that situation.

I suppose Parliament will approve this bill. By the end of this fiscal year, I suppose the national debt will be almost $500 billion, and the accumulated debt will be $490 billion. Interest will be payable on that debt, of course, and that will now amount to well over 40 per cent of the total amount paid by Canadians in taxes. That is the amount currently required just to pay interest on the public debt.

The sad part about all of this is the realization that a Conservative government could do such a thing to Canada. All of the Conservative philosophy that we have heard throughout all these years has led us to believe that the situation would be just exactly the opposite; that they would be careful with the financial management of this country. However, the record shows just what kind of management standards they achieved. We might probably expect this kind of thing from an NDP government, but it is sad that a Conservative government would do this to their country.

In any event, we are now faced with the current difficult economic situation, and we can look down the road as far as we like in trying to determine when we might pull out of it. The problem is, however, not only do we not know when we might pull out of it, but we are also unsure just what the price of doing that will be. In other words, even though we may have budgets with surpluses, we do not want to find ourselves in a position where we are paying down the debt and drying up the activity in our economy in the process. It will all be extremely painful. For as long as we have a government that follows this kind of monetary policy, Canadians will have to realize that things will just not get any better.

I had wanted to make only a short speech indicating the road we have gone down, but Senator Barootes and several others constantly reply, "Well, what was the situation at a certain date in the past?" It seems to me that Canadians are no longer terribly interested in how things were in the past. For you to try to blame the previous government of eight years ago now for the policies that you are following today is absolutely ludicrous. Nobody believes it. In fact, people get nauseated at the idea that you might even think they would buy that argument for a moment.

Nonetheless, we are in this box, and we will have to borrow somewhere around $31 or $33 billion more, on top of what was borrowed before; all of this just when we are trying to pull out of a depression. I really do not see that all of these factors can be added together to make any sense, but we have to deal with the situation, so I guess I will just leave it there.

Senator Molgat: Honourable senators, perhaps I might just say a word. I was tempted, first of all, to not allow the second reading to pass today. However, on the basis of the undertakings of my honourable friend — and I know he is always faithful to his undertakings — that he will obtain the information requested by Senator MacEachen, and that probably much of this information can only be obtained in committee, we are prepared to proceed with second reading.

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?

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on National Finance.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Senator Kelleher, the sponsor of Bill C-118, is unfortunately delayed. I would ask leave to stand this order so that, if he does appear before 3 o'clock, he may give his statement on that bill.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): That would be quite agreeable to us. Senator Kirby on our side is expected any moment now, so it would suit us fine to proceed in that fashion.

Order stands.

CHILD DAY BILL

THIRD READING

Hon. Joyce Fairbairn moved the third reading of Bill C-371, respecting a national child day.

Hon. Joan Neiman: Honourable senators, before the Senate votes on Bill C-371, I should like to remind my colleagues of some important work that this chamber has done in the past by way of expressing its concern about the special and pervasive problems suffered by too many children in this rich and favoured land. The fact that we are now in the midst of, or, hopefully, nearing the end of, an economic downturn only makes the plight of such children that much worse.

Most of you will be aware of the lifelong preoccupation of the late Senator David Croll with the too great incidence of poverty in Canada. In fact, Senator Croll chaired a special

committee which published a report under the title "Poverty in Canada", and he never let us forget its contents. When he recited to us the latest shocking statistics, he never failed to mention the special and long-lasting effects of deprivation on the children of impoverished families. He continually urged the federal government to take all possible measures to lessen the gap between the "haves" and the "have nots."

• (1420)

Perhaps not so many of you will remember or know of the late Senator Fred McGrand. He was a wonderful and somewhat crusty character, a medical doctor from New Brunswick with an insatiable curiosity about almost anything and everything, and particularly about what factors make children turn out as they do.

In 1975, Senator McGrand began urging the Senate to undertake a study on early childhood experiences as causes of criminal behaviour. It was eventually decided that the scope of such a study was potentially almost unlimited and that instead it should focus on the first three years of a child's life. The study was assigned to a special subcommittee of the Standing Senate Committee on Health, Welfare and Science, of which my seat-mate, Senator Bonnell, was chairman, while Senator McGrand chaired the subcommittee.

The study was wide-ranging and exhaustive, touching on almost every conceivable factor that would affect the life and wellbeing of a child. The report was eventually published in 1980 by the committee. It is entitled "Child at Risk". It is a primer and should be required reading for every parliamentarian and for everyone who believes that the answer to juvenile delinquency is to mete out harsher and longer periods of incarceration. The message is clear: Prevention, and an attack on the root causes that cause children so much misery now and, perhaps, throughout their lives.

The report is not long. It touches on almost every problem and factor we have discussed or heard discussed, from malnutrition, drugs and substance abuse and emotional stress through the prenatal period to birth damage and bonding, to the many negative influences that can occur during a child's early years. Some of them are emotional privation, child abuse, violence in the homes and on the streets and, of course, in the media, in particular on television. Many other factors are mentioned, and the underlying part that poverty plays is stressed.

The recommendations are numerous, specific and wide-ranging. They are directed mostly to the federal government for action it could appropriately take. The report received a flurry of media attention at that time, but I suspect that all too few of those people with the authority to institute action ever in fact read it. Most of the recommendations are still valid and need to be implemented.

Both reports, Senator Croll's and Senator McGrand's, are now filed away in the Library of Parliament and are probably forgotten, while we continue to wring our hands and succumb to the suggestions that we need more studies on the feasibility of day care and additional aid for single parents and those below the poverty line, as well as special educational help for the children of tens of thousands of immigrants whose first language is neither French nor English. We succumb, because these studies will give us breathing space and a chance for our government to find yet another way to pass more of the responsibility and the financial burden on to other levels of government.

As members of Parliament, however, we need to remind our government, of whatever stripe, that it has the primary responsibility through its unemployment policies, its trade policies and its housing and education programs to alleviate and correct some of the inequities it has helped to create.

Certainly, we must vote for Bill C-371 in a few moments, as we have supported such other pious and well-meaning resolutions before. However, if we do not transform these sentiments into action, and make each national child day into a period of evaluation as to what progress we have actually made in the previous year, then many Canadian children will continue to suffer and be at risk and this gesture will have been meaningless.

Hon. Senators: Hear, hear!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to pay a special tribute to the individual who initiated this bill in the first instance. It is rather a rare occasion for a member of the House of Commons to have a private bill passed unanimously and then subsequently receive an absolutely glowing letter from the minister about the proposal. That letter was read into the record by my colleague. I gather from the comments made here that the bill will receive unanimous support in this chamber as well.

Mac Harb, the member for Ottawa-Centre, the sponsor of the bill, ought to be recognized for his worthwhile endeavour.

Hon. Senators: Hear, hear!

Motion agreed to and bill read third time and passed.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—SECOND READING

Hon. James F. Kelleher moved the second reading of Bill C-118, to amend the Export Development Act.

He said: Honourable senators, it is not every day that we debate legislation that both sides of this chamber recognize to be of great merit. However, I believe that Bill C-118, legislation to amend the Export Development Act, fits the bill in this regard.

Our government, of course, is proud to have developed this legislation, which fits into its long-standing strategy to make

Canada a winner in the new global marketplace. I think senators on the other side also recognize that the future success of Canada's economy will be dependent largely upon the success of Canadian exports. Thus, they, too, are interested in seeing this legislation move quickly.

The Export Development Corporation, Canada's principal source of government-supported financial programs in support of trade, has in recent years been somewhat hamstrung in the degree of support it has been able to offer Canada's exporters in terms of risk management services. I think everyone in this chamber realizes that EDC has been invaluable to our exporters ever since the end of the Second World War, offering insurance and other export services that have helped enable Canadian-based companies to make their way in the increasingly competitive world marketplace.

The Export Development Act, the legislation under which EDC's mandate is defined, was written in 1969, nearly a quarter of a century ago, and has had only minor modifications since then. At the time there was no way that anyone could foresee the tremendous changes that would take place in the arena of world trade. As a result, EDC officials have had to scramble in recent years, devoting valuable time and energy to stretching EDC's mandate to the limits as defined by the act. They have done this, of course, in the interest of trying to offer Canadian exporters services as good as or better than those offered by export development agencies from other industrialized countries.

The major weakness of the current act is that it ties EDC's mandate tightly and narrowly to individual export transactions. What is needed is legislation to open up the act to allow EDC to act with wider powers and in a more flexible way so that our entrepreneurs, EDC's customers, can themselves operate more flexibly in the marketplace.

I think we all understand why we must make every effort to improve our support to our exporters on the strictly commercial basis on which EDC operates at this juncture in our history. For a start, the emergence of new entrepreneurial might in the Pacific Rim and a more organized European effort have made the international marketplace more competitive than it has ever been. In addition, there is a clear move towards lower trade barriers around the world, meaning more opportunities for Canadian-based companies to sell abroad and more competition for Canadian companies selling at home.

Canadian firms that are successful in international markets will be more likely to be successful at home and more likely to expand in ways that create good jobs for Canadians.

Operating overseas forces companies to tie into the latest technology, the latest marketing methods, and opens them up to forging the best strategic alliances. Canada is a trading nation. Our exports account for twice the percentage of our gross national product as those of another great trader, Japan. However, much as we are a trading nation, we are not yet a nation of traders. Fewer than 100 Canadian-based firms account for more than 50 per cent of Canada's exports. Only 3 out of 10 of our manufacturing firms are exporters.

Colleagues, we have to do better than that, and we will do better than that. Exports are leading Canada out of the recession. January 1993 figures were up 18 per cent over January 1992. I am not saying that all new sales at home and abroad lead to new jobs. We all know that competition and new technology have pushed firms to squeeze on manpower, or, more accurately, people power, in order to remain competitive. But there are limits to any firm's capacity to dispense with the human beings that make technology work, and exports help create opportunities for people who can do that.

In 1992, an estimated 328,000 jobs were created or sustained by Canadian companies using EDC services. Jobs for Canadians is an important aspect that we should consider when examining Bill C-118. Three other important aspects are customers, competitors, and competitiveness — I suppose one might call them the "Three Cs", with jobs for Canadians being a fourth "C".

EDC's customers, that is Canadian exporters, have been calling for an upgraded EDC, an EDC that can offer a more sophisticated package of risk-management services. Many of EDC's competitors, that is export development agencies from other countries, have been offering more sophisticated services that take several facts into account: one, that exporting abroad has, in many cases, become dependent upon doing a certain amount of investment abroad; two, that exporters are more likely to have to carry the cost of putting an export package together over a substantial period of time; three, that leasing arrangements have replaced sales deals in a large percentage of international business transactions, and so on. This is a more complex marketplace than the one in which we operated in 1969.

The third "C", competitiveness, is essential to surviving in this marketplace. Every edge is important to success. Jobs are vital to the wellbeing of Canadians. Exports create jobs, good jobs.

To find the export opportunities to create these jobs, our entrepreneurs must look even further afield than the opportunities this government has created for them in the North American marketplace. The further afield they look, the more important it is that they have insurance and other types of financial support to give them the stability to operate outside our borders without fear of jeopardizing their futures.

If all these services were available and packages were provided on reasonable terms by the private sector, it could be argued that there would be no clear raison d'être for EDC. However, Canada is a relatively small marketplace, and

anyone who has had any experience in exporting realizes that it is difficult to find one-stop access to all the financial and insurance components that may be necessary to make a deal work.

This kind of financial packaging has become almost as important as price and quality in succeeding in the international marketplace. Customers' needs for different kinds of packaging have grown considerably. We have been encouraging Canadian firms to operate abroad. If we are asking them to meet this challenge, we must also be capable of offering them support to meet the challenge.

This is particularly true in the case of small businesses. Small businesses create more jobs than big businesses as a percentage of capital tied up in them, and we must encourage small and medium-size firms to develop export markets.

The government's response to wide-spread requests for a more complete EDC has been this proposed innovative legislation. We have before us a bill that breaks away from the tradition of prescribing a series of narrow tasks to Crown corporations. Instead, these amendments permit EDC to respond to the marketplace, as the corporation's customers must respond to the marketplace.

The corporation will, of course, remain accountable to Parliament, and the regulatory powers of the government of the day will ensure a necessary measure of control in a corporation in which the federal government is the only shareholder. But the legislation will allow EDC, in consultation with its customers and in partnership with the private sector, to find ways of assuring that the Canadian exporters will no longer be hobbled by unnecessary restrictions and delays when they put together risk-management packages in support of overseas investment and export deals.

The legislation would allow EDC on occasion to act as a catalyst in attracting investment to an international project by taking a minority equity position in the project.

It would also allow EDC to offer exporters insurance on their domestic receivables, as well as their foreign receivables, saving them time and money in terms of setting up an overall insurance package to ensure a firm's stability. EDC would be able to offer long-term pre-shipment financing, which has become more and more critical as exporters have been forced to absorb up-front costs on contracts, costs that used to be borne by the overseas customers.

The amendments would also allow EDC to get involved in setting up lease financing structures for particular industries so those industries are not so dependent on international leasing firms that might not have Canadian-based firms as their main focus. I know that the aerospace industry in particular has made requests for this kind of EDC involvement.

[Senator Kelleher]

Overall, I think that this is a fine bill, and I think my colleagues on the other side will agree with me. EDC has served this country well in the past. It has operated at a profit for many years now, just enough of a profit to assure self-sufficiency. I can tell you, colleagues, that as a former minister for international trade, I can personally attest, as I am sure my colleague Miss Carney can attest, to the value of this particular corporation to our Canadian exporters.

At a time of high government debt and lean government revenues, we are looking for ways of promoting Canadian employment without costing governments a great amount of money. Here is a way of promoting Canadian employment without costing governments any amount of money, and I commend it to my fellow colleagues in the hopes that we can achieve speedy passage of this bill.

• (1440)

Hon. Michael Kirby: Honourable senators, I rise on second reading of Bill C-118 to make a few remarks in a style with which members of this house are not familiar. First, I will attempt to be fairly brief. Second, at the conclusion of my remarks, I will indicate the support which we on this side of the chamber have for the bill.

Before commenting specifically on the bill, I wish to point out that Bill C-118 is an anomaly in two ways. First, when the government began to draft the amendments to the Export Development Act many months ago, it attempted to seek a consensus not only with industry leaders who would be affected by the bill but with members of opposition parties in the other place. This was such a unique method of operation for this government that it took members on this side of the house some time to learn how to deal with the situation. Instead of imposing closure at several steps in the legislative process between the other place and here, as it has become very accustomed to doing, the government sought a consensus. We found this novel experience not only desirable but encouraging for the future. However, the future is almost here, and like most Canadians, we do not expect members opposite to have that opportunity when we reappear here in the fall.

Aside from that modestly partisan comment, a second anomaly associated with this bill is that it strengthens the powers of a Crown corporation. Over the past two or three years, the government has developed a track record for killing a variety of government bodies. Therefore, it is a very pleasant surprise that there is at least one Crown corporation which the government believes is sufficiently important that they are prepared to increase its powers and financial backing. I say "financial backing" because it comes in the form of loan guarantees as opposed to funds from the Consolidated Revenue Fund.

Honourable senators, the Export Development Corporation was created in 1969 as a successor to the Export Credit Insurance Corporation, which was created immediately after the Second World War. Therefore, the role of government in Canada in encouraging Canadian companies to export goes

back almost 50 years. During that 50 years, and particularly since the EDC was formally created in 1969, the Crown corporation has provided service to tens of thousands of client companies. The last annual report I have for EDC, which is for 1992, shows that, in that year alone, it helped to increase the exports of 2,000 companies.

Another interesting point is that the vast majority of EDC's clients are small and medium-size businesses. Its 1992 report shows that 75 per cent of the companies that were helped by EDC in that fiscal year were small and medium-size companies rather than the larger companies which one instinctively thinks of as companies involved in exports.

The significance of that is that all of the economic data available and all of the economic analysis put forward these days suggests that the engine of economic growth in this country will be the small and medium-size firms, not the large firms. To that extent, it is important that we understand that EDC is servicing that growing sector of the economy, and not merely the large companies.

There are two aspects of this bill on which I would like to comment very briefly. First, the change in its mandate allows the EDC to support international trade as opposed to merely facilitating it. While facilitation and support may sound like essentially the same function, allowing EDC to support companies that want to export gives EDC a significant list of new powers. It allows EDC to take a significantly more proactive role than it has historically taken. It allows EDC to start providing a number of services and other assistance to industry, which many of our competitors are now able to get from similar types of government bodies in their own countries.

Compared to the export assistance that is available in Germany, Japan, France, and indeed in most of western Europe, in the past EDC has been constrained in what it could do by way of providing assistance to Canadian firms. It was not allowed to undertake many of the activities that corresponding agencies were able to provide in the countries of many of our competitors. One specific illustration of the change is that EDC, under certain conditions, will now be able to take an equity share in some projects. This is the classic form of support, which EDC was not allowed to provide but which, as I have said, agencies in other countries have been allowed to provide for some time.

The second big change to the act in terms of giving EDC new powers is that it will now be allowed to finance the production and sale of goods through leasing arrangements. Historically, EDC has been unable to fulfil such functions. In particular, it was not able to play a role with respect to equipment leasing, or in the area of the financing of equipment leasing in order to help Canadian firms get their goods into importing countries. The fact that it now has a series of financial assistance tools which it previously did not have will help significantly in encouraging small and medium-size firms in Canada to export.

These new powers are really designed to finally bring the Export Development Corporation into a position where it can compete on a level playing field with corresponding government agencies in the major countries with which Canadian firms compete. Members on this side of the chamber are happy to support these changes. This is a bill that deserves broad support. I believe that it will help exactly those firms that need help.

This bill proves that when governments are prepared to talk to those who will be affected by the legislation and to members of opposition parties, as was done in developing this bill, they are likely to get much better legislation. Clearly, many pieces of government legislation have been developed in absolute isolation from members of opposition parties, the general public and the people those bills were designed to serve. Bill C-118 is an exception. I hope the government has learned a lesson from this experience. In the meantime, I am delighted to support Bill C-118.

Senator Kelleher: Colleagues, I am indeed happy to hear —

The Hon. the Speaker: Honourable senators, if Senator Kelleher speaks now, his speech will have the effect of closing debate on the motion for second reading of this bill.

Senator Kelleher: Honourable senators, I merely wish to say that I am pleased to hear that our colleague on the other side is overwhelmed by our approach to this particular piece of legislation. In return, I should like him to know that this side is also overwhelmed by those kind remarks. It is the first such remarks I have heard from my honourable colleague.

Senator Frith: There is a lot of "whelming" going on!

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?

On motion of Senator Kelleher, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

CONSIDERATION OF THIRTY-SECOND TO FORTY-SECOND REPORTS OF COMMITTEE—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Spivak, for the adoption of the Thirty-Second to Forty-Second reports of the Standing Senate Committee

on Internal Economy, Budgets and Administration, presented in the Senate on April 29, 1993, approving budgets of the following committees:

32nd Agriculture and Forestry;
33rd Banking, Trade and Commerce;
34th Banking, Trade and Commerce;
35th Banking, Trade and Commerce;
36th Energy, Environment and Natural Resources;
37th Fisheries;
38th Foreign Affairs;
39th Foreign Affairs;
40th Legal and Constitutional Affairs;
41st National Finance;
42nd Social Affairs, Science and Technology.

And on the motion in amendment by the Honourable Senator Kenny, seconded by the honourable Senator Hastings, that the Thirty-Fourth Report be not now adopted, but that it be amended by deleting the sum of $5,250.00 from Transportation and Communications and substituting therefor the sum of $1,000.00 — (*Honourable Senator Lynch-Staunton*).

Hon. John Lynch Staunton (Deputy Leader of the Government): Honourable senators, this matter was adjourned from yesterday. I do not know whether we should pursue it today or leave it until tomorrow. I would remind honourable senators that we try to adjourn as close to 3 o'clock as possible in order to allow committees, which are scheduled at that time, to sit.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): We will deal with this matter tomorrow.

Senator Lynch-Staunton: I do not want to delay it, but the clock is running against us, if we want to follow our schedule set for Wednesday afternoons.

Hon. Earl A. Hastings: Will that apply to all items numbered 1-11?

Hon. Colin Kenny: I understand, Senator Lynch-Staunton, that this item on the Order Paper is in your name. Will there be a long discussion? Do you have any idea?

Senator Lynch-Staunton: I do not know.

Hon. James F. Kelleher: Then let us delay it until tomorrow.

Hon. Thérèse Lavoie-Roux: We will stand everything, then, apparently.

Order Stands.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith, calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am aware of the tradition — although a very young tradition — of attempting to adjourn by three o'clock on Wednesdays. However, I have wanted to continue at least part of this inquiry since Monday night. I will put some of it on the record now.

For many years now, the country and the Senate — and certainly as recently as last night here in the Senate — have been very interested in the deficit. I want to situate the deficit in the context of the narrative I have been reciting on this inquiry.

It is a fact that one of Mr. Mulroney's most effective ploys as Prime Minister was convincing Canadians that the deficit was the greatest enemy of the people, and that its reduction at any cost would deliver us into a state of public blessedness. You will remember that there was also a period when we were told that the reduction of inflation would produce an equal state of public blessedness.

Just as President Reagan did, Prime Minister Mulroney ballooned that deficit by giving very generous tax breaks to the rich and, again like President Reagan, he then launched an assault on social programs, which were primarily of benefit to the poor and middle class. That assault is justified on the grounds that our social programs, and not the tax breaks given to the very rich, were the cause of the deficit. A neat trick. Not so!

Honourable senators, if you want a recent opinion on the subject, Michael Valpy, in today's *Globe and Mail*, refers to nine eminent economists who produced a report called "Bleeding the Patient/Deficit Hoax Exposed". The article reads as follows:

> The report opens with a statement that the cause of rising public debt is not excessive government spending but inflated interest rates [and] ...the failure to make wealthy individuals pay...

The article then moves on to the question of tax breaks.

The trick was to transform the truth, and gradually but insistently — and incessantly — weave it into a mythology or fabric of "inventions" — as Senator MacEachen has called them — that the social programs and the beneficiaries thereof

would now have to tighten their belts to reduce the deficit; a deficit not created by those programs, but created for the benefit of others much more able to pay. When the achievements of this government are recorded, one will therefore rank at the very top the shovelling of money into the vaults of the rich while, at the same time, convincing the middle class that their social programs were responsible for the resulting deficit.

A recent example characteristic of this hypocrisy was demonstrated by Mrs. Campbell when she detailed how she will begin dismantling — if she gets the chance — our universal health care system in order to combat the deficit.

But we are getting ahead of ourselves.

In 1983, candidate Mulroney publicly downplayed the deficit. Through an interview with Claude Arpin in the *Gazette* a few days before he announced his candidacy, Canadians learned:

> About $2 billion could be cut from the federal budget to reduce Ottawa's deficit, he says, but the impact would be negligible because there's a limit to how much can be cut without disrupting vital equalization programs. Instead, he says, "what's needed is no less than the restoration of the international climate of confidence in Canada."

That quote is from the *Gazette* of March 19, 1983.

He subsequently claimed:

> I see sacrifice, but I see promise. I see frugality in the administration of the public sector, and I see prosperity as a result of sound economic policies.

That quote was taken from the *Globe and Mail* of May 3, 1983.

That prosperity was defined a few days before the convention when Mr. Mulroney released a forecast prepared by Data Resources of Canada. The forecast, sponsored and paid for by Mr. Mulroney's campaign team, claimed that — and Senator MacEachen referred to this also — by 1990, Mr. Mulroney's policies would reduce the unemployment rate to 5.7 per cent, increase R&D spending to 2 per cent of GNP, and — here is the point made yesterday — reduce the deficit to $3.1 billion. That information comes from the *Toronto Sun* of June 8, 1983, and the *Globe and Mail* of June 9, 1983.

For those making mental notes of the difference between the fantasy and the reality of the Mulroney record, the deficit in 1990 was just shy of $31 billion and not $3 billion. Rolling the dice even then, perhaps with a decimal point, he ought to have said $31 billion and not $3.1 billion. If so, he would have been on target.

But, as I said earlier, the deficit was not, in 1983, a major concern for candidate Mulroney. He worked hard at creating the impression that the economy, coming out of a recession, was the real problem, and if it could be straightened out, everything else, including the deficit, would take care of itself.

Was Mr. Mulroney up to the task? After all, he possessed not a single minute of experience in government. His answer was to point to Grant Devine, who had been elected Premier of Saskatchewan the year before. I wish to refer to a quote from the *Gazette* of March 12, 1983. It reads as follows:

> "He had never sat in the legislature," said Mulroney, "but voters saw in him a serious businessman capable of solving problems; a man people felt could bring other important assets to cope with the current economic climate."

• (1500)

All of us, including some senators from Saskatchewan, Senator Barootes and others, now know how Conservative Premier Grant Devine coped in Saskatchewan. He coped so well that the program *W-5* recently devoted its entire one hour segment to the devastating economic and financial consequences of Devine's policies, calling Saskatchewan a basket case. That was Mr. Mulroney's role model, another businessman for whom, undoubtedly up to then, policies had been just a "recreation".

Lack of experience did not humble Mr. Mulroney. It had empowered him. This high-flying businessman who shut down Schefferville promised to work that same magic for the entire country. His presence alone would bring prosperity. Certainly humility has never been a problem with our protagonist. He said:

> Just the mere fact of my election, along with experienced and valued colleagues from the Conservative Party, would instill a magnificent degree of optimism in the country and in the international investment community.

That appeared in the Ottawa *Citizen* of April 4, 1983. This is not to say that he did not propose some policies to get the economy growing. One of the more interesting was tax-free municipal bonds. According to the Montreal *Gazette* of May 11, 1983:

> Mulroney said the proposal would create thousands of jobs and enable municipalities to proceed with costly projects which are currently delayed because of a shortage of money...Under his scheme, a Canadian taxpayer could purchase $10,000 worth of tax-free bonds issued by his municipality and keep all of the interest. "If you received 11 per cent a year for your investment," said Mulroney, "you'd get $1,100 at the end of the first year and you wouldn't give one cent of it to the federal or provincial governments."... He said that if he was prime minister, he would immediately order the necessary changes to the country's tax laws.

"Immediately", he said. That we still do not have tax-free municipal bonds ten years later should come as no surprise, now that we have come to appreciate the peculiarities and nuances of the Mulroney lexicon. Whether it was specific

policy options he advanced, or broad strategic strokes he proposed, the outcome was always the same — the opposite of what was promised.

In that chronological context, what about free trade? Although Mr. Mulroney stressed the importance of foreign investments for our economy and his determination to forge closer relations with the United States, he left no doubt in 1983 that he understood the tightrope Canada had been walking since 1867.

[*Translation*]

I think the following which appeared in *Le Devoir* on May 16, 1983, proves my point, and I quote:

> The Tory party leadership candidate Brian Mulroney considers that opening Canada's doors wide to U.S. trade would constitute a threat to our economic and political sovereignty... Comparing our U.S. neighbour with an elephant, Mr. Mulroney felt it was very dangerous to sleep with an animal that might roll over during the night, with dire results for its partner.

[*English*]

According to the *Toronto Sun* of June 3, 1983, he ridiculed his pro-free trade opponent, John Crosbie, as follows:

> He scoffed at the idea of free trade with the U S. "It's like sleeping with an elephant — everything is fine until the elephant roles over." Mulroney said he thought the free trade issue had been settled by the general election of 1911. "It affects our sovereignty and we will not have any of it".

That was the message he repeated constantly during his campaign to win the leadership of the Conservative Party. The *Globe and Mail*, on June 1, 1983, quoted him as saying:

> This country could not survive with a policy of unfettered free trade...

How sentient he was then. He went on to say:

> This is a separate country. We'd be swamped. We have in many ways a branch-plant economy, in many ways, in certain important sectors. All that would happen with that kind of concept would be the boys cranking up their plants throughout the United States in bad times and shutting their entire branch plants in Canada. It's bad enough as it is...

Did he have a crystal ball and see Scarborough in it?

It is not easy for me to say that Brian Mulroney was right, but in 1983 he was right. For once, he was right. He warned that in bad times manufacturing plants would shut down in Canada — with free trade — shifting their production to the United States. That is precisely what happened. The Mulroney government brought us free trade, then a "made in Canada" recession. The result was just as he predicted — the loss of hundreds of thousands of manufacturing jobs. Many corporations did not even wait for the recession to make the move south.

So why, when he was right for once, did he work so hard to put himself on the wrong side of the issue? The answer will have to wait until we reach the point in our narrative when Canadians were serenaded by Prime Minister Mulroney and President Reagan in Quebec with a spellbinding rendition of "When Irish Eyes are Smiling". But that is for later.

Today we should move on to remember not Prime Minister Mulroney, of Irish descent, but candidate Mulroney, "Québécois pure laine", because when he offered himself up as the saviour of the Progressive Conservative Party he did so as the candidate who could break the Liberal Party's stranglehold in Quebec.

[*Translation*]

In the course of an interview during a dinner in his room at the Château Laurier in Ottawa on May 23, Mr. Mulroney told a reporter from *La Presse* the following:

> You are talking to a real Quebecer, a dyed in the wool Quebecer from Baie-Comeau.

[*English*]

Though he described himself as "Québécois pure laine" to a reporter in his hotel room, Mr. Mulroney went to great lengths in public to disassociate himself from Quebec nationalists and even from Mr. Clark's constitutional position.

Thanks to Senator Murray, we know that Mr. Mulroney approved of Prime Minister Trudeau's earlier attempt to unilaterally patriate the Constitution, notwithstanding the vociferous objections of the Quebec government.

In the book *One Eyed Kings* by Ron Graham, Senator Murray was quoted as saying that, "Brian tends to be pretty simplistic when it comes to strategy." Senator Lowell Murray said this at page 161. He had gone to university in Nova Scotia with Brian Mulroney.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Senator Murray said this?

Senator Frith: Yes. He goes on to say:

> He goes for the big splash. He supported Trudeau's constitutional position not because he had thought about it for five minutes, but because he was so thrilled by the sheer bravado of it all. That position would not have served us very well.

Senator Molgat: You are speaking about our Senator Murray, the Leader of the Government in the Senate?

Senator Frith: The one and only. Not only did Mulroney support Trudeau's position in 1980, he actually praised him in 1983, endorsing his fight against Quebec separatism. Mr. Mulroney said that "Pierre Trudeau is a canadian who loves his country and he's a Quebecer trying to keep it together."

While agreeing with Prime Minister Trudeau's actions, Mulroney deliberately distanced himself from the approach taken by the leader of the Conservative party and former Prime Minister, Joe Clark.

According to *Le Droit* of April 9, 1983, Mr. Mulroney:

[*Translation*]

I quote:

> — he refused to endorse a position taken by his opponent, Joe Clark, who was in favour of full financial compensation for Quebec, should that province withdraw from future constitutional amendments.

He went on to say:

> Mr. Mulroney felt that the position of his opponent, Mr. Clark, was extremely dangerous.

[*English*]

When not blasting away at his rival, Mr. Mulroney trained his sights on separatists by saying:

> I don't play footsie with the Parti Québécois.

Lucien, where were you then, and where are you now?

He even attacked Joe Clark for allegedly accepting support from Quebec separatists. He stated:

> That kind of situation is dangerous for the candidate, dangerous for the party he seeks to lead and dangerous for the country he seeks to unify... You don't get to be leader of this country by playing footsie with the Parti Québécois.

When asked if any PQ members were working on his campaign, Mr. Mulroney's response, according to an article in the Calgary *Herald* of April 29, 1983, was a flat out "No".

What was Mr. Mulroney proposing for Quebec? What were the specifics? The answer is that there were no specifics.

> "I want to know what's coming down the tube from the other side," Mulroney said, refusing to say if he would even negotiate compensation.

That was reported in the Calgary *Herald* on April 29, 1993.

There was no point in even talking about these things while the government of Premier Lévesque remained in power in Quebec. Let me put this quote in the context of his criticism of the 1982 constitutional changes.

[*Translation*]

> "There is no way of satisfying a separatist government," he told the Montreal press yesterday.

[*English*]

This is from the same man who later wanted to heal the wounds that he thought had been inflicted on someone.

[*Translation*]

> "There is no way of satisfying a separatist government."

[*English*]

He later said:

> There is no way of ever pleasing the PQ because it is after one thing only, the dissolution of Canada —

Senator Lynch-Staunton: Perhaps the Leader of the Opposition would allow me to remind him that we did agree to adjourn as close to three o'clock as possible. There are committees waiting and witnesses waiting. Perhaps he could continue this presentation at the next sitting of the Senate.

Senator Firth: I intend to finish as close to 3 o'clock as possible.

Senator Lynch-Staunton: I must say, then, the next time we get close to three o'clock, we will adjourn as close to three o'clock as possible.

Senator Frith: I see. You want to cut me off. I understand. I think in your position I would not want to hear what I have to say, either.

I will, therefore, adjourn the debate, and I will remember that when the time comes. I will move the adjournment of the debate because the Deputy Leader of the Government wants it to stop, and threatens us with sanctions that I was not quite clear about.

Senator Lynch-Staunton: Honourable senators, I am simply trying to have the house respect the undertaking that was unanimously agreed to by both sides when it comes to scheduling business on a Wednesday afternoon.

On motion of Senator Firth, debate adjourned.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask that all remaining orders, inquiries and motions stand.

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

Hon. Senators: Agreed.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 6, 1993

The Senate met at 2:00 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

DEMOCRACY

CAPITALISM AND THE DYNAMICS OF THE ECONOMIC SPHERE

Hon. Philippe Deane Gigantès: Honourable senators, I continue with these useful readings, especially to senators opposite because they are not, I fear, likely to really look at what problems capitalism faces. Heilbroner continues:

> The crucial difficulty for maintaining economic order takes on many forms — the indeterminacy of the outlook for investment and for technology; the unequal distribution of incomes...the technological displacement of labour and the technological impetus toward cartelization; the inflationary tendencies of a successful economy and the depressive tendencies of an unsuccessful one. Capitalism's uniqueness in history lies in its continuously self-generated change, but it is this very dynamism that is the system's chief enemy. The system will sooner or later give rise to unmanageable problems and will have to make way for a successor.
>
> The problems of capitalism must be addressed by the assertion of political will.

That is the role of government, which Mr. Reagan and his disciples opposite have never understood.

> In one form or another, the undesired dynamics of the economic sphere must be contained, redressed, or redirected by the only agency capable of asserting a counterforce to that of the economic sphere — the government.

[*Translation*]

ROUTINE PROCEEDINGS

CANADA ELECTIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

THURSDAY, May 6, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

TWENTY-NINTH REPORT

Your Committee, to which was referred Bill C-114, An Act to amend the Canada Elections Act, has, in obedience to the Order of Reference of Tuesday, May 4, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GÉRALD-A. BEAUDOIN
Chairman

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

[*English*]

Hon. Richard J. Stanbury: Honourable senators, I wish to speak on third reading.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, perhaps the honourable senator could have leave to go to third reading now. Then we can proceed with this item and others that are coming up, because we expect to have Royal Assent later today. If there is leave, Senator Stanbury can speak now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Under the old Flynn formula we normally have accepted — pardon me, when I say "old Flynn" that is not a pejorative term.

Senator Frith: The adjective defines the formula not the person.

Senator Murray: The "time-honoured Flynn formula".

Senator Molgat: Be that as it may, we have normally given leave when there is to be Royal Assent later in the day. We

want to be sure that, if there are senators who want to speak, they are entitled to speak; however, if they are not prepared to speak, they should be entitled to an adjournment.

THIRD READING

Hon. Jean-Claude Rivest: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), I move that this bill be read the third time now.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Hon. Richard J. Stanbury: Honourable senators, I rise to speak on this bill because it is a very important bill. Bill C-114 is a bill to amend the Canada Elections Act and reflects the first of three submissions from the committee in the other place. It really would have been better if this committee had been a special joint committee of the Senate and the House of Commons. Be that as it may, the House of Commons committee has dealt with the proposed amendments to the Canada Elections Act, and the first of their reports has arrived in legislative form.

The first question that needs to be dealt with here is the attitude as to the role of the Senate with respect to electoral legislation. I have heard my own colleagues and those on the other side say, "Why are we taking the trouble to look carefully at this legislation? It has nothing to do with us. It is the House of Commons people who are elected, and it is they who have to live with this piece of legislation."

Honourable senators, my colleagues on the committee and I take the position that where there is a piece of legislation which is clearly dealt with by a body in its own interests, that is the very place where the Senate has a role. The Senate must look at that piece of legislation in terms of whether there has been an attempt to make life easier for the people who drafted it, whether there are items of public interest which must be respected and perhaps have not been, and whether this is really an extension of parliamentary democracy rather than a restriction of it. It was with that role in mind that we invited witnesses and examined this bill with some care.

There are problems with Bill C-114, problems that demonstrate the need to look at the aspects of the bill which I have just enumerated. There are ways in which restrictions are placed upon voters. Under our Charter of Rights and Freedoms, as we all know, it is the right of every citizen of Canada to vote. That right should not be meddled with easily, but we do meddle with it in this bill.

First, if you are a citizen of Canada and happen to reside outside Canada for more than five years, you are disenfranchised; you do not have the right to vote. If you are an inmate of one of the penal institutions, you are still a citizen of Canada, but if you have a sentence of more than two years, under Bill C-114 you are no longer entitled to vote.

There are other problems that affect the voter. The campaign period is shorter. I have been involved in enough campaigns that I am delighted to see the campaign period shortened, but I am not looking at that from the perspective of a voter, and the members of the House of Commons on that committee did not look at it from that perspective either. They were looking at it from their own standpoint. From my standpoint as a person active in politics, I will be delighted to have a shorter campaign, but it does possibly deny some people the right to participate fully in the campaign.

Another restriction on the voter is that he will no longer be allowed to see opinion polls within 72 hours of the vote. I understand that, and I have suffered from the immediacy of opinion polls in the last few days of an election campaign. However, to be fair — and this is perhaps one of the reasons why we want to avoid the polls being available within the last 72 hours — such polls do have an effect on the voters. Who is to say that voters should not have the benefit of that information, particularly since the parties have the benefit of it through their own polls? However, under this bill, the people are denied that opportunity.

In terms of spending limits, I understand the reasons for restricting the spending limits of non-active participants in the election campaign. We have restricted the direct expenses of non-participants to $1,000. However, we have not restricted the indirect expenses, which were so important to all of us during the 1988 campaign. Nothing has been done to prevent that same problem from occurring again.

Honourable senators, it is the ordinary voter who suffers as a result. We are not running this democratic system for the benefit of politicians; we are running it for the benefit of the voters. It is the voters who are taken advantage of when they cannot spend what they want to spend to assist one party or another, or to promote one issue or another. Those who are able to find a way around those restrictions and do it indirectly are able to spend huge amounts of money, and we have the experience to show that it happens.

This legislation restricts the candidates. I am saying that what we should be doing with legislation such as this is opening up the democratic process; we should not be squeezing it shut. We should not be restricting it. For instance, members of the provincial legislatures and the National Assembly are not allowed to run. For example, Ms Callbeck was a member of the House of Commons right up until the moment that she became Premier of Prince Edward Island. Her case is an example in reverse. There is no reason in the world — at least none that I find acceptable — why a person who is involved in politics in the provincial field should not have aspirations to be a candidate in the federal field, and retain his or her seat until the outcome of the election is determined. It is the case in various other fields.

Deposits have been increased from $200 to $1,000. What the Lortie Commission said was, "We need that $1,000 to ensure that people will comply with the electoral rules." That is sensible. They needed something in place so that they would not have to chase people all over the country afterward in order to gather in their returns and do all the things that are necessary. They wanted a performance bond — not cash, but a bond — which would require the candidates to fulfil their obligations under the act. That bond would be returned at the end of the election, after the candidates had fulfilled their obligations.

Instead of that, the committee has come up with an idea that the $1,000 should be paid in cash. Second, it has been

decided that the candidates will only have $500 returned to them after they have complied with the requirements of the act. Third, they will only have the other $500 returned to them if they receive more than 15 per cent of the vote. These may be perfectly good standards, but that is not at all what the Lortie Commission was aiming at. What was intended has been converted into an entirely different purpose.

With respect to nominations, there has been a 400-per-cent increase in the number of signatures required for a nomination. That is simply another method of restricting the candidates. There is no limit on third party indirect expenses, as I said before. However, the candidates are also affected by that method of controlling their expenditures. There is still only a reimbursement of expenditures for those who gain more than 15 per cent of the vote. That is another effort to keep out the people who are regarded as not being fully responsible, I suppose.

The debate in the other place was full of references to the desirability of making it difficult for the "fringe" parties and the "non-serious" candidates. One of our witnesses this morning said that the process is wrong. It is as if we had the police judging the police, or the elected members of Parliament setting up the process for the elected members of Parliament. His recommendation was that there should be a commission, the product of which would then have to go through Parliament, but at least the drafting would be done in another forum.

That witness also said that there had been no effort to put the act into a simple form as had been recommended by the Lortie Commission, even though the Lortie Commission had gone to a great deal of trouble to develop the language to make it possible for the act to be put into a readable and understandable form. I would prefer to take the time and rewrite the sections of the bill that reflect that kind of bias, but the Chief Electoral Officer told us that Bill C-114 makes a number of administrative changes, which he asked for specifically and which he feels are necessary before the next election.

I am satisfied, as I believe my colleagues are, to support the bill if we can make three amendments to it. The first amendment is to permit all inmates, except those with life sentences, to vote. The second amendment is to allow members of the provincial legislatures to be candidates. The third amendment is to include the indirect expenses of independent individuals.

Honourable senators, I therefore move:

That Bill C-114 be amended in Clause 23 by striking out lines 36 and 37 at page 15 and substituting the following therefor:

"correctional institution as a result of a conviction for an offence punishable by a maximum of life imprisonment and is serving a sentence of 10 years or more;"

That is the exact wording of the Lortie recommendation.

The next amendment deals with members of provincial legislatures. I move:

That Bill C-114 be amended in Clause 34 by striking out line 1 at page 33 and substituting the following therefor:

"(3) Paragraphs 77(1)(*c*) and (*d*) of the said Act are".

Amendment 3 is really just adding indirectly to the expenses section. I move:

That Bill C-114 be amended in Clause 112 by striking out line 39 at page 62 and substituting the following therefor:

"ing or opposing, directly or indirectly and during an"

• (1420)

The Hon. the Speaker *pro tempore*: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Rivest, seconded by the honourable Senator MacDonald, that this bill be read the third time now.

In amendment, it is moved by the Honourable Senator Stanbury — Actually, there are three motions in amendment by Honourable Senator Stanbury. Is it your wish, honourable senators, to treat the three amendments as one?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I would propose that amendments 1 and 3 be treated as one, and that amendment 2 be treated separately.

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

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore:* Honourable senators, it is further moved in amendment by Honourable Senator Stanbury, seconded by Honourable Senator Petten:

That Bill C-114 be amended in Clause 23 by striking out lines 36 and 37 at page 15 and substituting the following therefor:

"correctional institution as a result of a conviction for an offence punishable by a maximum of life imprisonment and is serving a sentence of 10 years or more;"

And that Bill C-114 be amended in Clause 34 by striking out line 1 at page 33 and substituting the following therefor:

"(3) Paragraphs 77(1)(*c*) and (*d*) of the said Act are".

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the nays have it.

Senator Molgat: On division.

Motion in amendment of Senator Stanbury negatived, on division.

The Hon. the Speaker *pro tempore*: It is moved by Honourable Senator Rivest, seconded by Honourable Senator MacDonald, that this bill be read the third time now.

It is further moved in amendment by Honourable Senator Stanbury, seconded by Honourable Senator Petten:

> That Bill C-114 be amended in Clause 112 by striking out line 39 at page 62 and substituting the following therefor:
>
> "ing or opposing, directly or indirectly and during an"

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say yea?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the nays have it.

And two honourable senators having rise:

The Hon. the Speaker *pro tempore*: Please call in the senators. There will be a five-minute bell.

Motion in amendment of the Honourable Senator Stanbury negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bonnell	Kenny
Bosa	Lewis
Cools	MacEachen
Corbin	Molgat
De Bané	Neiman
Fairbairn	Olson
Frith	Petten
Gigantès	Stanbury
Hastings	Stewart—19
Hébert	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelleher
Atkins	Kelly
Balfour	Keon
Barootes	Kinsella
Beaudoin	Lavoie-Roux
Berntson	Lynch-Staunton
Buchanan	Macdonald (*Cape Breton*)
Carney	MacDonald (*Halifax*)
Chaput-Rolland	Marshall
Cochrane	Meighen
Cogger	Murray
DeWare	Oliver
Di Nino	Phillips
Doyle	Poitras
Everett	Rivest
Forrestall	Rossiter
Ghitter	Simard
Grimard	Stratton
Johnson	Sylvain —38

ABSTENTIONS

Nil

THIRD READING

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by the Honourable Senator Rivest, seconded by the Honourable Senator MacDonald:

That this bill be now read the third time.

Is it your pleasure, honourable senators, to adopt the motion? Will those honourable senators in favour of the motion please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Bill read third time and passed, on division.

BUSINESS OF THE SENATE

The Hon. the Speaker *pro tempore*: Honourable senators, I should point out that according to rule 23(7) of the *Rules of the Senate*:

> Not later than 30 minutes after the first item is called in accordance with section (6) above, regardless of the progress then made on the items listed therein, the Speaker shall interrupt any proceedings then before the Senate and shall forthwith call for the following:
>
> Question Period

I will need to know whether honourable senators wish to continue, with leave, with the "Presentation of Reports from Standing or Special Committees" or proceed to Question Period.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I believe we should follow the rules.

The Hon. the Speaker *pro tempore*: If leave is not granted, then I shall call Question Period.

QUESTION PERIOD

THE ENVIRONMENT

CELEBRATION OF NATIONAL FOREST WEEK—DISTRIBUTION OF PINE SEEDLINGS

Hon. M. Lorne Bonnell: Honourable senators, yesterday I received in my office a gift, or a bribe, of a pine seedling.

Senator Barootes: Who would want to bribe you?

Senator Petten: You never can tell.

Senator Phillips: It is an awfully expensive bribe for you.

Senator Barootes: But you will not need the manure on it.

Senator Bonnell: I am being asked to celebrate the week of May 2 to May 8 as National Forest week. Since this is National Forest week, I should like to ask the Leader of the Government in the Senate a question concerning its forestry agreement with Prince Edward Island.

Mr. Mazankowski, in his budget of a week or so ago, did away with the agreement with the provinces concerning forestry, and the agreement with Prince Edward Island ran out the week before that. As a result, approximately 350 people will lose their jobs in Prince Edward Island.

With that in mind, I would ask the leader to speak to the Minister of Finance to have that agreement extended for another year. For the other provinces it runs out next year, but, because Prince Edward Island signed the agreement earlier, it runs out this year. Can we have the forestry agreement extended for another year in Prince Edward Island?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I can only accept the honourable senator's question as a representation and convey it to my colleague.

Senator Bonnell: Honourable senators, I have a supplementary question about this bribe I received.

Each year, I used to receive a little pine tree, which I would take home, plant and look after. I now have a nice little forest of pine trees around my home.

Senator Simard: You have Christmas trees, too!

Senator Bonnell: I should like to know if the austerity program in Canada is so great now that the best they can do is send me a seed.

Senator Simard: Well, just return the seed.

Senator Murray: The honourable senator is clearly not familiar with the old saying, "great pines from little acorns grow".

Senator Gigantès: That's new.

Senator Frith: It certainly is new, because it is oaks that grow from acorns, sir, not pines. Don't plant an acorn and expect a pine tree!

Senator Bonnell: Honourable senators, in Prince Edward Island we know that great oaks grow from little oak trees, because we have little oak trees and a big oak in our coat of arms and on our flag. We know all about the oak. But Senator Murray does not, and he doesn't know about spruce trees, either, because this is a spruce tree seedling. That is like trying to get a goat from a sheep. You cannot do that. In any event, he did not answer my question.

Senator Barootes: Read the directions on how it grows. It says, "Add manure and water." In your case add water only.

Senator Hastings: Very enlightening.

Senator Bonnell: Honourable senators, those frivolous remarks aside, I should like to know if the facts are that the government's austerity program has become so widespread that the best they can do now to commemorate National Forestry Week is to pass out seedlings?

Senator Murray: Honourable senators, my friend obviously has also not heard of the old saying, "small is beautiful".

YUGOSLAVIA

PROPOSED PEACE PLAN—POSSIBILITY OF U.S. AIR STRIKES—GOVERNMENT POSITION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, yesterday a serious vote was taken in Yugoslavia regarding the proposed peace plan. There has been some talk that the Americans would consider air strikes if the peace plan were not accepted.

It is one thing for the Americans, who have no troops on the ground in that region, to decide on air strikes. They might lose some aircraft, but at least they have no ground troops to endanger by such strikes. However, we have substantial grounds troops there who, to the best of my knowledge, are not equipped for combat. Although they have light weapons, I do not believe they have with them any artillery or tank support; consequently, they would be unable to withstand the ground attack that would assuredly follow an air strike. They are not there for that purpose. What does the government propose to do?

• (1440)

Hon. Lowell Murray (Leader of the Government): Honourable senators, the question is truly hypothetical. At the moment the United Nations Security Council is considering the implications of the current situation. I think the honourable senator will agree that the role of the UN is very key for decisions on any further action by the international community.

Senator Molgat: That is all very true and the situation may be hypothetical, but there is no question that the Americans have indicated that they are in favour of such air strikes. An air strike would lead immediately to an attack on the ground troops. What does the government propose to do with regard to the Canadian ground troops that are there?

Senator Murray: The honourable senator is accepting as a fait accompli that the United States unilaterally will engage in air strikes. That is, as I say, completely hypothetical.

The United Nations Security Council is deliberating on the matter. Prime Minister Mulroney has made it clear that Canada would not support any further action, except as mandated by the United Nations. The Prime Minister is pursuing these matters in the course of his present discussions in Moscow, and he will also be discussing it with leaders in Bonn, London and Paris in the coming days. The Secretary of State for External Affairs, Mrs. McDougall, is just now completing her visit to the region and is staying in close touch.

I hope the honourable senator would not raise fears unnecessarily, or be alarmist in the preamble to his questions. There is, as we speak, no indication that unilateral action will be taken by any party.

Senator Molgat: I am sure I am not unnecessarily raising any fears. I am presenting a situation that is before us. The American government has indicated that it wants to proceed with air strikes, and it has expressed that desire on several occasions. Canadian troops would be in danger if that were to happen. I will admit that it has not happened yet. However, will the Canadian government tell the American government that, if it proceeds with air strikes, we will immediately withdraw our ground troops?

Senator Murray: Honourable senators, the question of American air strikes is hypothetical. It is more than hypothetical in view of the statement this very morning by President Clinton to the effect that the United States would not act unilaterally.

NATIONAL DEFENCE

PROPOSED CUTBACKS TO DEPARTMENT

Hon. Eymard G. Corbin: Honourable senators, could the Leader of the Government in the Senate tell us what cuts the Minister of National Defence has proposed or announced for her department? Early this morning, on my way to work, I heard a news item to the effect that cuts were planned. Does he have that information?

Hon. Lowell Murray (Leader of the Government): Honourable senators, yesterday afternoon my cabinet colleague, the Minister of National Defence, appeared before the Standing Committee of National Defence and Veterans

Affairs in the other place. I understand that in the course of her testimony she referred to decisions that had already been taken and announced with regard to personnel reductions and other cutbacks in the budget of her department. In other words, there were no new announcements made by the minister on this matter yesterday.

Senator Corbin: I thank the Leader of the Government for that clarification, because the news did not come across at all in that sense.

DELAYED ANSWER TO ORAL QUESTION

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable Senators, I have an answer to a question asked on April 28 by Senator Molgat regarding the Manitoba Indian Agricultural Development Company.

AGRICULTURE

REQUEST FOR AUDIT OF FUNDS ALLOCATED TO ABORIGINAL FARMERS—GOVERNMENT POSITION

(Response to question raised by Hon. Gildas Molgat on April 28, 1993)

The government has not received a request for an audit of the Manitoba Indian Agricultural Development Corporation.

The government monitors the operations of MIADC on a regular basis, and in this relies on, among other things, financial statements prepared by the corporation's auditors.

There have been difficulties at MIADC recently. New management has been installed, the directors of the corporation have stepped down, and a process for selecting new directors is underway.

These difficulties are expected to be temporary. With new people at the helm, MIADC can continue to make a contribution to economic development for Manitoba Indians.

ANSWER TO ORDER PAPER QUESTION TABLED

CANADIAN ADVISORY COUNCIL ON THE STATUS OF WOMEN

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 81—by Senator Marshall.

SCRUTINY OF REGULATIONS

EIGHTH REPORT OF STANDING JOINT COMMITTEE TABLED

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I should like to table the response of the Government of Canada to the Eighth Report of the Standing Joint Committee on the Scrutiny of Regulations concerning section 23 of the Territorial Lands Act.

BUSINESS OF THE SENATE

The Hon. the Speaker *pro tempore*: Orders of the Day.

Hon. H.A. Olson: Honourable senators, I had assumed that, after the vote, we would return to the item we were on under Routine Proceedings. I cannot recall this ever happening before, but, if we are not going to go back, I would at least ask permission to revert to reports of committees.

The Hon. the Speaker *pro tempore*: Honourable senators, it would be by leave that we would revert. Standing Order 23(8) states:

> Not more than 30 minutes after the Speaker calls for "Question Period", regardless of progress made on the items listed in section (6) and (7) the Speaker shall call for:
>
> Delayed Answers
>
> Orders of the Day

My understanding is that, by leave, the Senate could revert, but without leave we would continue with Orders of the Day.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Your honour, this is the first time that we have invoked this new rule. It is another one of those rules that need substantial reworking. In fact, if it were tossed out completely, it would probably be an improvement, but we are prepared to give leave to revert.

Hon. Royce Frith (Leader of the Opposition): Someone should take note of the fact that what that means is that, unless there is leave, the reports of committees cannot be presented. Surely that is not the intention of the rule.

Senator Murray: What should have been done with the third reading of the elections bill was to say, "With leave, later this day". It could have been dealt with in that manner.

Senator Frith: Yes, that would cover that situation. However, there is still the fact that there are reports from many committees. Surely, it was not your intention to cut them off.

Senator Lynch-Staunton: There would have been time without the vote.

Senator Murray: A lot of thinking has gone into these rules.

The Hon. the Speaker *pro tempore*: Is it is agreed that we revert to Presentation of Reports from Standing or Special Committees under Routine Proceedings?

Hon. Senators: Agreed.

ROUTINE PROCEEDINGS

BORROWING AUTHORITY BILL, 1993-94

REPORT OF COMMITTEE

Leave having been given to revert to presentation of Reports from Standing or Special Committees:

Hon. H. A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

THURSDAY, May 6, 1993

The Standing Senate Committee on National Finance has the honour to present its

TWENTY-FOURTH REPORT

Your Committee, to which was referred Bill C-117, An Act to provide borrowing authority for the fiscal year beginning on April 1, 1993, has, in obedience to the Order of Reference of Wednesday, May 5, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON
Chairman

THIRD READING

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), I move that the bill be read the third time now.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Allan J. MacEachen: Honourable senators, I wonder if I could revive my curiosity with respect to the questions I asked the Deputy Leader of the Government yesterday on whether it was possible to extract that information from the minister and his officials.

Senator Lynch-Staunton: A copy of the "blues" was sent to the department yesterday afternoon. I arrived at the meeting towards the end, but I understand the matter was covered. I have not seen the transcript of the committee's hearing, so whether or not his questions are covered to the senator's satisfaction I cannot say, but I am sure they were at least discussed.

Senator MacEachen: I have no response to the answer but silence — except perhaps to add that the honourable senator did undertake yesterday to insist upon accurate responses. I hope that, even though he has not had a chance to examine the transcript, he will still keep that commitment in mind.

Senator Lynch-Staunton: I will.

Motion agreed to and bill read third time and passed.

CARRIAGE OF GOODS BY WATER BILL

REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

THURSDAY, May 6, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

FOURTEENTH REPORT

Your Committee, to which was referred the Bill C-83, An Act respecting the transportation of goods by water, has, in obedience to its Order of Reference of Monday, May 3, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

THIRD READING

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

Hon. Finlay MacDonald: With leave, now.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

MARINE INSURANCE BILL

REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

THURSDAY, May 6, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

FIFTEENTH REPORT

Your Committee, to which was referred the Bill C-97, An Act respecting marine insurance, has, in obedience to its Order of Reference of Tuesday, May 4, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

THIRD READING

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

Hon. John Sylvain: With leave, now.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

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BILL TO AMEND — REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

THURSDAY, May 6, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

SIXTEENTH REPORT

Your Committee, to which was referred the Bill C-88, An Act to amend the Copyright Act, has, in obedience to its Order of Reference of Thursday, March 25, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

THIRD READING

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

Hon. S. Chaput-Rolland: With leave, now.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed.

FOREIGN AFFAIRS

STUDY OF MATTERS RELATED TO NATIONAL SECURITY AND DEFENCE—REPORT OF COMMITTEE ADOPTED

Hon. John B. Stewart: Honourable senators, I have the honour to present the Fourteenth Report of the Standing Senate Committee on Foreign Affairs concerning National Security and Defence.

THURSDAY, May 6, 1993

The Standing Senate Committee on Foreign Affairs has the honour to present its

FOURTEENTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, February 18, 1992, to hear evidence and to examine and report on matters relating to national security and defence and the future roles of Canada's armed forces, respectfully requests that it be empowered to adjourn from place to place within and outside Canada for the purpose of such study.

Pursuant to Section 2:07 of the *Procedural Guidelines for the Financial Operation of Senate Committees*, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

JOHN B. STEWART
Chairman

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this report be taken into consideration?

Senator Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*g*), I move that this report be taken into consideration now. I would be more than happy to explain why I would like this motion to be dealt with today.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Stewart: The purpose of the report is to seek leave for the subcommittee on Security and National Defence, which is studying that topic, to sit from place to place outside Ottawa, and also outside Canada. The purpose of this travel is to obtain information.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senator, to adopt the motion?

Motion agreed to and report adopted.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—REPORT OF COMMITTEE TABLED

Hon. Noël A. Kinsella: Honourable senators, I have the honour to table the seventeenth report of the Standing Senate Committee on Social Affairs, Science and Technology, the committee's report on its study of the concept, development and promotion of Canadian citizenship entitled, "Canadian Citizenship: Sharing the Responsibility."

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this report be taken into consideration?

Senator Kinsella: Honourable senators, I ask that the report be placed on the Orders of the Day for future consideration.

• (1500)

On motion of Senator Kinsella, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-FOURTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairperson of the Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, May 6, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FORTY-FOURTH REPORT

Your Committee has examined and approved the budget presented to it by the Joint Chairman of the Special Joint Committee on Bill C-116, concerning conflicts of interest, for the proposed expenditures of the said Committee with respect to the consideration of Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of public office holders, to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendments to other Acts, and of any other matter relating thereto, as authorized by the Senate on April 1, 1993. The said budget is as follows:

Professional and Other Services	$12,498.00
Transportation and Communications	1,066.00
Other Expenditures	3,096.00
TOTAL	$16,660.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this report be taken into consideration?

Senator Lavoie-Roux: Honourable senators, with leave of the Senate, I move that it be adopted immediately.

Hon. Philippe Deane Gigantès: Certainly not.

[*English*]

Senator Hastings: No.

Senator Frith: No.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Kelly, that this report be considered at the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Senator Lavoie-Roux: Very well, then. They just won't have the money.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): If indeed there is some urgency in this matter being dealt with, then perhaps Senator Lavoie-Roux could explain the urgency. She may be able to convince some members who have refused to give leave. There has been no indication of urgency. If there is, I am sure that honourable senators would be prepared to look at the matter again.

Hon. Royce Frith (Leader of the Opposition): When you ask that something be taken into consideration now, you should explain why, as Senator Stewart did. That is all.

Senator Lavoie-Roux: They tell me it can wait, so it waits.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

NOTICE OF MOTION TO DIVIDE BILL INTO TWO BILLS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I give notice that on Friday next, May 7, 1993, I will move:

> That it be an instruction of this house that when Bill C-93, an Act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992, is read the second time and referred to the Standing Senate Committee on National Finance, the said committee divide the said Bill into two Bills in order that it may deal with Part III, entitled Canada Council for the Arts and for Research in the Social Sciences and Humanities, separately from the remainder of the Bill.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTINGS OF SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

> THAT the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon on Tuesdays, May 18 and 25, June 1, 8 and 15, 1993, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

I would like to explain the motion, if I may. The Standing Senate Committee on Foreign Affairs is pursuing its instructions from the Senate to examine the NAFTA and other trade-related matters. The work that the committee has laid out for itself is heavy, and almost by the hour it becomes heavier. We intend to hear witnesses from various places within Canada who will be coming to Ottawa, and we are hoping to have certain authoritative witnesses from the United States.

In order to proceed with this work efficiently, we need to have fixed times for our meetings. We are anticipating at least two meetings a week in the time slots allocated to the committee: that is to say, on Wednesday afternoons at approximately three o'clock, and then on Tuesdays. What we are asking in this motion is for the right to meet at four o'clock on certain specified Tuesdays, even though the Senate may then be sitting. I hope this proposal will meet with the approval of the Senate.

Hon. Eymard G. Corbin: That is excellent planning.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have spoken on many occasions on this subject. I will not repeat my previous speeches. The chairman of the committee has spoken to me about the matter and, in view of the importance of the subject that is before that committee and the fact that a number of these witnesses will be coming from outside and are not available here in Ottawa, it seems to me that the only way the committee can properly plan its work and perform in the most economical way possible is to get these witnesses at a set time. I would agree to grant leave.

Motion agreed to.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present a petition signed by 81 residents of Ontario who object to the goods and services tax.

Most of these petitions come from Niagara Falls, Windsor, Scarborough, London, Toronto, Brampton, Whitby, Bracebridge, Hamilton and Etobicoke.

Honourable senators, I also have the honour to present a petition signed by 100 residents of British Columbia who object to the goods and services tax.

Most of these petitions come from Fairmont, Hot Springs, Invermere, Port Moody, Cranbrook and Revelstoke.

We have here a total of 181 Canadians who demand the abolition of the GST, especially because it is a threat to the vulnerable publishing industry, that unique medium for transmitting the culture of a society. In the next election, these 181 Canadians will certainly not vote for a government which for the past nine years has attacked the cultural sector.

[*English*]

ORDERS OF THE DAY

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator

Buchanan, P.C., for the second reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to move the adjournment of the debate on Bill C-93.

I have mentioned that I was working on notes, and I now have my speaking notes. Earlier today, however, I gave notice that I wished to have the committee instructed to divide the bill; that is, to separate out Part III from the rest of the bill. In my speech I will refer to the fact that I want that separation so that the committee — and eventually the Senate — can deal with the bill in two parts. Part III deals with the Canada Council for the Arts and for Research in the Social Sciences and Humanities.

I should like to deal with both parts at the same time, and I am prepared to do so. However, my motion will not come up until tomorrow, or until the next sitting of the Senate. I undertake that I will deal with both parts of this bill together when that debate takes place.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I want to be clear: The Leader of the Opposition is saying that he is not prepared to speak on Bill C-93 at this stage; that he wants to wait until his motion — of which he gave notice earlier today — is disposed of by this house before carrying on with the debate; is that correct?

Senator Frith: Yes.

Senator Lynch-Staunton: The Leader of the Opposition knows that the Deputy Leader of the Opposition and I have been discussing the schedule of this house with the anticipation that, once Bills C-92 and C-93 have gone to committee, we will adjourn for one week, if not two. However, this schedule would be somewhat altered by the honourable senator's request, because we are anxious to see this bill go to committee. This means we will have to sit tomorrow, and perhaps next week, in order to deal with the matter.

If the house is prepared to do that, then, before making the decision, I think we should perhaps reflect on the disruptive effect that this request will have on schedules that have already been made by many senators, on the assumption that we would have next week off. That assumption was based on my understanding that Bills C-92 and C-93 would be referred to committee before the end of this week.

Senator Frith: That is exactly the problem, and it has been well stated by the Deputy Leader of the Government. If this bill goes to committee today after I have made my speech, and we adjourn for two weeks, the committee will come back with its report before my motion will have been reached. My motion to separate the bill, which is a serious motion, then becomes academic. I think the committee and the Senate should deal with this bill in two parts. However, if the timetable of the Deputy Government Leader is followed, the procedure then becomes moot; there is no point in it.

I am ready to sit next week. We could sit tomorrow. I am serious about this motion, and I believe there is some support in the Senate for splitting the bill in this way so that the committee and the Senate can deal with it in two parts. If that means we have to sit, then obviously we have to sit to do it, of course. Why not? That is our business. That is what we are paid for.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that further debate be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Senator Frith: You are refusing the adjournment because you have made plans not to sit next week, is that what is happening?

And two honourable senators having risen:

The Hon. the Speaker *pro tempore*: Please call in the senators.

Hon. William M. Kelly: I suggest that we have a 15-minute bell, with the vote to be taken at 3:35 p.m.

Motion of Senator Frith negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Bonnell	Lewis
Bosa	MacEachen
Cools	Molgat
Corbin	Neiman
Everett	Olson
Fairbairn	Petten
Frith	Robichaud
Gigantès	Sparrow
Hastings	Stewart
Hays	Thériault—22.
Hébert	
Kenny	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kinsella
Atkins	Lavoie-Roux
Balfour	Lynch-Staunton
Barootes	MacDonald (*Halifax*)
Beaudoin	Macquarrie
Berntson	Meighen
Chaput-Rolland	Murray
Cogger	Oliver
DeWare	Phillips
Di Nino	Poitras
Doyle	Rivest
Forrestall	Rossiter
Ghitter	Simard
Johnson	Stratton
Kelly	Sylvain—30.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I think we had better make clear just what is happening here, so that there can be no misunderstanding. My colleague, Senator Frith, is prepared to proceed to speak on the bill at this time, on the understanding that, later this day, he will have an opportunity, with leave of the Senate, to speak to his motion of which he gave advice earlier today. It would normally come up tomorrow, but with leave can be done today. The understanding is that leave will be granted for him to do that later this day. On that basis, Senator Frith is prepared to proceed with the discussion of the bill.

Hon. Douglas D. Everett: Can the honourable senator tell me at what point in the Order Paper the motion will be dealt with?

Senator Frith: I hope it will be dealt with when I have finished making my speech on Bill C-93, so that the Senate's attention will be on both matters at the same time.

Senator Murray: With leave.

Senator Molgat: Yes. We must have a clear understanding from all senators that leave will be granted; that no one individual will rise and object.

Senator Frith: As I understand it, leave is being given right now to deal with my motion to split the bill at the end of my speech on second reading of Bill C-93.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Frith: Honourable senators, we are being asked today to send Bill C-93 to committee for further examination. This bill is similar to Bill C-63, which received Royal Assent on February 3 of this year. That bill closed out such agencies as the Law Reform Commission and the Economic Council of Canada. Under Bill C-93, the Agricultural Products Board will wind up, the Enterprise Cape Breton Corporation will be folded into the Atlantic Canada Opportunities Agency, the Canadian Commercial Corporation will be folded into the Department of Supply and Services, and the Social Sciences and Humanities Research Council will be amalgamated with the Canada Council. Today I wish to deal specifically with these last two agencies, namely, the Canada Council and the Social Sciences and Humanities Research Council.

This bill requires that the Social Sciences and Humanities Research Council, SSHRC, terminate its activities and transfer its function and staff to the Canada Council for the Arts in order to create a new agency. The new agency is to be known as the Canada Council for the Arts and for Research in the Social Sciences and Humanities. The decision to amalgamate these two agencies reverses a previous decision to separate the two.

SSHRC is a grant-giving body that administers funds for research and scholarship in the social sciences and humanities. This function was previously performed by the Canada Council. However, this function was removed from the Council in 1978. It is important to remember that the Canada Council previously did perform this function. In 1978, the granting of funds for research and scholarship in the social sciences and humanities, previously carried out by the Canada Council, was removed and SSHRC was formed.

Now the government has decided to go back to the way things were before. Every knowledgeable person to whom I

speak wonders why. Surely it was not simply for some romantic idea of how wonderful things were in the past. It cannot be because it was working in the form it was then, so we know better than that. It cannot be for the romantic idea of finding a reason to talk about cutting the deficit without actually having to do so.

Bill C-63, of which I spoke earlier, was drafted in the name of the deficit. The cuts to the Canada Assistance Plan were in the name of the deficit. The axing of the universality of child care benefits was in the name of the deficit. Now we have the amalgamation of the Canada Council and SSHRC. Is it in the name of the deficit? Does the deficit continue to be talked about but not cut?

For the moment, let us investigate whether this is all an exception and will really help to reduce the deficit. We find that there are no hard facts to prove that this merger will save any money at all. In fact, I think it is safe to say that there are not even any soft facts to prove that this merger will save any money at all. We do find quite a lot of confusion, and senior officials who say that no studies were done on the merger. We even find some government supporters who say that it is as much for show as anything else, and Privy Council Office officials who say there will be no cuts to either agency.

However, there cannot be a saving if there are no cuts. We find a parliamentary secretary who says that there will be savings as a result of cuts to the Canada Council, and another parliamentary secretary who seems to be completely confused by any and all of the creative numbers which have suddenly been thrown about.

Here is the pattern: one, a public servant is asked about the cost and says there are no savings; two, the media reports on lack of savings; three, the government is embarrassed, as any government would be; four, the public servant is found to offer public repentance and finds possible savings.

One of the main issues for the committee will be whether there is a saving to be realized here. Its main problem will be whether it is a good idea. Next will be whether it will reduce savings and whether that is a part of the good idea. Let us attempt to untangle the mess.

Let us begin with the first witness to appear before the committee which examined this bill in the other place. It was Mr. Doug Patriquin, Assistant Secretary of the Crown Corporation Directorate at the Treasury Board Secretariat. In his opening statement on Bill C-93, Mr. Patriquin explained to the committee that the savings resulting from the bill would be modest, and that they had not been quantified. He told the committee:

> If viewed strictly as a stand-alone measure, I would indeed concede that Bill C-93 is a modest proposal from a savings perspective. While not all savings have been fully quantified — and that really essentially won't be known until the organizations have merged —

and it seems to me that it is too late then —

> at present we estimate that the known savings will be approximately $15 million over five years, starting in the fiscal year 1992-93.

That is from Issue No. 1, page 15 of the committee hearings. On the one hand, the government estimates savings of $15 million over five years, but on the other hand it will not really know what savings there will be until the mergers are completed. Incidentally, when I talk about $15 million, I am talking about $15 million for the whole thing; not just for the SSHRC-Canada Council part.

On to Part III of the bill, the Canada Council-SSHRC merger. Of the estimated $15 million in savings, how much is as a result of that particular merger? Who was it on that commercial for Bell Telephone who used to say, "We are not sure"? That is the answer.

In responding to the same question from MP Simon de Jong in committee, Mr. Patriquin listed the estimated savings from the other parts of the bill, subtracted those from the amounts of the total estimated savings, and attributed the remainder to Part III of the bill.

Let us look at that arithmetic: According to Mr. Patriquin, the folding of the Enterprise Cape Breton Corporation into the Atlantic Canada Opportunities Agency will have an initial cost of $1 million. There are no expected savings from that merger. Folding the Canada Commercial Corporation into the Department of Supply and Services is expected to result in savings of about $6.4 million over five years. The winding up of Emergency Preparedness Canada is expected to result in almost $3 million in savings over five years. Part VI of the bill, the RCMP amalgamation, is expected to result in $3.7 million in savings, and Part IX, dealing with the Petroleum Monitoring Agency, is estimated to result in savings of $1.5 million. The total of these savings is $13.6 million. Subtract that from the savings of $15 million expected to accrue from this bill, and that leaves us with approximately $1.5 million not accounted for. In the government's eyes, this means that the merger of Canada Council and SSHRC must result in savings of $1.5 million. Certainly no more and maybe less.

If there are any savings, then it is all by speculative, arithmetical sleight of hand. There is no evidence anywhere directly looking at the merger and saying, "This part III dealing with SSHRC and Canada Council will result in the following savings for the following reasons." With all the evidence I will give you, nowhere does anyone say that will happen in that way because, as Mr. Patriquin explains, there is really no reason to believe this will be so.

On page 21 of Issue No. 1 of the committee minutes of the other place, Mr. Patriquin says:

> That leaves the number that we have quoted at $15 million. It has a residual of about $1.5 million. We expect that, in particular, Part III is very likely to generate a significant part of that.

We are down below even the 1.5. We are now talking about "a significant part" of $1.5 million.

> ...but I do not have a hard estimate on that and we had not made a hard estimate of that at the outset.
>
> That, plus other pluses and minuses from many other organizations and changes, is the basis for the $15 million estimate.

Therefore, even the $15 million estimate is pretty fanciful.

We legislators can only speculate what may have happened. Is it plausible to think that the minister went to the appropriate government officials and said, "I want to save $15 million. Amalgamate and wind up these agencies and give me the $15 million figure."? The government official has no hard evidence that the Canada Council/SSHRC merger will result in $1.5 million, but since that is the number that will make the total add up to $15 million, that is how much it will save.

I have to tell honourable senators, that was just the beginning of the less-than-hard facts or soft facts, because next we have a conscientious government backbencher telling us there is no real purpose for this part of the bill, but that it is only for show. This is what Murray Dorin had to say to the social scientists who appeared before the committee on February 23 of this year.

> As social scientists, you will undoubtedly appreciate the value of symbolism. One of the comments we have heard is that this measure is as much symbolic as real, in the sense that there are perhaps no effective cost savings. I am not going to try to dispute that. I have no basis on which to say there are or there aren't. But there is no doubt, as Mr. de Jong has commented, a lot of people, a lot of Canadians believe there is a plethora of government. There are dozens and dozens of agencies and boards. They are getting very distressed with what they see as the endless cost to them.

Honourable senators, all partisanship aside, I think we have to agree that, if there is a justification for this bill, deficit reduction is not it. No studies have been done to find out if there will be savings. Speculation, fanciful arithmetic, yes, but no studies. This merger may even cost more money, rather than save any. We do not know. Nobody knows.

Senator MacDonald seems to speak for many of us when he is quoted in the *Globe and Mail* on February 27 as saying that the whole exercise:

> Might be nothing more than a symbolic act to protect the party's right flank from attacks from the dreaded Reform Party, to cause sufficient pain and spill enough blood to impress the voters. If true, this might be good politics in the short-term, but it is not good public policy in the long run.

Senator MacDonald may have found what many of us on both sides of the house, here and apparently in the other place, have found in our background reading for this bill.

Let us go back to Mr. Patriquin from Treasury Board and the first committee hearing in the other place. The issue this time is cuts to the agencies and whether any of the estimated savings would result from funding cuts. As Mr. Patriquin explained, funding for SSHRC and Canada Council which were supposed to receive a 4 per cent increase, were frozen. Here is the exchange between Mr. Patriquin and Mrs. Finestone.

> Mrs. Finestone: ...there was a promised 4 per cent increase to SSHRC, and you already answered my colleague Murray [Dorin] that the 4 per cent increase is gone, it's frozen; like everything else, it's zapped. Is that correct?
>
> Mr. Patriquin: The budget did freeze that, that's correct.
>
> Mrs. Finestone: There's an additional 10 per cent across-the-board cut. So SSHRC got a 10-per-cent cut and Canada Council got a 10-per-cent cut.
>
> Mr. Patriquin: SSHRC was not cut 10 per cent. It was frozen. The Canada Council grants were cut 10 per cent.
>
> Mrs. Finestone: And there's an additional 3 per cent coming up next year, the operating cuts.
>
> Mr. Patriquin: In addition to the 10-per-cent cut on the grants, yes, there will be a 3-per-cent cut on administration.

That can be found in Issue No. 1 on page 28.

Here we see the cuts — a 10-per-cent cut in grants for Canada Council to be followed by a 3-per-cent cut on administration. However, there was no link made between these cuts and savings in Bill C-93. Presumably, the two are separate.

J.A. Mitchell, the Assistant Secretary to the Cabinet from the Privy Council Office, clarified this issue before the committee on February 24. He said:

> But again, I would go back to the point that there's nothing in this bill or these changes that changes the programs, that touches the amount of money that's there, that cuts the number of people who are there to deliver these programs or anything like that. I mean, there simply isn't. That's the thing.

That is in Issue No. 3 on page 19.

Now we have an assurance from the PCO that there will be no cut in funding as a result of Bill C-93.

That brings us to report stage in the other place. Here is where we see some damage control, after all the bad press, for amalgamating these two agencies without proving any savings. Many of us have been getting angry letters from both the arts and social science communities. The best damage control would have been, of course, to simply remove Part III from the bill. Instead, we have had more confusing arithmetic.

The estimated savings have now increased to about $5 million, according to Mr. Jean-Marc Robitaille, the Parliamentary Secretary to the Minister of State (Finance and Privatization). Mr. Robitaille told the House of Commons this on April 20, 1993:

> I am pleased to advise the House today that once the transition of the new organization is complete, it will result in ongoing annual savings of about five million dollars, probably as early as in the third year of the operation of the new Canada Council for the Arts and for Research into Social Sciences and Humanities.

That is from *Hansard* in the other place, at page 18161.

Remember the pattern to which we referred? The public servant starts by saying there were no savings. In this case, several of them said there were none; and then there is an embarrassment, and we find that the public servant publicly repents and finds possible savings.

This figure that we ended up with is a changed figure and it says the merger would result in $5 million in savings as opposed to $1.5 million. This figure, however, is a little misleading. When asked to table the document from which Mr. Robitaille found his statistics, this is how he responded:

> These estimates made by management are based on the 10-per-cent cuts that the Canada Council made further to the last budget. What I could table in the House is the official press release setting forth the policies under which Canada Council management can give the approximate figure of $5 million.

That is from Commons *Hansard*, April 20, 1993, page 18168.

Aha! The $5 million in savings does not result from the merger, but it results from cuts made to the Canada Council which Mr. Mitchell from PCO told us weren't going to happen.

No wonder we all find still more arithmetical confusion. I think our unconvinced group might include, perhaps unwillingly, Dorothy Dobbie, the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs and the Minister of State for Agriculture. She said this to the House:

> First of all, there was a reference made, I believe, in an article to a figure of $1.5 million suggesting that would be the net savings for five years...

Remember — $1.5 million was the amount that Mr Patriquin from the Treasury Board told us would be saved. Mrs. Dobbie continues:

> That is not correct. The savings will actually be $5 million per year.

Honourable senators, it is obvious that math has not been done on this proposal. No one knows what the savings will be, or if there will be any. Those who speak on it give us different messages.

As a quick summary, first, senior Treasury Board officials say the savings are $15 million overall. Subtract this from the known savings from parts II, IV, V, VI, IX, and we end up with savings of $13.6 million. Subtract $13.6 million from the desired savings of $15 million, and we are left with $1.5 million. The line was then that the $1.5 million will be saved by the SSHRC-Canada Council amalgamation because it could not be found anywhere else.

• (1540)

The next thing we hear is Mr. Dorin telling us that the amalgamation has purely symbolic value and will result in no effective cost savings. This belief is supported by Senator MacDonald, who himself believes that the bill may have been to pander to the Reform Party voters. In fairness he said, "may have been".

This was followed by Treasury Board officials telling us that there were funding cuts being made to the Canada Council, while PCO officials assured us that there would be no changes in the amount of money received by the two agencies as a result of the bill.

If we were not confused enough, Mr. Robitaille, in the other place, told us that there would be $5 million in savings as a result of the bill, but later clarified that the savings would result from funding cuts to the Canada Council, which were not expected to occur.

Then Mrs. Dobbie thought the $1.5 million figure given by the Treasury Board officials was wrong, which some PCO man did not think would happen at all. The savings from the merger will amount, she believes, to $5 million. That would make Mr. Robitaille wrong as well.

However, honourable senators, the overall picture is even worse. Not only is there no financial reason for this legislation, but also there is no other reason. In fact, it is a wrong thing, not just for a wrong reason, but for no reason.

I have been hard pressed, and I believe a lot of my colleagues in the Senate have been hard pressed, to hear from or find any one who supports Part III of this bill. All members of the university, arts, social sciences and humanities communities are against the bill, and for good reason. Remember as I said at the beginning, it reverses a decision that had been taken in the late seventies and which everyone heralded as a good decision, and which has worked in the meantime. Reversing it for no reason that we can see, seems pointless.

There have certainly been a good number of objections raised to this part of the bill. To begin with, a number of organizations have stated they were not consulted before this bill was introduced. These same organizations said that if they had been consulted, they would not have recommended the amalgamation of the two agencies.

Here is a list of organizations who say they were not consulted — I am certain there are others. They have written to us, as parliamentarians, or appeared before the committee in the other place. They are not exactly fringe groups on this Part III and the effect of it; they are affected parties. They are: The Association of University and Colleges of Canada; the Canadian Federation for the Humanities; the Social Science Federation of Canada; Judith Scherer Herz, Professor of English at Concordia University; our former colleague and now president and Vice-Chancellor of Wilfrid Laurier University, Lorna Marsden; the Canadian Association of University Teachers; and the Canadian Conference of the Arts.

Honourable senators, we in Parliament should not accept this lack of consultation, a lack of consultation with Canadians vitally affected by this bill. We should remedy it by consulting them extensively ourselves.

The above organizations represent a great number of people. The Social Sciences Federation of Canada and the Canadian Association of University Teachers alone represents 40,000 faculty members, librarians, social sciences and researchers across the country. I think we should consult with them. I hope we can focus their attention on what it is they object to, which is Part III of the bill.

Why do these organizations think Bill C-93 is a bad bill? Some of these are the same groups who in the 1970s argued for and won the separation of SSHRC from the Canada Council in 1978. They believed then, as they do now, that the cultural and academic communities had two separate objectives, which would be better served if they existed independently of each other. It was believed that the Canada Council could better achieve its objective of nurturing artistic and cultural existence and the SSHRC could better strengthen research in social sciences and forge its own links to the medical and natural sciences and engineering research communities, if they had their own funding councils.

As it turned out, they were right. Having been able to reflect the distinctiveness of their clients, and having developed tailored ways of operating, both organizations have been better able to achieve their objectives. But now, it seems, the government wants to impair their ability to be successful by forcing the two to amalgamate in an unwanted marriage, so to speak.

All of these organizations have serious concerns about the amalgamation. In a press release dated November 30 last year, the Canadian Federation of the Humanities stated:

> This legislation threatens to weaken humanities scholarship drastically. Whatever guarantees are being offered, what is really happening here is that the humanities are being dumped unceremoniously back into the government's cultural portfolio. Simply put, the inherent financial, political and constitutional instability of that portfolio gives us little cause for comfort. The Federation believes major changes are needed in the legislation — and that a thorough process of consultation with scholars and artists must be launched by the government prior to passage of this legislation.

The Canadian Federation of the Humanities was not the only group to state that the move of humanities research to the cultures portfolio was not desirable. In a letter to the Minister of Communications, Professor Louise Quesnel, President of the National Federation of Canada, expressed similar concerns. It is dated December 14 last year. It said:

> With the tabling of provisions to wind up the Social Sciences and Humanities Research Council, and to transfer its functions to the Canada Council, the government is turning back the clock to the 1970s as the SSFC stated last March. As you know, SSHRC was created in 1978 as an independent agency, precisely because the needs of researchers in the social sciences were not well served under the Canada Council. Furthermore, the decision to create the new research council was made only after considerable consultation with the academic community, unlike last February's budget announcement.

The Social Science Federation of Canada is yet another group which supported the separation in 1978 and which sees this reunion as an undesirable one.

I mentioned Professor Judith Scherer Herz from Concordia University. She wrote to me about her concerns. Here is what she had to say:

> The proposed structure will inevitably foster a useless and possibly destructive competition between artists and scholars. The needs of the two communities are as different as the circumstances of their lives. Even though the proposals call for the continuation of separate funding procedures and ministerial affiliations for the next four years, it is inevitable that once the merger is fully accomplished this separation will disappear.

Professor Scherer Herz's statement explains that the reasons for the 1978 separation are valid today, that the needs of the two communities, social sciences and humanities research and the arts, are different and should be separate.

The Association of Universities and Colleges of Canada also have grave concerns about this merger. In a press release dated November 30, 1992, they said:

> As Canadians look to the 21st century and their place in a research and innovation-intensive world economy, the federal government is turning back the clock to the 1970s with its recently tabled Bill C-93.
>
> SSHRC was transferred out of the Canada Council in 1978 after much consultation and study. This move recognized the growing importance of social sciences and humanities research to Canada's overall science effort and gave it the profile and autonomy it needed to thrive.

"Lumping the social sciences" is a phrase that shows up in many of the submissions we have, expressed in different ways with different verbs, but "lumping" is as good as any other word:

> Lumping the social sciences and humanities with the arts, 14 years later, does not make much sense, especially at a time when SSHRC has already developed partnerships with other research councils in order to find interdisciplinary solutions to our pressing medical, industrial, environmental and human resource problems.

The Association of Universities and Colleges certainly does not believe this is a step forward. Their statement expresses the concern that the work SSHRC supports will not be improved by this merger.

The opinions are unanimous. The Canada Council and SSHRC have completely different objectives which would be best achieved independently of each other and are achieved after a lot of study and support from those who know what is involved.

The merger threatens the achievement of both agencies over the last 15 or so years. It does seem a shame, honourable senators, to wipe out in this way what everybody in the field recognizes as worthy achievements. When a very important and significant segment of Canadian society has some hoorays for some legislation and some cheers for the legislation, there is something wrong when we say, "Thanks, but now we will remove all these things you are so happy about."

The partnerships formed between the SSHRC and the other research councils will also be threatened by the merger. The resulting competition for funds between artists and scholars will be destructive and humanities scholarships will be weakened drastically.

Therefore, we must ask the question again: Why is this being done? What is the rationale? I think it is our duty to be satisfied. Most of the evidence that I have seen has been able to convince me — in fact, all of the evidence that I have, and I know many other senators have — and should convince us that there is no good reason for doing it and it should not be done.

We know the merger will not save any money, and we know that both communities are against the merger. The separation of the Canada Council and SSHRC in 1978 was widely supported and has proven to be successful. There is no one from either side who requests or wants this merger. Why, then, did the government propose Part III of the bill?

We must try to find the answers to those questions in committee, and we must insist on being satisfied. If we are not satisfied, we should reject Part III. If we knew what the rationale behind the merger was, perhaps we could better evaluate the bill. All the evidence is against Part III. Perhaps the Minister of Communications can appear before the committee to explain the government's rationale. I am sure he will want to.

I should like to suggest, honourable senators, for the reasons I have outlined, that the committee hold extensive hearings beyond the four days held in the other place, and invite all interested parties to appear. I know, as most of us do — certainly those of us such as Senator Beaudoin, who is in the academic field — that many of these organizations have already prepared briefs for the committee. They are counting on the Senate to do something, and we have an opportunity to do something in a non-partisan or bipartisan way to help.

As I stated, the committee should hold extensive hearings beyond the four days held in the other place and invite all interested parties to appear. The committee should do some serious number crunching and find out which numbers we should believe as to savings. It seems to me that no case can be made for savings as a reason for Part III.

If the committee finds there is no rationale, no savings to be had by the merger, perhaps the committee should consider recommending amendments to the bill to delete Part III, and end the discussion on the merger of the Canada Council and the Social Sciences and Humanities Research Council.

Another possibility is contained in the motion of which I gave notice earlier today, and that is to split the bill and allow the committee, and the Senate, to deal with Part III separately.

Unless someone else wishes to speak at this point on the bill itself, it would be appropriate for me to make reference to the split.

Hon. Lowell Murray (Leader of the Government): I was about to suggest that, at this point, we might wish to adjourn the debate on second reading. I understood there was a disposition of the house to give leave to the honourable senator to proceed with debate on his motion to instruct the Standing Senate Committee on National Finance to split the bill.

Hon. Finlay MacDonald: Honourable senators, I wish to speak on second reading, although I had intended to save my remarks for third reading. I do not think it will come as any surprise to Senator Frith, particularly since he knew my views on Bill C-63, that I am totally in agreement with the remarks he has made with regard to Part III of this bill. It is an incredible piece of work. It is unbelievable. It is difficult to imagine that bureaucrats could respond to something finance-driven and come up with something that makes absolutely no sense at all; an abominable piece of work — and I am referring to Part III.

In the next two weeks, presumably, we will be away. Senator Olson is not in his place to respond, but is there some assurance that could be given to those of us who will attend every meeting of the committee on this bill, to hear the 65 to 70 witnesses that can bring something to bear on the subject matter referred to on specific matters? Perhaps someone could talk to the 375 people in External Affairs whose lives now are hanging in the balance. Those foreign service officers are to be transferred to Canada Council, no longer to be foreign service officers, but to serve in some other capacity. Can we find out something about the understanding that exists between Canada Council and External Affairs? Can we hear a witness of substance in the committee? There were none in the other place. They ran for cover. There were no ministers. There was no one qualified to speak or give a rationale, a raison d'être, for why this amalgamation was done.

The honourable senator is correct. If it could be proven that the amalgamation had any kind of a relationship to debt, even then it would be difficult for me to swallow my revulsion at Part III, but I possibly could. Splitting the bill does not offend me at all. I do not know whether it has to be split here, or whether it could be split in committee. The last time that such a thing happened was on a motion of Senator Graham's on the Atlantic Opportunities Agency, and I believe it failed in the other place. However, I do not remember the specific circumstances.

I have no hesitation in voting to support the motion of Senator Frith to split the bill. I will support anything that focuses attention on this abominable Part III.

I have made an extensive study of this matter. I am hoping that, if it does not happen in committee, there will be a sufficient number of my colleagues who feel the same way I do. I will try to sell the idea that, if the worst comes to the worst, a simple motion at third reading to delete clauses 32 to 76, which eliminates Part III, will find favour with the entire Senate.

Senator Murray: If no one else wishes to speak, I will simply move the adjournment of the debate on second reading.

I understand the Leader of the Opposition wishes to proceed with his motion at this time.

Senator Frith: It can be done in that manner.

Senator Murray: I am open to suggestions.

Senator Frith: The way that Senator Murray is suggesting follows reasonably from the wording of my notice of motion. However, my notice of motion was more prospective when I gave it than it is now, because I stated: "When Bill C-93 is referred..." If I could amend that notice of motion, it would be even more definite, and we could possibly give the bill second reading and then I might speak to my motion.

Senator Murray: I read the motion, of course. I came to the conclusion that, therefore, we should proceed to vote on the motion before we voted on second reading.

Senator Frith: Yes. That is more logical. It would also be possible to give second reading and then deal with my motion.

Senator Murray: Yes.

Senator Frith: Then we could say "it having been..." Because of the way the Order Paper works, it had to be done this way.

I would like to say a few words about splitting the bill

Senator Lynch-Staunton: Are you speaking to the bill?

Senator Frith: Has the motion to adjourn the debate been moved?

Senator Murray: I move the adjournment of the debate on second reading.

Senator Molgat: We are always agreeable to provide adjournments.

Senator Frith: I hope honourable senators opposite will notice how unvindictive we are; we did not oppose your motion to adjourn.

On motion of Senator Murray, debate adjourned.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

MOTION TO DIVIDE BILL INTO TWO BILLS

Hon. Royce Frith (Leader of the Opposition), pursuant to notice of earlier this day, moved:

> That it be an instruction of this house that when Bill C-93, an Act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992, is read the second time and referred to the Standing Senate Committee on National Finance, the said Committee divide the said Bill into two Bills in order that it may deal with Part III, entitled Canada Council for the Arts and for Research in the Social Sciences and Humanities, separately from the remainder of the Bill.

He said: Honourable senators, Senator MacDonald has described the procedural and substantive situation well. One way to deal with the offending Part III, which both of us find offensive, would be to remove it by amendment. My motion to split is really an attempt to establish an interim step which would enable the Senate, both in committee and in the chamber, to consider the bill in two parts. This would allow senators to separate their intention and separate their support or opposition.

During the vote on my motion to adjourn the debate, I heard several senators ruminating about this question of splitting bills and commenting that we had dealt with this sort of thing previously. Therefore, I would like to get on the record what happened on that previous occasion. The precedent for splitting a bill was Bill C-103, which was legislation concerning ACOA. The division of a bill into two or more parts is not unprecedented in parliamentary chambers. There is a recent precedent right here in the Senate. In 1988 the Senate had before it Bill C-103, The Atlantic Canada Opportunities Agency bill. There were serious concerns about the portion of the bill that dealt with DEVCO. Consequently the Senate instructed the National Finance Committee, pursuant to the rules of the Senate, to divide the bill into two parts.

The highlights were as follows: On May 31, 1988, the notice of motion was given. On June 1 the motion was moved. That same day Senator Flynn raised a point of order on the motion and the Speaker reserved his decision. On June 7 the Speaker ruled that the motion was not in order. The ruling was appealed and that ruling was not sustained by the Senate. The motion instructing the National Finance Committee to split Bill C-103 was put to a vote and was passed. The committee did split the bill. It reported back Part I, which was given third reading by the Senate. That is what I am seeking to achieve here. If we split, we can report back and pass all of the bill except Part III. We could continue with the study of Part III.

I think Senator MacDonald's intervention would support such a move because it would mean that the government would have a chance to have the other parts of the bill and we could go into the kind of extensive and deservedly thorough study of Part III separately.

In 1988, a message was sent to the House of Commons informing it that the Senate had split Bill C-103 and had passed Part I without amendment. The message did not request concurrence. Originally it had, but at Senator Flynn's insistence the request for concurrence was removed. On July 8, 1988, the Honourable Doug Lewis raised a point of order on the message. In his arguments he echoed the ruling of the Senate Speaker: Bill C-103 had a royal recommendation; the bill was sent to the Senate; there were now two bills "originating" in the Senate; these were money bills and thus the Senate acted unconstitutionally. This was the essence of the argument. The Speaker of the House of Commons reversed his ruling.

On July 11, the Speaker of the House of Commons ruled that he could not rule a message out of order and that he could not, unlike the Senate Speaker, "rule on constitutional matters". But he found that in its message,

> ...the Senate does not seek the Common's concurrence in the division of the bill, it simply informs this House that it has done so...it is my opinion...that the Senate should have respected the propriety of asking the House of Commons to concur in its action of dividing Bill C-103 and in reporting only part of the Bill back as a fait accompli has infringed the privileges of this place.

He went on to say:

> The cure in this case is for the House to claim its privileges or to forego them, if it so wishes, by way of message to Their Honours, that is, to the Senate, informing them accordingly.

Therefore, the government introduced and had passed in the House of Commons a motion to inform the Senate that it was usurping its privileges. The message was so sent. On July 26, 1988, the message from the House of Commons was referred to the National Finance Committee.

There are some lessons to be learned from that episode in 1988. We know that the Speaker of the Senate ruled that the motion to divide Bill C-103 was unconstitutional because it was a money bill bearing a royal recommendation. Those who were here will remember the long debate on the question of royal recommendations. Is having a royal recommendation something like having a rubber stamp by your side, where you simply stamp whatever it is you wish to turn into a money bill?. If that action were to have the alleged wide ranging and deep effect on Senate jurisdiction, it would seem a bit distressing.

Anyway, the ruling was not sustained by the Senate. It was in fact overruled by the Senate. If there is a precedent, it exists where the final decision was taken. The final decision was taken by the Senate as a whole. Arguing that the Speaker's ruling provides the precedent is identical to arguing that a decision of the Federal Court, even though it had been overturned by the Supreme Court of Canada, provides the precedence. It is not logical.

The ruling of the Speaker of the House of Commons directly contradicted the ruling of the Senate Speaker. There is no appeal from the Senate Speaker's ruling to the House of Commons. What the government in the House of Commons was in effect doing was appealing a decision of the Senate, not a decision of the Speaker. The Speaker of the House of Commons, however, would not rule the message out of order and he refused to provide a constitutional ruling.

The substance of his decision was that the Senate infringed the privileges of the House of Commons because it neglected to seek the concurrence of that house. There is no need to repeat that alleged error this time. Bill C-93 is similar to Bill C-103 in structure. Both bills contain a number of parts and both bills concern a reorganization of government agencies. In fact, Bill C-93 deals with ACOA, though not the part that offends Senator MacDonald and some of the rest of us.

Just as with Bill C-103, Bill C-93 is readily divisible. All of the evidence, for example, even on the question of savings, was divided. In fact, they took all the rest of the bill, totalled it up and subtracted it from a gross figure they had and then applied the difference to Part III. So Part III has been treated separately throughout on all issues. It is not like any other part in substance or like the other parts as to alleged savings.

What this motion seeks is that the committee treat Part III of the legislation separate and apart from the remainder of the bill. We learned during our exercise in 1988 that one of the criteria put forward by the authorities, particularly *Erskine May*, is that the bill be such that it can easily be severed. This bill certainly is easily severed. It has come to us already sliced into ten parts, like a loaf of bread. We are asking that one of those slices, Part III, be removed — or if you like the pie metaphor better, that it be removed from the pie plate for closer examination.

The issue, therefore, is not whether there are procedural difficulties with this motion, because there are not. As the Senate precedents now stand, this motion is in order by reason of a specific decision on a similar bill. It seems to me that that should not be our concern. That is not what we should be most concerned about, but, if we are, the 1988 precedent exists.

I feel it is more important to consider whether this motion, which is in order, would be advantageous for the Senate and its committee. Would it be advantageous if we could deal separately with Part III of the legislation? I contend the advantages are innumerable and very practical as a corollary to what Senator MacDonald said. If we want to hear a lot of people, a large important part of the Canadian community and what they have to say about this bill, it would be much better to focus our attention on Part III, because that is what they want to talk about.

• (1640)

I contend the advantages are innumerable. If ever there was a case since 1988 when a bill was worthy of such treatment, on the basis of substance and principle, and for the practical purposes of how we deal with it, this is certainly it.

I ask support for the motion.

Hon. Lowell Murray (Leader of the Government): Honourable senators, we have, as our colleagues are aware, a royal assent scheduled for 4:45 today. I assume that, if we proceed, we would also have a vote on this motion, as well as on second reading of Bill C-93. I shall therefore have to be even briefer than usual in my comments on the motion that the Leader of the Opposition has put forward.

This motion seeks to instruct the Standing Senate Committee on National Finance to split Bill C-93, to sever Part III from that bill. Why? The Leader of the Opposition has made a very vigorous and detailed speech condemning Part III and expressing his opposition to it. It is clear that whatever the fate of this motion, or whatever the discussion in the committee, his mind, at least, is made up.

He has told us that there are no hard facts, and there are no soft facts, he says, to demonstrate that there is any financial saving from what is proposed in Part III. He has also told us that all the evidence is against Part III. All the evidence where? All the evidence before a House of Commons committee.

We have our own procedures here. We have our own ways of dealing with bills. I accept the implied and, indeed, the expressed reproach in the honourable senator's comments to the effect that the government has made a rather poor fist of it, at least at the House of Commons committee, of explaining and properly defending what is proposed in Part III of this bill.

I take note of the questions that Senator MacDonald of Halifax has asked about how the committee will work and how many witnesses it will hear, although I am not in a position personally to give him any satisfaction on that point. That is a matter for the committee to decide. It may have several weeks in which to sit before we return here. The one thing I can say is that the government is determined that when this bill goes before the standing Senate committee, we will make a better fist of explaining and defending what is proposed in Part III. We will produce witnesses who will speak to the financial implications of Part III and will seek to satisfy honourable senators that there are financial implications and savings as a result of what is proposed. More than that, we will produce witnesses who will argue that Part III should be approved by the Senate and passed into law because it is good public policy.

I am obliged to Senator Frith for placing on the record something of the history of these various agencies. I think we all recall when the Canada Council was created, how it was created, why it was created, and the functions it performed alone until the 1970s, when SSHRC was created. In relation to the present proposal to merge these various agencies, Senator Frith says everyone wonders why. Well, a lot of people wondered why the Canada Council was being split in the 1970s. When it was done, it was done not without some opposition, including opposition and criticism in the academic community, the very community which is today questioning, criticizing and indeed opposing the proposal before the Senate.

Honourable senators, Senator Frith's motion to instruct the committee to split the bill because he is opposed to Part III on the basis of the evidence that was placed before the House of Commons committee is at least premature. Unless other honourable senators also have their minds totally made up, as Senator Frith has, surely they might want to reserve judgment on that point and hear the arguments in the committee as to the advisability or otherwise of proceeding with Part III of the bill.

Honourable senators, I would ask colleagues to defeat the motion proposed by Senator Frith, the proposed instruction to the committee, and then to proceed with second reading of the bill and its referral to the committee so that, without prejudice, the committee will have an opportunity to consider all aspects of the bill, to consider all the implications, and to do so with all its options open.

Hon. Finlay MacDonald: Senator Frith, may I ask you a question? Senator Murray brings up a rather important point. I referred to witnesses who wish to speak before our committee. The witnesses I have made reference to, 65 approximately, all want to speak to Part III. There are no witnesses who want to speak to anything else. Any hearings of the committee that will deal with the other matters of the bill, other than Part III, will be like the Maytag repairman. They will be lonely. There will be no witnesses. Everyone wants to speak to Part III.

Does that in any way influence you with regard to splitting the bill, accepting, if you will, what I believe to be the correct facts?

Senator Frith: Yes, because I did not know that there were that many. I received a lot of mail. I have a big thick file on it. I did not know there were 65. That is why, when Senator MacDonald referred to the 65, I felt that gave the whole concept of a split a boost. It would seem not just possible, but plausible and even probable that the committee could deal quickly with the parts of the bill other than Part III and could have them back here quickly. If we had no witnesses, and I know of no other witnesses — I am not sure that there are not any, but I know of no others — then the other parts could come back and we could go into the in-depth hearing on Part III that a lot of us want, that a lot of people out there want.

Hon. Noël A. Kinsella: Senator Frith, I was doing a rapid reading of the Senate Journals of June 7, 1988, on Bill C-103 that you alluded to. Could you help me in my understanding? If Bill C-93 is referred as is to the committee, is there any precedent or rule that might flow from this or others that would obviate the committee's splitting the bill?

Senator Frith: I know of none. I simply do not have a precedent for it. I have been unable to find a precedent of its being done. What happened today happened a little more quickly than I expected. I am indebted to Mr. Kuchar for gathering these notes together, notes he was going to have for me tomorrow, and for having done the research while I was talking on Bill C-93.

There may be such a precedent. I am sorry, I cannot answer the question. I do not know of one, although I do not see why it could not.

Senator Kinsella: As the honourable senator was speaking, the question went through my mind, and he then gave clarification to it, whether or not Bill C-103 was a money bill? Certainly, Bill C-93 is a bill that is implementing the budget. Was Bill C-103 actually implementing a budget measure or was it a reorganization?

Senator Frith: I cannot remember whether the source was the budget or not, but the test as to whether a bill is a money bill or not is not exclusively a question of whether it arises from the budget.

Hon. Allan J. MacEachen: It did have a royal recommendation, if that helps.

POINT OF ORDER

Hon. Douglas D. Everett: Honourable senators, I rise on a point of order. I thought we were informed earlier in the day that we would go through all the items on the Order Paper *ad seriatim* in so far as it was possible and that we would complete those items on the Order Paper. I am now given to understand that we will adjourn for Royal Assent.

Senator MacEachen raised an issue in a speech recently, and invited me to answer that speech, which I am prepared to do now. I am interested in why the order has been changed, especially when in the case today, I believe, leave was given to go through the items on the Order Paper in an orderly fashion.

Senator Lynch-Staunton (Deputy Leader of the Government): Perhaps Senator Everett was not here when, earlier today, Senator Frith put down a notice of motion, the motion which we are discussing now, and asked for the adjournment of the debate on Bill C-93, which motion was refused after it was voted on.

We then agreed, with leave, that we would proceed to his presentation on the motion for second reading on Bill C-93 and then get on to his motion, which is what we are doing now. That is the reason we have disrupted the sequence of events we thought we would be following this afternoon.

This was done openly and with the approval of all sides.

Senator Everett: I was here for that, and I am not objecting to it. I got the impression from the Leader of the Government in the Senate that we are now about to adjourn for Royal Assent. I am saying that in my clear understanding of the deal that was made earlier, it was agreed, with leave, that we would go through all the items on the Order Paper and not adjourn until those were finished.

Senator Lynch-Staunton: We will certainly suspend for Royal Assent. However, we will reconvene after to complete the items that are left on the Order Paper. If, at six o'clock, we are still at it, then, with leave, we will not see the clock.

Senator Frith: I think that is assumed.

Senator Everett: If that is agreed, then that is fine.

Senator MacEachen: Honourable senators, may I explain on this point of order that I will be very interested in reading Senator Everett's comments, but that I will not be able to hear him in person because of other commitments. It is not any discourtesy to him.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to address briefly the motion by my colleague, Senator Frith, to make it clear what it is we are trying to do. We are quite conscious of political realities. We know it is difficult for members on the other side to vote against a government bill. I understand that fully.

We are not asking them to vote against a government bill. What we are suggesting is that the bill be split at this point and that it go to committee that way. We are not defeating the bill. The bill remains. Part III will be split from the bill. It can be voted on at a later date and passed.

We are not asking that senators opposite vote against the bill. We are proposing a method by which there can be a sensible discussion of the material.

Honourable senators opposite know as well as I that there is a great concern with Part III of this bill.

Hon. Eymard G. Corbin: There sure is.

Senator Molgat: It is not only in this chamber, but across the country. This is an opportunity to focus on that concern. If, at a later date, it is the decision of the committee and the decision of the Senate to pass both parts, then so be it.

Let us have no illusions. What we are trying to do here is permit all honourable senators to speak their minds without defeating the bill. The committee will be empowered to continue. That is all it is. It is not defeating the bill. It is simply a procedure to allow a sensible approach.

Senator Murray: Question.

The Hon. the Speaker *pro tempore*: It has been moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat:

> That it be an instruction of this house that when Bill C-93, an Act to implement certain government organization revisions of the budget tabled in the House of Commons on February 25, 1992, is read the second time and referred to the Standing Senate Committee on National Finance, the said Committee divide the said Bill into two Bills in order that it may deal with Part III, entitled Canada Council for the Arts and for Research in the Social Sciences and Humanities, separately from the remainder of the Bill.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

And two honourable senators having risen:

Hon. William M. Kelly: Might I suggest that the vote be held at 4:55 p.m.?

The Hon. the Speaker *pro tempore*: Honourable senators, is it agreed that the vote be held at 4:55?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Call in the senators.

Motion of Senator Frith negatived on the following division:

THE HONOURABLE SENATORS

YEAS

Bosa	Kenny
Corbin	MacDonald (*Halifax*)
Everett	MacEachen
Fairbairn	Marchand
Frith	Molgat
Gigantès	Neiman
Hays	Petten
Hébert	Watt—16.

THE HONOURABLE SENATORS

NAYS

Andreychuk	Kinsella
Atkins	Lavoie-Roux
Balfour	Lynch-Staunton
Barootes	Macquarrie
Beaudoin	Marshall
Berntson	Murray
Cogger	Phillips
Di Nino	Poitras
Doyle	Rivest
Forrestall	Rossiter
Grimard	Stratton
Kelly	Sylvain—25.
Keon	

THE HONOURABLE SENATORS

ABSTENTIONS

Carney
Chaput-Rolland
Johnson—3.

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Buchanan, that this bill be 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 *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion the "yeas" have it.

Senator Molgat: We on this side are prepared to have the same vote applied in the reverse and not call for a second division. I do not know if that suits my honourable friends on the other side.

The Hon. the Speaker *pro tempore*: Is it agreed that the vote will be exactly as the last standing vote, in the reverse?

Senator Corbin: I rise on a point of order. How can you have the same vote when you do not have the same number of people in this house at this time?

The Hon. the Speaker *pro tempore*: I really do not know, but I think there is consensus of the Senate. I cannot answer your question.

Senator Corbin: One member has left.

Some Hon. Senators: Oh, here he is.

Senator Molgat: We will use the same division then, in reverse.

Motion agreed to and bill read second time on the following division:

THE HONOURABLE SENATORS

YEAS

Andreychuk	Kinsella
Atkins	Lavoie-Roux
Balfour	Lynch-Staunton
Barootes	Macquarrie
Beaudoin	Marshall
Berntson	Murray
Cogger	Phillips
Di Nino	Poitras
Doyle	Rivest
Forrestall	Rossiter
Grimard	Stratton
Kelly	Sylvain—25.
Keon	

THE HONOURABLE SENATORS

NAYS

Bosa	Kenny
Corbin	MacDonald (*Halifax*)
Everett	MacEachen
Fairbairn	Marchand
Frith	Molgat
Gigantès	Neiman
Hays	Petten
Hébert	Watt—16.

THE HONOURABLE SENATORS

ABSTENTIONS

Carney
Chaput-Rolland
Johnson—3.

REFERRED TO COMMITTEE

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

On motion of Senator Kelly, bill referred to the Standing Senate Committee on National Finance.

STANDING SENATE COMMITTEE ON PRIVILEGES, STANDING RULES AND ORDERS

FIFTH REPORT OF COMMITTEE PRESENTED AND PRINTED AS A APPENDIX

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. Normand Grimard, Chairman of the Standing Senate Committee on Privileges, Standing Rules and Orders, presented the following report:

THURSDAY, May 6, 1993

The Standing Senate Committee on Privileges, Standing Rules and Orders has the honour to present its

FIFTH REPORT

Your Committee has considered its Order of Reference dated April 1, 1993, which reads as follows:

THAT the allegations made in the Canadian Press article by Mr. Gordon MacIntosh which appeared —

An Hon. Senator: Dispense.

Senator Molgat: Is it the intention to defer discussion of the report to a later date? If it is not going to be discussed now, I think we could agree to dispense.

Senator Grimard: Definitely, it is for discussion at the next sitting.

Senator Frith: That is fine then, dispense.

The Hon. the Speaker *pro tempore*: Senator Carney asked if she could speak to it.

Senator Frith: No, we want to read it before you speak.

Senator Corbin: Your honour, is there agreement to dispense with the reading of this report?

Senator Frith: Only if it is not going to be dealt with until the next sitting.

Senator Corbin: I can still object if I want to, can't I?

Senator Frith: Yes, you can.

Senator Corbin: I just want to make that point because Senator Poitras thinks it is funny to exercise certain rights in this house. I will not object today but I understand I have the right to object.

Senator Molgat: Absolutely.

Senator Corbin: Let that be very plain.

Hon. Pat Carney: Colleagues, I just want to make an acknowledgement of this report, but I have to have leave.

Senator Lynch-Staunton: I am sorry, we have agreed that this would be tabled and defer the discussion until the next sitting. I think that was the general agreement. We cannot start the debate on it now.

Senator Frith: Just so that it is clear that it is not a matter of not wanting to hear Senator Carney. The reason we are agreeing that it not be read is because the discussion is to be deferred to the next sitting. The idea is that we get a chance to read the report. I have not read it. The idea is that there will be a motion for adoption and then we will hear Senator Carney.

(*For text of report see appendix "A", p. 3234*)

Senator Grimard: I think the Speaker should ask when this report shall be taken into consideration and then I will say "at the next sitting".

The Hon. the Speaker *pro tempore*: I am very pleased to do it now that the opportunity has arisen.

Honourable senators, when shall this report be considered?

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Cochrane, for the second reading of Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I can put my honourable friend, the Deputy Leader of the Government, at ease. I do not have a motion to propose. On the other hand, I do not intend to support Bill C-92.

Having said that, Bill C-92 is frequently referred to simply as the Income Tax Amendment Act, but that general title hides a very ugly truth. It is not a simple piece of legislation. I think we do a disservice to ourselves and to Canadians when we make it sound simple. We should refer to the act by its full

title, an Act to Amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related acts. It is a wide-ranging piece of legislation. Saying that will give some idea of the complexity of the bill.

I would like to divide my remarks today into two sections. First, I want to briefly examine some of the less contentious amendments to the more than five acts which Bill C-92 seeks to amend. In the final part of my remarks I would like to turn to two specific aspects of the legislation, trusts and capital gains. I will begin my remarks by outlining some of the less political points in the more than 270 pages of Bill C-92.

This legislation will reduce the general individual surtax from 5 to 3 per cent. In fact, this has already been done since many of the provisions of this bill took effect with last year's budget. It is particularly ironic that we are debating last year's budget when this government has just inflicted its vision of Canada on the country with a budget earlier this week; a vision, I might say, of retrenchment and gloom and doom instead of growth.

Nevertheless, if this legislation passes, the surtax will stand at 3 per cent. I am certain that Mr. Mazankowski will understand if Canadians do not jump for joy when they see this cut in the surtax; a surtax, I might add, that was promised by this government to be temporary when it was brought in several years ago.

Since 1984 this government, the government that promised "jobs, jobs, jobs," has instead imposed taxes, taxes, taxes. Thirty-six times the government has asked Canadians for more tax.

The average middle-income family pays over $2000 a year more in taxes than it did in 1984 when this government took office. According to last year's budget tables, this cut in the surtax will save a family of four earning $44,000 a year about $44. They have had an increase in taxes of $2000, and they now have a decrease of $44. That leaves the average family $1950 less well off than they were when this government took office. It is little wonder that Canadian people have lost confidence in this government.

A second feature of this book-stop of a bill is that home-buyers will be permitted to withdraw up to $20,000 from their RRSPs, tax free, in order to purchase a new home. Funds withdrawn from the RRSP must be paid back over 15 years.

I must say, honourable senators, that when we on this side first heard this news last year, we nearly fell out of our chairs. You see, Mr. Chrétien and the Liberal Party had included exactly that sort of provision in our January 1992 emergency economic recovery plan. We had recommended it months before.

[Senator Molgat]

It is unfortunate, however, that the government forgot to implement some of the other proposals that we made in that economic renewal plan. Another part of the Liberal Party plan at that time was to create a fund financed by all three levels of government to rebuild local and national infrastructure, a fund to promote jobs and growth. Since the costs of such a fund would be partially offset by a reduction in the number of unemployed people, reduction in the unemployment claims and welfare claims, and an increase in income tax revenues, such a program would have cost the government a lot less than just a few helicopters. and Perhaps Mr. Mazankowski would not be forecasting an unemployment rate of 11 per cent for 1993 and over 10 per cent for 1994.

Regrettably, I must curtail the initial part of my remarks so that I might now turn to the more contentious issues of trusts and capital gains exemptions.

In this voluminous piece of legislation, there is a provision to change the 21-year rule as it applies to trusts. Let me explain. In 1972, the government of the day instituted a 21-year rule which permitted trusts to be established and capital gains deferred for 21 years. 1993 is here and people who established trusts in 1972 are nervous. Those people are anxious because any accrued capital gains in excess of losses on assets in the trusts would be subject to the capital gains tax in this year.

On Monday evening last, Senator Frith explained the trust provisions. I need not go over those again. Suffice it to say that the government claims that Bill C-92 will close a loophole. That is, the government claims that Bill C-92 is an improvement over what exists because they are closing a loophole.

However, there is a catch in what the government is proposing. Under Bill C-92, the 21-year period cannot be renewed by transferring trust assets to new trusts. They are closing that particular hole. That is simple enough. If the government stopped there and kept the 21-year rule, it would collect a fortune in capital gains tax this year. However, apparently the government does not need the money. I say that because the government closed one loophole, but created another.

People whose trusts were to be assessed capital gains tax in 1993 can defer the deemed disposition of the assets which would have initiated the capital gains tax until the death of the last child of the trustee. In other words, capital gains which have been growing in trust since 1972 and were due to be taxed this year will only become taxable on the death of the last child of the person holding the trust.

Honourable senators, if that sounds confusing, I will defer to the experts as to what it all means. Catherine Bush from Blake Cassels said before a committee in the other place:

> A cynical person might suggest that pressure from influential political supporters also should be listed as a reason for this legislation.

Can you imagine the government paying off its friends on the backs of the Canadian taxpayers? If this is true, honourable senators, how much money are we talking about in these trusts? Is it a couple of hundred thousand, a million, two million?

Senator Frith: Keep going.

Senator Molgat: Conveniently, the government says it does not have this information. Is it not amazing to think that Statistics Canada can provide us with a host of information, they can tell you how many chickens there are in Canada, how many eggs are laid each week, whatever information you need, but the government cannot tell us how many trusts there are in Canada.

Senator Frith: They can tell the rest of us how much tax we owe.

Senator Molgat: It is impossible to find that information. They do not know. On an issue where there is a tremendous amount of money at stake, can Canadians really believe that the government cannot find that information? I cannot see it.

Let me defer to another expert as to how much money is involved. I refer now to Neil Brooks, a professor of law at Osgoode Hall who, again at a committee in the other place, said this:

> The government has given Canada's wealthiest families notice that it intends to give them a gift worth several billion dollars.

Several billion! There is the estimate of an expert before the committee in the House of Commons.

Essentially, Bill C-92 is telling all those privileged people who set up trusts in 1972 and who knew when they set up those trusts that they would have to pay capital gains tax in 1993, they are telling them, "Do not worry, you have friends in Ottawa" — the present government. "Therefore, if you owe capital gains tax as of January 1 of this year, no tax will be paid until the last child."

The bottom line, honourable senators, is that this government is closing a loophole with another loophole, a multi billion dollar loophole.

The final issue I would like to address is the elimination of the $100,000 capital gains allowance on what the government calls passive real estate. This legislation will eliminate the $100,000 capital gains exemption on capital gains accrued after 1992 on real estate held for investment purposes.

However, under Bill C-91, a person investing in, for example, foreign-owned companies like the multinational pharmaceutical companies of which we have heard a great deal, a person investing in these companies will be allowed the $100,000 capital gains exemption.

Let me cite another equally repugnant example. A wealthy person with enough money can collect paintings, hang them on his or her office wall for a couple of years, sell them and claim a capital gains exemption on any profit. But take on the other hand a young couple living in an apartment who buy an old house, fix it up and sell it to use the profit as a downpayment on a new house, they would not be eligible for capital gains exemption because that will be considered a passive real estate investment.

Let me give a precise example. Suppose a young couple buys a house in a run-down neighbourhood. They patronize the local lumber yard, the hardware store. They hire trades people, a plumber, an electrician, a carpenter. They are helping the local economy to grow. To use the government's language, they are an engine of the economy. They spend their weekends and holidays repairing and fixing the house. But the government considers this a passive investment because they are not living in the house. They are doing this in order to make a profit, so they have no exemption and, therefore, are not eligible for the $100,000 capital gains exemption. But Senator Di Nino can buy some paintings, hang them in his office, and he will be eligible for the exemption.

What is the government's reasoning in all this? Where is the logic in what they are doing? Well, fortunately, we have an answer. The government was kind enough to send its bureaucrats to the banking committee to explain why it is that they are doing this particular passive real estate investment.

I quote from the Banking, Trade and Commerce proceedings at page 3238 the words of a government official:

> It was just much easier to design legislation that would be easier for taxpayers to comply with and easier for Revenue Canada to administer, to exclude from the capital gains exemption, investment in real estate.

So Canadians, I am sure, will be delighted to learn that the government tax policy is based on making things easier for bureaucrats at the expense of people not rich enough to buy $100,000 paintings.

If members on this side were surprised at some of this information, let us hear what some other people had to say. When this explanation was given in committee, a certain senator summed it up this way:

> I think this is unnecessary, totally unnecessary, and it discriminates between those people who do not have money and those people who do.

This is the Banking, Trade and Commerce proceedings, Issue 32:39.

Senator Corbin: Who said that?

Senator Molgat: I am glad you asked that question; none other than Senator Sylvain.

Senator Fairbairn: Really?

Senator Molgat: I am sorry that Senator Sylvain is not here, but there he was, saying that he thinks it is totally unnecessary, and that it discriminates between people who do not have money and people who do. I certainly hope that Senator Sylvain was expressing a broader point of view than only his personal point of view in that regard. I am obviously counting on Senator Sylvain, in his statements, to support us in opposing Bill C-92, and I hope that he brings many of his colleagues with him, because this is a bad piece of legislation. Once again it is the poor in Canada who will be paying the load, and the rich will get the benefits.

Senator Corbin: And the middle class.

Hon. Douglas D. Everett: Honourable senators, I should like to speak briefly to this bill with respect to the provision that removes the 21-year capital gains realization in respect of trusts.

It is true that this legislation covers all trusts regardless of when they were entered into; but perhaps the salient reason for the legislation is that it concerns trusts that were entered into prior to 1972. Prior to that time, assets were frozen by a classic income tax freeze, which means that the worth is kept in the hands of the father and the growth is put in the hands of the children. Those growth assets were rolled into trusts on a tax-free basis because, at the point of the freeze, they were worth nothing.

The beneficiaries were often two generations away, and there was no preclusion on how far they could go, save what they called in law the rule against perpetuities, which says that you must not enter into a trust the beneficiaries of which are a life or lives in being, plus 21 years. This meant that there was a delay in the payment of the succession duties, because, if the father died, the growth assets in the hands of the trust had no duty payable.

On December 31, 1971, or January 1, 1972, the Succession Duty Act was replaced by capital gains legislation. There was to be a deemed capital gain on death. However, there is no death in the case of a trust. It followed, then, that they invoked a rule that, for any trust, after 21 years there would be a deemed capital gain on the assets within the trust. Of course, that would take place in respect of these old trusts as of December 31, 1992.

The trusts had an option. They could pay the tax, if they chose to do that, on the deemed capital gain or they could distribute the assets of the trust to the beneficiaries, in which case the beneficiaries would take them and they would not have a deemed capital gain, and would not pay tax until they died. Obviously, in many of these cases the beneficiaries were minors, and the trustee did not want to give the assets to minors, especially assets in a complicated business that might thus be wasted, sold or managed in an improper way.

Senator Frith: And might carry control.

Senator Everett: And might, in some cases, carry control. In many of those trusts, however, control was not an issue. That is why you can separate out some of the newer trusts — namely because the father was wise enough to keep the control. Moreover, if I recall correctly, and it is vague in my mind, the succession duty legislation did look at control in respect of value, whereas the capital gains realization is somewhat indifferent.

Hon. Peter Bosa: I believe the honourable senator means "estate taxes" and not "succession duties," because succession duties were the prerogative of the provinces, whereas the federal way of collecting succession duties was to call them estate taxes.

Senator Everett: The honourable senator is perhaps somewhat correct, in that there was a federal Succession Duty Act, which was repealed. Subsequently, that was taken over by the provinces, and then the provinces one by one repealed their succession duty acts. I may have misunderstood his question, but does that not answer it?

Senator Bosa: Let us say that we understand what you mean.

Senator Everett: The new legislation permits the trust to continue, so that there is no need for the trust to make a distribution until the distribution date to be complied with by the trust comes about. The result of it is that there is no deemed gain. The 21-year rule goes out, there is no deemed gain, and you can go on until the distribution date of the trust. At that point, you then go on to the death of the beneficiaries, as I understand it. There will be an election made by anyone who is in that situation to carry on the trust and not have to comply with the 21-year rule.

It was said in evidence that the reason this is being done is that you could get around it through a loophole, by entering into a new trust and extending it for another 20 years. I doubt very much that that is the fact. In the case of those people who were in those trusts, that is precisely what they would have done, if they could have done it. It was because they did not think they could do so that they applied for this legislation.

The other point they are making is that this is a kind of retroactive taxation: "When we entered into these trusts, there was no capital gains tax, and now you are imposing a capital gains tax on the trust, when there was, indeed, no 21-year rule. Everyone is subject to that. That is what happens as you go through life; for example, there was no capital gains tax up to December 31, 1971, and then all of a sudden it was imposed. Succession duty acts were repealed. That is the change in the act.

I find it very difficult to see that these people, who set up these trusts with the intent of avoiding tax — not evading, but avoiding tax, as they were legitimately able to do — should be given a different treatment than they were accorded on December 31, 1971. Because of that 21-year rule, as at the end of 1992, they should either have paid tax in the trust or distributed the property in the trust. That was the thing to have

done. I really find it difficult to understand the rationale for this legislation. In my opinion, this part of the legislation is extremely bad and should not be passed.

The Hon. the Speakers *pro tempore*: Honourable senators, it is moved by the honourable Senator Di Nino, seconded by the Honourable Senator Cochrane, that this bill be 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 *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore* : In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker *pro tempore*: Call in the senators.

Senator Lynch-Staunton: Honourable senators, perhaps we could have a 25-minute bell.

The Hon. the Speaker *pro tempore*: The vote will be taken at 5.55 p.m.

Motion of Senator Di Nino carried on the following division:

YEAS

THE HONOURABLE SENATORS

Andreychuk	Keon
Atkins	Kinsella
Barootes	Lavoie-Roux
Beaudoin	Lynch-Staunton
Berntson	Marshall
Chaput-Rolland	Murray
Cogger	Oliver
Di Nino	Phillips
Doyle	Poitras
Forestall	Rivest
Johnson	Rossiter
Kelly	Stratton-24

NAYS

THE HONOURABLE SENATORS

Bosa	Kenny
Corbin	Marchand
Fairbairn	Molgat
Frith	Neiman
Gigantès	Olson
Hébert	Petten-12

ABSTENTIONS

THE HONOURABLE SENATORS

Everett-1

Motion agreed to, and bill read the second time.

THIRD READING

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

On motion of Senator Di Nino, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

[Editor's note: Fire alarm]

The Hon. the Speaker *pro tempore*: Honourable senators, unfortunately, we had to leave because of the fire alarm. However, at six o'clock the rules state that the Speaker must leave the Chair until eight o'clock. Therefore, honourable senators, is there agreement not to see the clock?

Hon. Senators: Agreed.

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore*: informed the Senate that the following communication had been received:

RIDEAU HALL

May 6, 1993

Mr. Speaker,

I have the honour to inform you that the Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 6th day of May, 1992, at 6:00 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. Larocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

The Senate adjourned during pleasure.

ROYAL ASSENT

The Honourable John Sopinka, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy 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 Deputy Speaker, the Honourable Deputy Governor General was pleased to give Royal Assent to the following bills:

An Act to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade-marks Act and other Acts in consequence thereof —(*Bill S-17, Chapter 15, 1993*)

An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment (*Bill S-8, Chapter 16, 1993*)

An Act to amend the Canada Post Corporation Act—(*Bill C-73, Chapter 17, 1993*)

An Act respecting a national child day —(*Bill C-371, Chapter 18, 1993*)

An Act to amend the Canada Elections Act —(*Bill C-114, Chapter 19, 1993*)

An Act to provide borrowing authority for the fiscal year beginning on April 1, 1993 —(*Bill C-117, Chapter 20, 1993*)

An Act respecting the transportation of goods by water —(*Bill C-83, Chapter 21, 1993*)

An Act respecting marine insurance —(*Bill C-97, Chapter 22, 1993*)

An Act to amend the Copyright Act —(*Bill C-88, Chapter 23, 1993*)

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.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

That, when the Senate adjourns today, it do stand adjourned until Tuesday, May 25, at eight o'clock in the evening.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I rise simply to make the point that this decision is the government's decision and not our decision opposite. As far as we are concerned, we believe there is ample work before us that we could continue sitting for the next two weeks. I want to make it very clear that, as far as we are concerned, the Senate should continue with the work that is before it.

Senator Lynch-Staunton: Government legislation, which is what I am attempting to get through, is very light as far as our agenda goes for next week. The week after that the House of Commons is off. We thought we would take advantage of that. Once we get back on the 25th of May, there will be ample legislation in front of us, but nothing too pressing. I would also like to mention this will give committees time in the next two weeks to sit on quite a few pieces of legislation that are before them, including Bill C-93.

Hon. Royce Frith (Leader of the Opposition): We do like to think that we do a few things other than government legislation.

Senator Lynch-Staunton: And other things outside this house.

CRIMINAL CODE
CROWN LIABILITY AND PROCEEDINGS ACT
RADIOCOMMUNICATION ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Richard J. Doyle moved the second reading of Bill C-109, to amend the Criminal Code, Crown Liability and Proceedings Act and the Radiocommunication Act.

He said: Honourable senators, Bill C-109 has to do with old crime and new technology. It comes to us not because the avaricious, the mean and the evil have been clever enough to devise new and dastardly deeds to offend us, but because perpetrators have harnessed new apparatus to serve their age-old greed and new routes in law to twist liberty into licence.

This bill is, to a large extent, about the adjustment of law already on the books in ways that will resolve questions relating to the admissibility of evidence obtained from the interception of private communications. The aim of the amendments to the Criminal Code, the Crown Liability and Proceedings Act, and the Radiocommunication Act is to put

an end to the confusion our law makers face in the wake of decisions made by the courts and, in particular, decisions relating to Charter concerns with established police procedures.

What the government is attempting where the Charter tensions are concerned is certainly not proffered as the final legislative answer to the dilemmas, which were hardly anticipated before 1982 when the Queen came to Canada to sign the Charter of Rights and Freedoms.

The amendments will allow police and other enforcement agencies to use video surveillance and other surveillance technologies such as electronic tracking equipment.

The amendments will allow police to obtain warrants and orders to carry out investigative procedures or to obtain information or cooperation which would otherwise constitute an unreasonable search or seizure.

The amendments will allow law enforcement officers to obtain warrants to gather evidence of or information relevant to suspected criminal activity by intercepting communications with the consent of a party, and the amendments will permit change of evidentiary and procedural systems as they apply to gathering information through electronic surveillance. They will make it certain that only the Charter will be applicable to issues of admissibility.

Honourable senators will recall that when this bill was discussed in the other place, Perrin Beatty, the Minister of Communications, described three cases in which the courts had found that established, and, I think sensible, police procedures had run contrary to the judges reckoning on Charter grounds.

I will test your patience, colleagues, with a brief recounting of one of those cases to help you determine the worth of what is being proposed in Bill C-109.

The police were on the trail of a suspected gambling operation. A pin-hole video camera was installed in a hotel room, and evidence was secured that provided the further evidence needed to back up a raid on undeniably illegal gambling activities. The court noted that, as there is no statutory authority for video surveillance, Parliament should provide one. The court also decided that video surveillance in a locale where there was a reasonable expectation of privacy, without prior judicial authorization, was also contrary to the Charter.

Strip away the bits about pin-hole miniatures and electronic responses and nervous judges, and you are close to the standard old story of evidence secured to provide a legal response. The example of those old rulings and laws that I found has been in the Parliamentary Library for all but one of the last hundred years. The circumstances were put to paper in the words of a boy who sailed on the English ship Hispaniola and found himself an unintended spy. Let's call it *Hawkins v. Silver.*

> In I got bodily into the apple barrel and found there was scarce an apple left; but sitting down there in the dark, what with the sound of the waters and the rocking movement of the ship, I had either fallen asleep or was on the point of doing so, when a heavy man sat down with rather a clash close by. The barrel shook as he leaned his shoulders against it, and I was just about to jump up when the man began to speak. It was Silver's voice, and, before I had heard a dozen words, I would not have shown myself for all the world, but lay there, trembling and listening in the extreme of fear and curiosity; for all these dozen words I understood that the lives of all the honest men aboard depended on me alone.

Honourable senators, those of you who have read Robert Louis Stevenson's full account of young Mr. Hawkins' adventures will all agree, I do believe, that in the same circumstances today, John Silver would face a stern court for his crimes, although modern mercy would spare him a swing from the yard-arm.

But the courts pinning down Mr. Hawkins' account of unspeakable crimes would have to prove that he was not in the barrel at the instigation of the police; that he was not sent back to the barrel for further observations; that none of his testimony against Silver or the other pirates depended on the memory of a tape recorder or the signature of a camera. And over all, did Silver and his gang not have good reason to expect privacy down by the apple barrel?

If Mr. Hawkins had acted on the impulse he recalled on page 86, would he himself not have faced the extreme anger of the courts? He wrote:

> I think if I had been able that I would have killed Silver through the barrel.

In another of the cases cited by Mr. Beatty, the court noted that a procedural quagmire stood in the way of an accused seeking the full use of his rights. Mr. Silver might face quicksand.

It will be the task of the Standing Senate Committee on Legal and Constitutional Affairs to put into perspective the rights of accused persons and the rights of the community at large in meeting the reservations of the courts and sustaining the protections of those facing charges.

These may be interim measures and we may face change again when legislators look at the larger canvas of the Charter and its effects. These matters aside, our responses to the changes of Bill C-109 must not be lightly received. Consider the fact that those who seek to profit from the information taken from the tapping of cellular phones will be subject to charge and prison terms of up to five years. That is a great

distance from the simple "user beware" warning favoured by others in cellular cases. Consider that both publishers and their employees, in their determined support of a free press, do not like what is before you now.

What the Senate must do is consider the wellbeing of society and our obligation to do our very best to protect the rights and the likes of Jim Hawkins.

On motion of Senator Molgat, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

THIRTY-SECOND, THIRTY-THIRD, AND THIRTY-FIFTH TO FORTY-SECOND REPORTS OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Spivak, for the adoption of the Thirty-Second to Forty-Second reports of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented in the Senate on April 29, 1993, approving budgets of the following committees:

32nd	Agriculture and Forestry;
33rd	Banking, Trade and Commerce;
34th	Banking, Trade and Commerce;
35th	Banking, Trade and Commerce;
37th	Fisheries;
38th	Foreign Affairs;
39th	Foreign Affairs;
40th	Legal and Constitutional Affairs;
41st	National Finance;
42nd	Social Affairs, Science and Technology;

And on the motion in amendment by the Honourable Senator Kenny, seconded by the honourable Senator Hastings, that the Thirty-Fourth Report be not now adopted, but that it be amended by deleting the sum of $5,250.00 from Transportation and Communications and substituting therefor the sum of $1,000.00 — (*Honourable Senator Lynch-Staunton*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Neither Senator Kenny nor Senator Poitras are here to discuss the one report that has the amendment. Sorry, Senator Kenny is now here, but Senator Poitras is not here. I wonder if we could adopt those reports for which there is no discussion and leave the other one for Senator Poitras to stand until the next meeting. This is just a suggestion. I do not want to penalize those committees who do not have their budget and may need it unless there is a reason to hold them up.

Hon. Colin Kenny: I am comfortable with that, honourable senators. The only budget that we would hold, then, would be that of Banking, Trade and Commerce?

Senator Lynch-Staunton: Yes.

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

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): That appears to be a reasonable solution as far as I am concerned. I just want to make one point regarding one of the other budgets, one that affects Senator Grimard. That is the joint committee of the two houses on statutory regulations. There has been a change in the financing of that budget as a result of a decision by the House of Commons. It is a change with which I agree. We are now paying 50 per cent of the cost of that committee as against the normal 70-30. I think that is how our joint committees ought to work. We ought to pay 50 per cent, and we ought to have 50 per cent of the say as a result. I think that is the proper way to go. However, I do not like the fact that it was brought in by a decision of the House of Commons, which changed the by-law and then tells us, "This is what you must do." That procedure is wrong, although the outcome is right. I think in the future we should insist on all joint committees having even numbers in both houses, and an even share of the cost of administration.

Some Hon. Senators: Here, here!

Hon. Consiglio Di Nino: Honourable senator, I wonder if I could ask a question. I support your position, and I support your comments. Would there be some opportunity in the future where we may not wish to participate fully or 50 per cent? There may be some particular issue — electoral reform, as an example — where it would be more of a House of Commons issue and we may not want to be involved to the degree of 50 per cent or at all. Would you have agreed that that may be the case?

Senator Molgat: I think that is a reasonable comment. I suppose what I do not want to have happen is that the House of Commons decides we are going to have a joint committee, we are going to have so many members, and they send us a message: "All you are entitled to is so much." I think it ought to be a negotiation between the two houses where we agree in each case to the numbers, to the financing, and to the control. Control is important too. In this case, it is the Senate that administers this committee. I think that is right. A number of joint committees should be administered by the Senate, and some should be administered by them. There should be negotiation in each case.

Senator Kenny: Just to clarify, honourable senators, the one report that we are not approving is the Thirty-Fourth Report of the Standing Committee of Internal Economy, Budgets and Administration relating to the supplementary budget-Standing Committee on Banking, Trade and Commerce-financial institutions. We will debate the amendment that I put forward when Senator Poitras is here.

Senator Lynch-Staunton: Agreed.

The Hon. the Acting Speaker: Is it agreed that, other than the one that has been mentioned, the rest shall pass?

Hon. Senators: Agreed.

Motion agreed to, and reports adopted.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SIXTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the sixteenth report of the Standing Senate Committee on Social Affairs, Science and Technology (budget-Affairs-Health Care Regulations), presented in the Senate on May 4, 1993.—*(Honourable Senator Kinsella).*

Hon. Noël A. Kinsella: Honourable senators, I move the adoption of this report.

Motion agreed to and report adopted.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-THIRD REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the forty-third report of the Standing Committee on Internal Economy, Budgets and Administration (Budget of the Standing Joint Committee on Scrutiny of Regulations) presented to the Senate on May 4, 1993.

Hon. Normand Grimard: Honourable senators, on behalf of Senator Lavoie-Roux, I move the adoption of this report.

Motion agreed to and report adopted.

[*English*]

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — *(Honourable Senator Frith).*

[Senator Frith]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, when I was interrupted yesterday, I was quoting from the *Gazette* of May 4, 1983. Mr. Mulroney was quoted as saying:

> "...there's no way of ever pleasing the PQ because it's after one thing only: The dissolution of Canada...Get rid of the PQ," Mulroney said, "and as prime minister of Canada I'd negotiate constitutional peace with the people of Québec just like that.

He tried to assure sceptics by routinely claiming that as a labour lawyer:

> I've reaped peace - and that's exactly what you'll get from me in constitutional negotiations.

For some members of the media, this shallow response did not strike a particularly responsive chord. However, Mr. Mulroney refused to budge on the question of publicly tabling a constitutional strategy.

[*Translation*]

> To journalists who criticized him for hiding his true constitutional position from Conservative delegates, Mr. Mulroney replied that a good strategist never puts his cards on the table before the negotiations begin.

[*English*]

Metaphorically, he was at the poker table then.

Senator Hébert: It was before the dice.

Senator Frith: It was only later, yes, that he went to rolling the dice on the crap table.

Continuing:

[*Translation*]

> It will be the next leader's responsibility; it is complex, we must be careful; it is not something you decide one Saturday night on the back of a truck.

This quotation is from *Le Devoir* of May 2, 1983.

[*English*]

One day after this statement of principle appeared in *Le Devoir*, Mr. Mulroney released a nine-point constitutional plan which he boasted to a Montreal reporter he had drafted, "on the back of a Quebecair barf bag on the flight from Quebec City to Mont-Joli." That is a quotation taken from the *Gazette* of May 7, 1983.

Maybe he should have left the bag and his dice on the plane and sat on the back of a truck one Saturday night for inspiration. Maybe he would have come up with something better, something which would have spared the country years of untold constitutional agony that flowed from his "Quebecair barf bag", to use his expression and words.

We will return to update these themes, the deficit, constitutional reform and peace, but for the moment, onto another Mulroney theme, patronage.

In addition to promising constitutional peace, a new prosperity and integrity in government, Mr. Mulroney offered something that stirred the hearts of many Conservatives, I am sure. While in Moncton, and I quote from the *Telegraph Journal* of May 9, 1983:

> Mr. Mulroney said the PCs will give the Liberals 'their pink slip and their running shoes' in the next federal election.
>
> 'We're going to put them back on the street,' he continued, saying 'We'll tell them to get a job like the rest of us.'
>
> He said if he becomes prime minister he will call upon qualified Liberals and NDPers to fill government-appointed posts, but only after 15 years and 'I can't find a breathing Conservative.'

According to the newspaper article, Brenda Robertson and Mabel DeWare, as they then were, described as "two high-profile provincial Tories", were part of the delighted audience.

That same message was delivered in all parts of the country to the Tory faithful. The Toronto *Star* had this to report on April 24, 1983:

> "I intend to appoint all sorts of Liberals and NDP to top, sensitive jobs...after I've been prime minister for 15 years and I can't find a living breathing Conservative to do the job," Mulroney tells the Tory faithful.

The *Gazette* of May 7, 1983, described a scene where Mr. Mulroney was leaving a meeting at a hotel in Jonquière:

> Mulroney ran smack into 30 Alcan workers on their way to a study session elsewhere in the hotel.
>
> Assessing the situation quickly, Mulroney threw his arm around the shoulders of the nearest man and announced cheerfully:
>
> There, ladies and gentlemen, goes Canada's next Senate.

Is there anyone here from Alcan or Jonquière? No hands? There are still some vacant seats and Mr. Mulroney is Prime Minister until June 12. We may yet be informed that some of those Alcan workers, now senators, are, to use the expression we hear here, "Without, waiting to be introduced," to take their seats.

Notwithstanding this largesse for potential delegates as they then were, maybe some of the same ones will be in town again soon. Victory was not a certainty in late May of 1983.

In a memo dated May 22, Mulroney's convention organizer, John Thompson, wrote his boss:

> People are scared of your candidacy because a) they are scared off by your organization b) they don't trust you.

Among the reasons for this lack of trust, Thompson pointed to:

> 1) image is fuzzy...not certain who you are and what you stand for...2) it is perceived that you are not your own man - that someone else is pulling the strings - Conrad Black or some big business organization - that someone who is always perfect (changing shirts, Christian Dior shirts, Ken Doll image) should be suspicious; that you are opportunistic - here today gone tomorrow...

That quotation is from *The Contenders* by Martin, Gregg and Perlin, page 83.

Unfortunately for Canada, this lack of trust and the perception of Mulroney as a tool of big business was not yet sufficiently developed to deny him victory on June 12, 1983. That would only come with experience, and when it did, Thompson's description of Mulroney as a "opportunist - here today gone tomorrow" would never ring truer for Canadians who were deprived of the chance of passing judgment on him and his record in a 1992 or 1993 election.

But in the summer of 1983, that suspicion, uneasiness and distrust of him as a candidate, was submerged under a sea of hope by Canadians who really did want to believe what he said. In a leap of faith, delegates to the Progressive Conservative Party Leadership convention in Ottawa elected as their leader Mr. Mulroney, the candidate of economic prosperity, integrity, constitutional peace, anti-free trade and patronage par excellence.

Little did they know that their faith was to be rewarded only on the last score, patronage, but on June 12, 1983, hopes were high, and it was now time for this businessman and recreational politician, as he called himself, to get elected to the House of Commons. This brings us to Part 4 of our chronology.

We ended Part 3 with Mr. Mulroney being chosen leader of the Progressive Conservative Party after promising the delegates and all other Canadians constitutional peace, economic prosperity, no free trade, integrity in politics, pink slips and running shoes for "boggy brained civil servants", pink slips and running shoes for Liberals, pink slips and running shoes for future members of his own cabinet and an orgy of Conservative patronage. But patronage, running shoes and pink slips would have to wait because there was first a little matter of getting elected to the House of Commons. First he needed a vacant riding in which to run in a by-election. That was provided by Elmer MacKay in the riding of Central Nova, who quickly resigned his seat. Mr. Mulroney declared himself to be a candidate, won the nomination, and off he

went campaigning again when a by-election was called for August 29 of 1983.

In many ways his approach was similar to the one that propelled him to the leadership of the party. He stressed liberal values while promising economic renewal. But this time there was a major, new campaign theme as well as a number of new promises tailored specifically for the riding. Frankly, it does not really matter what promises he made, because we know they were broken, but in 1983 the people of Central Nova and Atlantic Canada, like many other Canadians, I admit, took those promises seriously.

For example, the *Chronicle-Herald* of July 13, 1983, dateline Trenton, ran a story that began thus:

> The Progressive Conservative caucus will battle any move to reduce transportation subsidies on Atlantic Provinces manufactured goods, party leader Brian Mulroney pledged Tuesday.

This was not simply something that was said to a reporter in the back of an airplane; it was said before a crowd of more than 3,000 people in the Trenton community rink. He told them:

> If they do anything to the freight rates (subsidies), except to increase them, we will mount such an opposition...that Gerry Regan will be forced to fly Air Canada economy class for the rest of his life.

A month later, in the same city, at another rally, the Halifax *Chronicle-Herald* of August 17 reports:

> At a party rally here for the August 29 by-election, Mr. Mulroney offered a "guarantee" that a Conservative government under his leadership would not cut freight subsidies but would increase them instead.
>
> Atlantic Canada, under the terms of confederation, is entitled to a "fair kick at the can" in terms of transportation costs, he told a questioner at the party rally.

Two weeks earlier, same city, same promise, as he toured the Hawker-Siddeley steel plant. He told Lonnie Reekie, a welder at the Trenton works:

> There have to be increased transportation subsidies so these plants can compete with those in central Canada. But the Liberals want to cut them.
>
> I tell you, there will be no cuts when the Conservatives get in.

That is from the Toronto *Star* of August 3.

He stood before this man, shook his hand, probably put his arm around his shoulder, looked him in the face and told him: "I tell you there will be no cuts when the Conservatives get in."

Mr. Lonnie Reekie undoubtedly believed Mr. Mulroney, as did the questioner at the Conservative Party rally. The 3,000 cheering supporters in the Trenton arena undoubtedly believed him. What they all had in common was that they had no understanding that, for Mr. Mulroney, this promise was no different than promising Senate seats to every second person he met on the street.

Everyone in this chamber knows what Prime Minister Mulroney actually did. Or perhaps they don't. That is one of the reasons I am putting it on the record. For any that do not know, I will tell you what Prime Minister Mulroney actually did to the "At and East" as it was called, transportation subsidy program. Everyone should know how the Tory caucus responded when ordered by the Prime Minister to vote it out of existence.

There is still the Maritime Freight Rate Act and the Atlantic Region Freight Assistance Act, but there are rumours that Finance Minister Mazankowski cut the subsidies under those programs by 10 per cent in his December economic statement. Well, that cannot be true, can it, in view of the guarantee that Mr. Mulroney gave that he would increase them? He even told Mr. Lonnie Reekie that there would be no cuts, and he shook hands on it. But that is for later, too. Let's stay with our chronology.

While campaigning, he was careful to show that his interests were not limited to Central Nova. He had the best interests of the entire province and region at heart. If elected Prime Minister, he promised to display sensitivity to the realities of Cape Breton.

> "I would refer to DEVCO not so much as a business but a socio-economic instrument for Cape Breton," Mr. Mulroney said. "Canada has an obligation to such instruments and I wouldn't cut back on DEVCO or Cape Breton's two heavy water plants until I could attract new industry into the region. High tech might be the answer."

That is from the *Globe and Mail* of August 17, same year.

It would be interesting to see how long the two heavy water plants lasted, and what happened to DEVCO when he became Prime Minister, but that will also have to wait until we reach the appropriate point in our chronology. Perhaps Senator Murray can help us at that time with some of the details of the new industries the new Prime Minister attracted into Cape Breton, all those high tech industries. Perhaps Senator Buchanan, former premier of Nova Scotia, will provide some insight.

A persistent and thorny problem for the region was a long-running dispute between Quebec and Newfoundland concerning hydro power. A *Globe and Mail* story of August 17 reports:

> Mr. Mulroney said he would, as Prime Minister, directly intervene in the dispute between Quebec and Newfoundland over the Upper Churchill power development. Under the terms of the 65-year agreement,

> Newfoundland loses approximately $700 million a year by selling power to Quebec Hydro for one-tenth its value.

After agreeing that the contract was grossly inequitable, Mr. Mulroney said:

> The Prime Minister is going to have to lay out a proposal that will be to the advantage of both provincial governments. I may be rebuffed, but that's what I would do if elected.

Well, we will have to see what he did do as opposed to what he would do when he was elected. Senator Ottenheimer, former Minister of Energy in the Peckford government, will be able to help us there. Undoubtedly he was involved in the meetings, if there were any, where Prime Minister Mulroney laid out his proposals to resolve this dispute. But that is for later. At this time I want to turn from specifics to more general matters.

In addition to his specific pledges, Mr. Mulroney unveiled in the Trenton community rink about which we spoke what was to become one of his major refrains, both in the by-election and the 1984 general election. You heard about it earlier today. "There are only three issues: jobs, jobs, jobs."

Yes, the famous "jobs, jobs, jobs" speech had its humble beginnings ten years ago in Trenton, Nova Scotia. I am sure the unemployed of that province and that community take pride in the knowledge that they were one of the first, if not the very first, honoured recipients of this immortal Mulroneyism.

Perhaps that thought helps them to keep their minds off the recession and off how Prime Minister Mulroney twice had his ministers introduce legislation to cut off their unemployment insurance benefits.

They undoubtedly take comfort in remembering how candidate Mulroney told the people of New Glasgow: "To be content with an unemployment rate of 10 per cent is just short of criminal." That is from the *Chronicle-Herald* of August 26, 1983.

In Central Nova in 1983, "jobs, jobs, jobs" rolled off his lips like a prayer, and the voters were believers. But what did not roll off his lips quite so easily were the words "universal health care".

Nineteen eighty-three was the year that extra billing by doctors became a major national issue and for candidate Mulroney it was an unwelcome intrusion. When the Minister of Health and Welfare, Monique Begin, announced that she would be introducing measures to end the practice, he was more obviously slippery than he was on these other matters. Let us begin with the Toronto *Star* of July 28. Scotsburn, Nova Scotia is the dateline, as it is called.

[Senator Frith]

> A Conservative government would be "generous" to the provinces and doctors on the prickly issue of medicare, Tory leader Brian Mulroney says.
>
> But Mulroney refused yesterday to be more specific than that.
>
> "Generous means generous," he snapped when pressed by reporters to give details of the party's stance to medicare.
>
> Mulroney would not explain what the Tories would do about hospital user fees or extra billing by doctors, practices which Health Minister Monique Begin says are hurting universal medicare.
>
> "I've said what I have to say," Mulroney said.
>
> And he made clear that further attempts to pin him down on medicare will be useless.

Instead of disclosing his own plans, Mr. Mulroney attacked the health minister for her "confrontational tactics" with the provinces which he said were "far from civilized". He charged that the real problem was federal cutbacks on medicare which "have left the provinces holding the bag" and "scrounging" for money.

Though his approach was not about to fly, he tried it again the next day. The following is from the Toronto *Star* of July 29, 1983.

> "The root cause of the problem with medicare is that the Liberals have reneged on funding commitments to the provinces," Mulroney told reporters yesterday while campaigning for the August 29 Central Nova by-election.
>
> The solution to medicare's problems would be to re-establish funding "in a positive and generous way," Mulroney said after a private luncheon with area doctors.
>
> But Mulroney would not say how much more money the provinces could expect from a Conservative government. Neither would he say what Conservatives would do about extra billing by doctors or hospital user fees.

Then, as usual, he attacked the Liberal government, charging:

> They want to fight an election on the backs of the doctors and the poor.

But no matter how often he repeated this message, it was met with the same scepticism. What to do next? For Mulroney, the answer lay not in providing his own proposals, but to place his hand over his heart and pledge allegiance to Canada's social programs.

> The Conservative party was for medicare, it is for medicare today and it will be for medicare tomorrow.

That was from the *Toronto Star* of August 4, 1983. That article also describes how Mr. Mulroney told a rally in New Glasgow "that medicare is a 'sacred trust'".

Honourable senators, this is the first reference I could find of the future Prime Minister using the immortal words "sacred trust" when referring to social programs — another distinction for the people of Nova Scotia. First, they were honoured with the unveiling of "jobs, jobs, jobs", and then it was "sacred trust" — the old one-two punch for the people of Nova Scotia. But the voters of Central Nova refused to stay down for the count, so candidate Mulroney once again came out of his corner swinging. The *Globe and Mail* of August 17, 1983 described it this way:

> A Conservative government, he said, would cover a portion of the shortfall provincial governments are experiencing in meeting rising health care costs.

The August 19, 1983, edition of the *Toronto Sun*, dateline New Glasgow, reported that:

> Mulroney pledged a Tory government would provide sufficient funding for all existing health care programs including current dental care and prescription programs in Nova Scotia.
>
> "These programs are part and parcel of our citizenship," he said.

Again in the *Chronicle-Herald*, August 24, 1983, he spoke out on medicare.

> While Ottawa had launched medicare on a 50/50 cost-sharing basis, Mr. Mulroney said the federal Liberals have dropped their percentage, with the provinces "left holding the bag". The Tory leader said he is prepared to pledge a federal government to "a fair share" of medicare costs, promising to restore cost-sharing to the "original plan".

From our own *Ottawa Citizen* on the same day came the following:

> A Conservative government would restore the original 50-50 split in medicare costs between the federal and provincial governments if elected to office, says Tory leader Brian Mulroney.
>
> In some cases — such as in northern British Columbia, New Brunswick and Nova Scotia — the federal share would likely be even higher, said Mulroney...
>
> "National health care is not a political issue," he said. "You're entitled to the same kind of quality services irrespective of place of residence.
>
> "That may mean in certain cases a higher percentage than 50 per cent."

[Senator Frith]

So there it was — more promises for the people of Nova Scotia. If he were Prime Minister, Mr. Mulroney would fund medicare on a 50-50 cost-sharing basis with the provinces and, in some cases, the federal government's share would be greater than 50 per cent. These statements were made following a meeting with Conservative premiers John Buchanan, Jim Lee and Richard Hatfield.

The *Ottawa Citizen* reported that the premiers were pleased following their meeting, though they apparently did not get any commitments on specific issues.

> I don't think I needed any promises," Buchanan said. "I trust Mr. Mulroney. I know what his philosophy is. I know what his approach to government is. And I agree with it. His approach is what Nova Scotians say is 'on all fours' with mine."

"I trust Mr. Mulroney", Premier Buchanan said. While Senator Buchanan's trust in Mr. Mulroney may not have been misplaced, it is difficult to make the same statement with respect to the people of his province.

They, unlike Premier Buchanan, were given promises. Following his meeting with the premiers, Mr. Mulroney promised that medicare was a "sacred trust"; he promised 50-50 funding; he promised that, in some cases, the federal government's share would be greater than 50 per cent. These promises were made by Mr. Mulroney in New Glasgow — in the Crocodile Room of the Peter Pan Motel.

Sounds like something out of a script. The location provides a very accurate indication of what happened to all those promises. We do not even have to break out of our chronology.

Promises were made. By whom? Mr. Mulroney. Where? The Crocodile Room of the Peter Pan Motel. Result? Predictable. Typical of crocodile promises from Never-Never Land.

End of the medicare story for the moment, except for a brief change of chronology. That is medicare in 1983. Let us just fast forward for a moment to a story in the *Globe* on April 30, 1993. That was just a little while ago.

> Conservative leadership candidate Kim Campbell says she is ready to preside over a new era in medicare, in which Canadians could be required to pay for medical services they use.
>
> That fundamental change to the health care system is just one measure of where Ms Campbell believes a future prime minister could be forced to take the country...
>
> Asked whether she would consider user fees for medicare — a challenge to the whole system of universality in Canadian social services — Ms Campbell said she would. "If it was the consensus of working with the provinces on how to rejig our social programs, then yes."

In all this research that I have been sharing with you, I do not remember any promise or suggestion that it was a part of the policy to have user fees.

When reviewing Mr. Mulroney's campaign in the Central Nova by-election, there is virtually enough material from every day of the campaign to warrant a separate speech. Let me end this chapter with a few highlights.

When asked to comment on Premier Bill Bennett's deficit-cutting strategy in British Columbia, particularly as it applied to his treatment of the public service, Mr. Mulroney replied, as reported in the *Edmonton Journal* on August 9, 1983:

> I'm very sensitive to the fact that a contract signed is a contract to be honoured.

And from the *Vancouver Sun* on the next day, we heard:

> If you sign a collective agreement it must be presumed that you know what you're signing and that you have weighed, as best one can, the implications of that document for the future...I've always contended that a document signed is a document to be honoured.

From the *Globe and Mail* a week later:

> What (B.C. Premier William) Bennett has done is exactly what (Quebec Premier René) Lévesque did in Quebec. But I reject the approach that you can unilaterally change an agreement to the detriment of a co-signatory when you were under no obligation to sign it in the first place.

His view on the deficit was recorded in the *Vancouver Sun* on August 10, 1983:

> You are not going to save this country from the financial and economic morass it is in simply by restraint. Restraint is fine, but you don't feed a family on six-and-five when you don't have a job. The most important question of priority is not restraint. It's unemployment.

What about the principle of general elections every four years? The *Vancouver Sun* on August 10, 1983 reported:

> [Prime Minister Trudeau is] getting to the end of his four-year term, he is trying to establish a new constitutional principle, or custom, in Canada of a five-year term. This is another violation of British parliamentary traditions...

What year are we in now? We are well on to the five-year term of this man's government.

That the future Prime Minister of Canada would so mislead Canadians no longer shocks. Or perhaps people are more shocked than was reported. I think they remember him saying that. I think they remember all the other things he said. But just in case, let us make sure it is on the record.

Over the years, we have become accustomed to distinguishing his and his government's fantasy from reality and from what they really intend to do and the difference between what they say and what they do. What still shocks is the language the man who wanted to be Canada's Prime Minister used when attacking his political opponents.

A *Toronto Star* article dated July 17, 1983, described Mr. Mulroney's nomination meeting in Central Nova:

> Mulroney told the crowd of more than 3,500 that in any other "civilized country" MacEachen would be lynched for "ruining and devastating the country" when he was finance minister...

That is a quote. The article goes on to say:

> You could have heard a pin drop in the hockey rink...

I can imagine, if he was attacking A.J.

> Mulroney, never one to miss a cue, quickly moved on to another topic.

Let us end with the observations that Mr. Mulroney did win the by-election on August 29, 1983. But now, ten years later, after announcing his resignation, he will not venture back to Nova Scotia. Instead, Prime Minister Mulroney is off to those other "civilized countries", far overseas, on a farewell tour, seeking respect and reassurance, like Ponce de Léon sought the fountain of youth.

And Mr. MacEachen? He still lives in Nova Scotia where he is still called A.J. Tune in again in two weeks.

On motion of Senator Frith, debate adjourned.

THE SENATE

MR. DAVID KLUG, PAGE—RESIGNATION—BEST WISHES FOR FUTURE ENDEAVOURS

Hon. Royce Frith (Leader of the Opposition) : Before we adjourn I should like to put on the record that this is the last day for a very loyal, long-serving Page, David Klug.

Senator Molgat: Is it?

Senator Frith: Yes. I think you remember him. He is from Calgary. He has been with the Senate as a Page for two years. He will be graduating from Carleton University in public administration in 1995.

I think honourable senators will be as pleased as I was to hear that David has found summer employment at the

Department of External Affairs, where he will be assessing training needs in different embassies in Canada and abroad.

Good luck, David!

Hon. Senators: Hear, hear!

The Senate adjourned until Tuesday, May 25, 1993, at 8:00 p.m.

APPENDIX "A"

(See p. 3219)

THURSDAY, May 6, 1993

The Standing Senate Committee on Privileges, Standing Rules and Orders has the honour to present its

FIFTH REPORT

Your Committee has considered its Order of Reference dated April 1, 1993, which reads as follows:

THAT the allegations made in the Canadian Press article by Mr. Gordon MacIntosh which appeared in a number of newspapers on or about March 27, 1993, concerning the issue of missing ministerial international trade papers be referred to the Standing Senate Committee on Privileges, Standing Rules and Orders.

On March 30, 1993, the Honourable Senator Carney, P.C., rose in the Senate on a question of privilege. Following brief submissions on March 30 and 31, 1993, the Speaker *pro tempore* ruled on April 1, 1993 that a *prima facie* case of privilege had been established. Pursuant to Rule 45(1) of the *Rules of the Senate*, Senator Carney moved a motion that the matter be referred to your Committee, and this motion was adopted by the Senate.

Senator Carney had the right to raise this matter in the Senate. Rule 44(1) makes this very clear: "The preservation of the privileges of the Senate is the *duty* of every Senator. A violation of the privileges of any one Senator affects those of all Senators and the ability of the Senate to carry out its functions outlined in the *Constitution Act, 1867*...."[Emphasis added]. Once the Speaker had ruled that there was a *prima facie* case of privilege, Senator Carney had the right to move a motion that the allegations be referred to your Committee, and, after the motion was passed by the Senate, your Committee was obliged to investigate it, which it did promptly.

Your Committee retained the services of Joseph Maingot, Q.C., former Law Clerk and Parliamentary Counsel, House of Commons, and author of *Parliamentary Privilege in Canada*, to assist it in its deliberations. Your Committee held several meetings to consider the question of privilege, and heard from two witnesses: Mr. Marcel Pelletier, Q.C., Professor of Parliamentary Law, University of Ottawa, and former Law Clerk and Parliamentary Counsel of the House of Commons; and the Honourable Senator Carney, P.C. Your Committee wishes to thank both of these individuals for their cooperation and assistance.

The complaint of Senator Carney relates to the accuracy of the article concerning the *ex gratia* payment that she received from the Government of Canada as "compensation for the destruction of papers related to [her] tenure as Minister [for] International Trade." Senator Carney argues that because the article is based only on a 1988 report by the Inspector General of the Department of External Affairs, it gives a distorted or incomplete version of the events leading up to the making of the *ex gratia* payment, and contains implications or inferences that she was not entitled to receive any compensation, whereas in fact two subsequent independent investigations confirmed that certain of her ministerial papers had been lost or destroyed. She maintains that the allegations contained in this article have been hurtful and have impeded her in her ability to act both inside and outside the Senate Chamber. In her testimony to the Committee, Senator Carney also made the point that she has subsequently been criticized for raising the matter and for asking that it be referred to a committee.

Your Committee has carefully examined the precedents relating to parliamentary privilege. An adverse reflection upon a Senator or the Senate can constitute breach of privilege, but only if it impedes the Senator or the Senate from performing parliamentary functions. As such, it has a very narrow application, and is to be distinguished from actions for defamation, which are available to all citizens and are pursued through the civil courts. It is extremely difficult to bring oneself within the protection offered by this aspect of parliamentary privilege. There must be a link or nexus between the alleged defamation and the parliamentary work of the Senator.

There appears to be only one previous case of privilege in the Senate (in 1904), and it is not relevant.

Your Committee notes that in two earlier cases of privilege in the other place concerning Messrs. Reid and Mackasey, on each occasion the characterization of the alleged conduct of the member in question was in his capacity as a member of Parliament. Your Committee also notes that in a particular instance at Westminster it was pointed out that in every case of imputations upon members, the imputation was expressly directed to the conduct of the member or members either in the transaction of the service or business of the House or within the precincts. (United Kingdom, House of Commons, 269 (1964–65))

Your Committee notes that in the United Kingdom and in Canada, it "has long been accepted that neither House of Parliament has any power to create new privileges. Your Committee believe that it would be contrary to the interest of the House and

of the public to widen the interpretation of its privileges especially in matters affecting freedom of speech. Your Committee and the House are not concerned with setting standards for political controversy or for the propriety, accuracy or taste [of newspaper articles or] of speeches made on public platforms outside Parliament. They are concerned only with the protection of the reputation, the character and the good name of the House itself. It is in that respect only and for that limited purpose that they are concerned with imputations against conduct of individual Members." (United Kingdom, House of Commons, 247 (1963–64), paragraph 8).

Your Committee notes that the Canadian House of Commons, in 1976, agreed with the principle "that the House should be slow and reluctant to use its penal powers to stifle criticism or even abuse, whether of the machinery of the House, of a member or of an identifiable group of members, however strongly the criticism may be expressed and however unjustifiable it may appear. Your Committee regard such criticism as the life blood of democracy. In their view the sensible politician expects and even welcomes criticism of this nature. Nonetheless, a point may be reached at which conduct ceases to be merely intemperate criticism and abuse and becomes or is liable to become an improper obstruction of the functions of Parliament. For such cases, however rare, the penal powers must be preserved and the House must be prepared to exercise them". (House of Commons, *Debates*, April 9, 1976, p. 12668)

In addition, your Committee notes the comments of the British Select Committee on Privilege, in its December 1, 1967 report:

> "57. It must be recognized that persons criticising the institutions or membership of Parliament may have good ground for believing the truth of their allegations, may consider it to be in the public interest to make them and may make them in a manner which would be fair and proper if the allegations were true. Yet an investigation of all the facts, some of which may be unavailable to the person who made the criticisms may show that some or all of the criticisms were based upon incorrect information or assumptions. In the view of Your Committee a critic who is in peril of proceedings for contempt if his criticisms, however carefully considered and however apparently well–founded, turn out to be inaccurate, is likely to be unduly inhibited in his freedom of criticism and comment. Your Committee do not believe that the interests of Parliament are best served by insisting that critics should be insurers of the truth of their criticisms." (p. xix)

As Senator Carney explained to the Committee, the background to this case is very complex, and has often not been fully appreciated. Your Committee is very aware of the concern and anguish of Senator Carney regarding this entire case. Your Committee notes and accepts Senator Carney's explanation of why the compensation was paid to her. The issue before your Committee, however, is whether Senator Carney's privileges as a Senator have been breached.

Your Committee finds, in all the circumstances of this case and based on the above precedents, that there was no breach of privilege.

Respectfully sumitted,

NORMAND GRIMARD
Acting Chairman

THE SENATE

Tuesday, May 25, 1993

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

Prayers.

SENATORS' STATEMENTS

HONOURABLE EFSTATHIOS WILLIAM BAROOTES
HONOURABLE JEAN-MARIE POITRAS
HONOURABLE JAMES W. ROSS

RESIGNATION FROM SENATE—NOTICE AND TRIBUTES

Hon. Efstathios William Barootes: Honourable senators, I rise to inform the Senate that I am resigning my appointment to this chamber. I wish to explain the reasons that brought me to this decision. As senators know, my term would normally expire on my seventy-fifth birthday. In view of the circumstances of an impending election in the late summer or early fall of this year, it is likely that I would not be eligible to sit in this chamber at its next session when it reconvenes. As a consequence, I am forwarding my letter of resignation to the Governor General tonight.

I was appointed to the Senate by Prime Minister Mulroney in the very early days of his administration in 1984. In view of my age I feel it is appropriate for me to retire during the last days of his administration. I have deeply appreciated and greatly enjoyed the honour of serving the Parliament of Canada, particularly in these very historic and eventful times. I shall keenly miss the work of this chamber, the associations, the relationships and the friendships I have built up during these years and particularly the cut and thrust of debate. However, age itself dictates the vigour and the scope of our activities and of our lives, and I submit to its relentless progress.

I cannot leave this institution without expressing my gratitude to those who have helped me so generously, from colleagues on both sides of this house to the table officers and the staff of the Senate who have been so helpful. To them, may I say my thanks. Especially, however, may I mention my leader, Senator Lowell Murray, who has allowed me the opportunity to serve in a variety of capacities and functions in this chamber; my friend, Mr. Justice Nathan Nurgitz, my erstwhile partner, whose good advice I frequently sought and often obtained, and Miss Debbie McGee, whose superb services as secretary and executive assistant made my senatorial life and work enjoyable and useful.

I have one serious regret in leaving the Senate and that is that I shall not be able to directly participate in the special study on rural health and farm injuries which the Standing Committee on Agriculture and Forestry is now completing. I know it will receive finalization at some time in the future and I look forward to reading the report and its recommendations.

To close on a lighter note, I also regret that I will not be around to stimulate and to bait my colleagues opposite into ever higher heights of political rhetoric and whit. Thank you very much.

Hon. Senators: Hear, hear!

[*Translation*]

Hon. Jean-Marie Poitras: Honourable senators, the time has come for me to move on, and so I have submitted my resignation to the Governor General, effective today at midnight. As you know, I am now in the last quarter of my seventy-fifth year.

I have had the honour of sitting in this chamber for five years, following my appointment by the Prime Minister of Canada, the Right Honourable Brian Mulroney, who placed his trust in me, for which I am most grateful.

It was during Meech Lake, when the Premier of Quebec, the Honourable Robert Bourassa, and his government had short-listed my name as well as the names of Senators Chaput-Rolland, Gérald Beaudoin and Roch Bolduc. Subsequently, Meech Lake foundered, and it is my conviction that Canadians would have been better off with a different outcome.

During my stay in the Senate, I was anxious to do my best for Quebec, my province, and for Canada as a whole, a country I love and that deserves to be loved. I hope to have been of service, and I am delighted to have had this opportunity.

Here in the Senate, my leader, the Honourable Lowell Murray, always felt he could count on me, and I am grateful that he did so. It was a pleasure to work under his leadership.

I also wish to thank Senator Lynch-Staunton and our whip, Senator Kelly.

I had the honour and the privilege of starting my career in the Senate on the Banking, Trade and Commerce Committee and the Energy and Environment Committee. It was a gratifying experience.

On the Banking, Trade and Commerce Committee, I learnt my trade, so to speak, during our study of the goods and services tax, when I became even better acquainted with my country, since we travelled from coast to coast and experienced all the vagaries of our parliamentary system.

Later on, I was appointed chair of this committee. We were to examine several bills, including the important set of reforms concerning our financial institutions, legislation that will have a decisive impact on the economy of our country.

I also would like to express my thanks to all members of the Banking, Trade and Commerce Committee for their tireless dedication and co-operation. I am sure my colleagues will let me say a word of special thanks to the vice-chairman of this committee, Senator Michael Kirby, for his incisive and well documented contribution at all levels of the committee's proceedings.

To my government colleagues, I wish to say thank you for your friendship and, to my opposition colleagues, thank you for your respect.

As a senator, I have been able to learn and observe a great deal. Perhaps I may share with you some comments on the Senate's place in Parliament.

First of all, because of a lack of openness and adequate information, there is a negative perception of the Senate among our fellow citizens, who wonder what the Senate does and why it should be there at all. However, I think it would be relatively easy to turn this situation around. In fact, a number of senators have made this clear on many occasions.

Second, I would like to stress the personal qualifications of the members of the Senate, and I think you have every reason to be proud, honourable senators. With such an arsenal of talent, I think the work we do could be put to even more constructive use, considering the very considerable amounts we spend on research and studies. For instance, the results of our research and studies could be published every two years, classified by section or sector.

Finally, over the years, friendships have developed that I am anxious to preserve, and you may rest assured I will look back with satisfaction on the years spent in these precincts. Thank you, honourable senators.

[*English*]

Hon. James W. Ross: Honourable senators, I rise this evening to announce that I, too, am retiring from the Senate. While this has been an agonizing decision, it is a choice that I feel I must make. First, I have a young family of mainly teenagers who are going through their own challenges of life, and my highest priority at this point is to spend a great deal more time with them in the years ahead.

Second, when I came to the Senate, I retained my company in New Brunswick, knowing that ultimately I would have to make a choice. While some people can do it better than others, I found it difficult to juggle family, private business and the Senate, and frankly at times I felt I was not doing justice to any of them. I am choosing to do what I think I do best, returning to manage my company in the private sector.

I can tell you that I leave the Senate with sadness and a great deal of nostalgia, even though my time here has been relatively brief. I have been blessed with an extraordinary experience; indeed, one that I never dreamed of having, in serving my province and my country as a senator. It has been a great honour getting to know and working with such outstanding people as my colleagues on both sides of the house.

While I try not to be particularly partisan, I do want to say that one of the most satisfying aspects of my service here has been my unwavering belief in the general thrust of the policies of my prime minister and his government. There are always areas of disagreement, of course, but I leave this place with pride, and with a very clear conscience.

I shall miss very much the Senate and my colleagues on both sides of the chamber. I hope that if the opportunity presents itself, you will visit me in New Brunswick so that I can show you firsthand what a wonderful province it is.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I want to take just a moment of your time to say a word of gratitude on behalf of the government to our departing colleagues, the Honourable Staff Barootes, who has been with us since December 1984; the Honourable Jean-Marie Poitras, who came here in September 1988; and the Honourable James W. Ross, who was appointed in September 1990. We are losing three colleagues who enjoy the warm personal regard and esteem of all of us here.

[*Translation*]

Senator Poitras chairs with great distinction one of our most important standing committees, the Committee on Banking, Trade and Commerce.

[*English*]

Senator Barootes is chairman of our Standing Senate Committee on Agriculture and Forestry. I must mention the work begun under his chairmanship on rural health and farm safety. He will be missed in directing that work in the committee, and his voice and participation will certainly be missed in this chamber.

Senator Poitras and Senator Barootes would have reached retirement age later this year. Senator Ross, who is a good deal younger, is active in business enterprises in New Brunswick and has a young family. As he has explained, he finds that the demands on his time and attention are such that he cannot accommodate these duties and at the same time do justice to his responsibilities in the Senate.

Needless to say, we appreciate the spirit in which the decision was made by Senator Ross, as well as that made by Senator Baootes and Senator Poitras.

[*Translation*]

Before their appointment to the Senate, our three colleagues had distinguished careers in their respective provinces as active and committed citizens. I am confident that after they leave Parliament, they will continue to serve their fellow citizens and their country.

[*English*]

In expressing my thanks to them for their loyal service to Parliament and to the country over the past few years, I extend our best wishes to them for health and happiness in the future. They can be proud of their contribution to the Senate and of the respect and admiration in which they are held by their colleagues.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to make a comment about what we have just heard, first about the people and then about the process.

With respect to the people, I think Senator Baootes might be overstating the case a bit when he exults over his powers of provocation. However, I will admit freely that he has added some very useful salt and pepper to our deliberations, and that particular flavour, not always desirable, will nevertheless be missed.

Senator Baootes is the laureate gold medallist in the contest that is held every year for the most entertaining of the senators. I have never personally had an opportunity to review his performances in that context, but we will let the democratic process of the *Hill Times* settle that. I, too, wish him a long and happy life.

Senator Poitras will be remembered on all sides as a hard-working, very loyal and effective supporter of his party, his leader and his Prime Minister. After all, that is a very important part of every senator's duty. He can certainly retire knowing that he has fulfilled that part of his duty.

With respect to Senator Ross, I think everyone will want to congratulate him for the quiet, dignified way in which he has performed his duties here. He is what is technically called a "divisional senator". He was, as I recall it, among those appointed for what were considered to be ulterior or collateral motives other than those normally attendant upon the appointment of a senator.

Senator Ross is also a laureate. In the most recent *Hill Times* poll, he was chosen as the sexiest of the senators.

Senator Robichaud: I did not know that!

Senator Frith: Considering that particular prize, one will understand why he wishes to retire undefeated!

With respect to the process, honourable senators, we know that Senator Ross would not have had to retire until September of 2013, that Senator Poitras was to retire on September 5 of this year, and that Senator Baootes was to retire on November 15 of this year. We have no way of knowing what government might be in power in 2013, but we can hazard a fairly educated guess as to what government might be in a position to fill the vacancies that have occurred as of tonight.

Certainly, one can understand why the government would rejoice at the opportunity given to it by this fortuitous and, I am sure, spontaneous decision of Senators Poitras and Baootes to retire early. If the government means to fill those vacancies, it would be open to them to fill the vacancies with Liberals. It is not impossible, just improbable. But it is certainly not impossible. After all, that has happened. There are precedents for that taking place. Mr. Trudeau furnished several precedents. If the government does mean to fill those vacancies with present government supporters, or, as we anticipate, future opposition supporters, then it must mean that they expect that what they tried to persuade the Canadian people to hold against John Turner will not be held against them. I, for one, hope they are mistaken.

• (2020)

Hon. Richard J. Doyle: Honourable senators, in the short time I have been in the chamber I have not mastered the art of concocting agendas, knowing what to expect when I come into the chamber. For what Senator Frith and my leader arrange for us from day-to-day, I am not always prepared.

I, too, would want to join the two leaders in congratulating Senators Poitras, Ross and Baootes, and say to all three of our departing friends that their time here has been well spent. They have each contributed a great deal. I am sure that we will have an opportunity to acknowledge that in the days ahead.

I have been expecting that some time between now and September I would want, in particular, to say a few words about Senator Baootes. I know that Mr. Justice Nathan Nurgitz would not forgive me if I let Senator Baootes' departure pass quietly. Therefore, I have a rough draft of a much longer speech I had intended to make.

It is not your every day Irishman who will gracefully acknowledge the need to turn to the Greeks for words of salutation, inspiration or accommodation — or every day calamity, depending upon where you sit.

Over here, among the true believers, it is not a painless thing to lose a comrade of such quality; and so I have turned to the words of the lyric poet Simonides, whose fame had been established even before Senator John M. Macdonald had risen up to smite the Grits east of here.

• (2030)

I am sure that Senator Frith will recall, as Senator Olson certainly will, that it was Simonides who cautioned us all that:

> ...it is hard to be truly excellent, four-square in hand and foot and mind, formed without blemish.

Surely Simonides was describing the tests of true excellence by which we measure Senator Efstathios W. Barootes; excellence demonstrated in his presidential years with the Medical Council of Canada, the Canadian Urological Association, the Saskatchewan College of Physicians and Surgeons, and in his time as Deputy President of the Canadian Medical Association.

What's that? Did I hear someone say, "Yes, but does he make house calls?" Better than house calls, dear colleagues. There was a time when I first came to this place, so exhausted and weakened by my long struggles as a member of the heroic press that it was thought necessary to provide me with intensive care. Observant members may have noticed that I sat in this chamber with Dr. David on one side to deal snappily with all coronary occlusions, while Dr. Barootes sat on t'other side with scissors ready to put a stop to all urinary profusions. It is a miracle, my friends, that I can now be left with Senators Bolduc and Cogger.

I should not set myself up as some kind of an expert on "senating," but I do know that when I came here, Staff Barootes was first among my new friends. He was the man most willing to make me feel at ease with my shortcomings by confessing all of his — and throwing in a few faults he did not have, just to make me feel better.

The Hon. the Speaker: Honourable senators, I must inform Senator Doyle that his time has expired, unless leave is granted for him to continue.

Hon. Senators: Agreed.

Senator Doyle: Before my head could swell with such attention, I learned it was a benevolence extended to all new members who found themselves standing in the need of care.

Senator Barootes no longer commands his surgery with saintly hands and the devil's tongue. He can, however, still talk you half-way into recovery from whatever physical indignity fate may decree.

As for "senating" — of which you have already heard much this day — Barootes has been a force for reform from within. He has changed our rules, re-organized our committees, revised the manner of our dealing with staff. His work on the committee for the Charlottetown Accord was carried out at great risk to his health, in a cause that will one day be justly recognized as important to Canadian survival. He chairs a committee, which is just beginning on a path that he has carefully prepared toward a report on farm casualties that should be a model for remedial action on this continent.

Efstathios W. Barootes leaves a chamber bettered by his time here. Johann Wolfgang von Goethe, from his safe haven in the eighteenth century, tells us that "..of all peoples, the Greeks have dreamt the dream of life best." And at the risk of interrupting the dream, he adds, "First and last, what is demanded of genius is love of Truth."

You want the truth? Talk to my friend Barootes.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, I had the pleasure of working with Senator Barootes, not on one of the Senate committees but as a member of a Canadian parliamentary delegation. As members of this particular delegation, we had meetings with our U.S. colleagues, and I must say, and I am sure this comes as no surprise, that Senator Barootes co-chaired these meetings with exceptional flair. I want to thank him for his contribution to these meetings and to our work in the Senate, and I wish him and his wife a peaceful and happy retirement.

I think Senator Ross made a wise decision. At his age, family and business ties are such that he probably made the right decision. Nevertheless, I wish him good luck in his career.

As for Senator Poitras, we both arrived here in the Senate under the Meech Lake system, which means that our appointments were recommended by the Government of Quebec and approved by the federal government. We came here together. I had already acquired considerable experience in public administration, so that the shock was not as great as it was for Senator Poitras. To him, at 70, it was something of an adventure to go to the Senate. However, he accepted the challenge of public life with the same pragmatism and the same efficiency he had shown in his business career. I think he showed great skill in dealing with a number of difficult situations, especially on the Banking Committee, and I want to thank him for the work he has done.

I should add that being both from the Quebec City area, we travelled together every week. He is good company. Finally, I want to wish him and his wife, who is with us today, a very happy retirement, and I know he will continue his involvement in a number of activities because I cannot imagine him sitting down and doing nothing. Good luck.

[*English*]

Hon. Finlay MacDonald: Honourable senators, I confess to you that I have always been an admirer of heroes. Heroes, of course, are readily identifiable. They are usually holders of the Victoria Cross, Senator Molson. There was Cecil Merritt at Dieppe, Guy Gibson of the Dambusters, Paul Triquet of the Royal 22nd and, of course, Smokey Smith of the Seaforth Islanders; these are heroes.

That having been said, have you ever seen a greater example of raw courage than you witnessed tonight, with three senators resigning their seats before they must? Those of us who have clawed, cajoled, persuaded and fought our way into the Senate know what it means to have a Senate seat. For three of our colleagues to resign before they have to, that, colleagues, is raw courage.

Honourable senators, Senator Barootes and I came into this place together. That was December 21, 1984. It was at the beginning of the Mulroney administration. The minister was sworn in on September 17; we were sworn in that December 21. Two days before, on Wednesday, December 19, I called Senator Barootes on the telephone and I said, "What have you heard about the Senate appointments? I hear they will make them in two days' time." He said, "I have heard the same thing." I said, "Did you hear anything else? Did anyone call you?" He said, "No." I said, "If someone called you, what would you do?" He said, "The first thing I would have to do is talk it over with my wife, Betty."

From then on, I believed little that Senator Barootes ever told me.

• (2040)

I know Senator Barootes has been an able senator. Senator Poitras has also been an able senator, and I am sorry to lose Senator Ross, who could have been a great addition to this place. They are all great senators. We will miss them.

But, for heaven's sake, honourable senators, before you throw away this opportunity, think about it. Don't quit.

[*Translation*]

Hon. Gérald-A. Beaudoin: Honourable senators, I would like to add a few words in tribute to those who are leaving us this evening, Senators Barootes, Poitras and Ross. Perhaps I may refer more particularly to a fellow senator who was appointed to the Senate at the same time as my friends Roch Bolduc and Solange Chaput-Rolland, and myself.

Senator Poitras became well known for his work on the Banking Committee. He also left his mark in many sectors of the economy in this country. A man of great warmth and wit, he has friends everywhere in this chamber. As Senator Bolduc pointed out in referring to Senator Poitras, we were appointed at the same time, under the provisions of the now defunct Meech Lake Accord, which prescribed that senators would from now on be appointed with the co-operation of the premier of the province and the Prime Minister of Canada. I think this was a very worthwhile proposal, but unfortunately, it died since the Meech Lake Accord was never ratified.

We wish our three senators and their spouses a healthy and happy retirement.

Hon. Thérèse Lavoie-Roux: Honourable senators, although I wonder how I could add to what has been said so far, I must say I regret the departure of three colleagues for whom I have a great deal of respect. It took me some time to understand all the witticisms of Senator Barootes, but I soon perceived his determination to stand up for his principles.

As for Senator Ross, his claim to fame is that of being a so-called "British senator", as our colleagues called us when we arrived in the Senate.

Senator Thériault: At least he stayed with his party.

Senator Lavoie-Roux: We will not get into that. I want to say to Senator Ross that I understand his concerns and wish him every success with his future plans.

As for Senator Poitras, like every one else, I have always admired his dedication, intelligence, determination and loyalty. I believe that the only merit I have, as far as his appointment is concerned, is that when it came before Cabinet in Quebec City, I was still a member of cabinet. We accepted with enthusiasm the suggestion that he be appointed. I hope, Senator Rivest, that this is not a breach of cabinet secrecy. I think he certainly lived up to our expectations. He worked very hard in the Senate, on the various committees referred to earlier. However, he also has a long record of community service, and I expect he will continue his commitment in that respect.

To give one example, because I could hardly name them all, he led the last fund-raising campaign for Laval University in Quebec City. The amount raised was a record for a francophone university. He still has all the energy he had wen he came to the Senate, five years ago, and this should give you some idea of his future commitments. I wish him and his wife, whom I have the pleasure of knowing better, the very best. The word "retirement" seems rather incongruous, since we expect Senator Poitras will spend many more years actively involved in serving the community.

[*English*]

Hon. H.A. Olson: Honourable senators, as I listened to Senators Barootes, Poitras and Ross announcing their resignations, my reaction was sadness. Here are three decent Canadians, good human beings, who have served their country well in the time they have been senators.

I did not become well acquainted personally with either Senator Ross or Senator Poitras, but from what I know of them I have a great deal of respect for them. However, I was much better acquainted with Senator Barootes, and I have even more respect for him as a result of that acquaintanceship.

Senator Barootes and I were Chairman and Vice-Chairman of the Agriculture Committee, an arrangement that worked very well. We worked together on other occasions and also travelled together on more than one trip. He has also, for quite a while, been one of the co-chairmen of the Canada-United States Inter-Parliamentary Committee.

I shall miss Senator Barootes. In addition to all of the other interesting facets of his character, he provided something that I needed rather badly — a substitute for Senator Flynn. And he performed that task very well. Senator Barootes also did a good job of heckling me every time I rose. When one gets used to that, it is difficult to make a speech without it; so I did appreciate it.

Honourable senators, I learned to respect all three of these men, but in particular Senator Barootes.

Senator, I think you have done a terrific job for your country under difficult circumstances — trying to follow the policies and philosophies of your party. In spite of all that, you have done a terrific job. More important than that, I am going to miss you as a friend.

Hon. Mabel M. DeWare: Honourable senators, this evening I have to agree with Senator Olson. Indeed, it is a sad occasion. It has been a pleasure for me to have met Senator Barootes, Senator Poitras and Senator Ross. We will definitely miss them.

I do not speak as eloquently as our editorial friend, Senator Doyle, but I speak about an eloquent person when I speak about Senator Jim Ross. Jim, who is a husband and father, is an astute businessman in New Brunswick who could, without question, be called "Gentleman Jim".

I have known Senator Jim Ross for about 15 years. Senator Brenda Robertson and I rented an apartment in his house for four or five years while we were in the Legislature in New Brunswick. On one occasion we launched a campaign out of his downstairs living room, which we rented, to raise some money in New Brunswick to see that Brian Mulroney was elected in 1984. I think Jim will remember all the comings and goings in the house at that time.

• (2050)

I commend Senator Ross highly for his dedication during the GST. For those who had never sat in a legislature, I know there were a great many frustrations in coming into this place during that time. They must have wondered sometimes just what was going on, and what might happen next.

I understand Jim Ross's desire to resume his life in business back in New Brunswick. He is missed, and I know that he enjoys his life there. His family, whom I know personally, needs him at home.

We will miss all three of you. It has been my pleasure to have met you, and to have sat in this chamber with you. I want you all to know that I really appreciate you.

Hon. Senators: Hear, hear!

Hon. B. Alasdair Graham: Honourable senators, I regret the departure of our three outstanding colleagues. I, too, have been straining at the bit; but I have decided at the last moment to follow the advice of Senator MacDonald.

NOVA SCOTIA

VICTORY OF LIBERAL PARTY IN PROVINCIAL ELECTION

Hon. B. Alasdair Graham: Honourable senators, I wish to say something about the results of the Nova Scotia election, which are now in. While not absolutely final, at last report the numbers are convincing. Uncommon modesty on my part restrains me from mentioning them specifically. As we so often say in this place, they are a matter of public record.

Suffice it to say that the Liberal Party, under John Savage, has scored a decisive victory. I am sure honourable senators on all sides of the house would want to wish him well.

Hon. Senators: Hear, hear!

THE SENATE

ABSENCE OF DEPUTY LEADER OF THE OPPOSITION—TEMPORARY ALLOCATION OF DUTIES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have an announcement to make: Senator Molgat will be away all of this week, as he had planned to be. There is no bad news associated with that announcement, in the sense of illness or anything of that kind. During his absence, Senator Hébert will be the Acting Deputy Leader and House Leader for this side.

Some Hon. Senators: Hear, hear!

Senator Frith: Senator Corbin will be the Whip for today. Tomorrow, Senator Bosa will take over the Whip's duties.

Since it is required that I be in Toronto tomorrow to attend the funeral of a dear friend, Senator Hébert will be the Acting Leader of the Opposition in the Senate.

Some Hon. Senators: Hear, hear!

Senator Frith: Senator Corbin will be the Deputy Leader and House Leader and, as mentioned, Senator Bosa will be the Whip.

Those are my announcements as they relate to this week. There are no premature resignations.

EXTERNAL AFFAIRS

REQUEST FOR INTERCESSION IN LAMONT-SPENCER CASE

Hon. Louis-J. Robichaud: Honourable senators, we have heard good words about those senators who are about to retire, and who were always in the right place at the right time. They have made a great contribution to their country in terms of its economic life.

Tonight, I wish to draw the attention of all honourable senators to the plight of two young Canadians who, unfortunately, were not in the right place at one time in their lives, and who have spent nearly three and a half years in Brazilian prisons for crimes they insist they did not commit. I refer, of course, to David Spencer of Moncton and his fiancé Christine Lamont of Langley, British Columbia.

The families of these two young people have been fighting a courageous, but so far unsuccessful, battle to convince the government to ask Brazil to expel the two of them to Canada. This is a most troubling case. The more one learns about it, the more troubling it becomes. I have a huge file on the subject which I have been accumulating for approximately six months.

David Spencer and Christine Lamont, like so many other Canadians, were concerned about human rights and social justice. That they are imprisoned because they made some serious mistakes is not in dispute. There are at least reasonable grounds to believe, though, that they are in fact innocent as they claim of the kidnapping convictions against them. At worst, they are guilty of being accessories. They have paid the price; they should be brought home, not next year or a year from now, but immediately.

Nearly a year ago, the Justice Committee in the other place looked at the evidence and unanimously concluded that a gross miscarriage of justice had taken place in Brazil, and that the minister should request expulsion without delay.

Appeals were launched some 16 months ago, but the court has not yet decided whether to hear the most important one — the appeal concerning the 28-year sentences. There have been threats to their safety, and Christine has tested positive for T.B.

Christine and David come from good homes. Their parents are highly respected in their communities. Christine's father is a highly-respected surgeon in British Columbia. David's father is 75. He served Canada in the Second World War. He is shaken to find that his plea for help from his country has been ignored.

David and Christine have no criminal records. Prior to this incident, they were known and respected for human rights causes. Christine's health now causes enormous concern to her parents.

This case has drifted in and out of public attention. I understand it has drifted in and out of the minister's — and even the Prime Minister's — attention, but it has never been solved. It has always been possible to shunt it aside for supposedly larger and more pressing issues.

The Hon. the Speaker *pro tempore*: Honourable senators, I regret to interrupt the honourable senator, but the rules require that I point out that his time has expired.

With leave, honourable senators, he may continue. Is leave granted?

Hon. Senators: Agreed.

Senator Robichaud: I thank honourable senators.

The lives of two good Canadian young people are at stake. Are we to rescue them from their ordeal? Or are we to leave them to the mercies and machinations of a justice system that even the Brazilians themselves do not respect?

• (2100)

Honourable senators, I will be recommending that the Senate play its part in a nonpartisan spirit to bring about a speedy resolution to this case. I intend to make a motion to that effect on Thursday, May 27, unless I am assured by External Affairs that affirmative and positive action is imminent.

[*Translation*]

HONOURABLE STANLEY HAIDASZ

FELICITATIONS ON RETURN TO SENATE

Hon. Jacques Hébert: Honourable senators, it is entirely appropriate that we should make much of the unexpected departure of three of our colleagues, but I think we also have a very special reason to welcome back one of our colleagues who, after a long and courageous struggle against illness, has come back to us in excellent health — Senator Stanley Haidasz.

ROUTINE PROCEEDINGS

EXPORT DEVELOPMENT ACT

BILL TO AMEND—REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. Jean-Marie Poitras: Honourable senators, I have the honour to present the twenty-seventh report of the Standing Senate Committee on Banking, Trade and Commerce, concerning its study of Bill C-118.

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

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

Hon. senators: Agreed.

Senator Poitras: Honourable senators, is it your pleasure that I provide some clarification of this report?

Hon. senators: Agreed.

Senator Poitras: Honourable senators, as you may have noticed, this report is presented with an amendment. This amendment was approved unanimously by committee members and concerns the review process. I wanted to draw your attention to this point, because further discussion may be useful.

(*For text of report, see appendix to* Minutes of the Proceedings of the Senate *of this day.*)

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Poitras, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Jean-Marie Poitras, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

Tuesday, May 25, 1993

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWENTY-EIGHTH REPORT

Your Committee, to which was referred the study of Bill C-92, an Act to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts, has examined the said Bill in obedience to its Order of Reference dated Thursday, May 6, 1993, and now reports the same without amendment, but with an observation:

> The Committee held hearings on Bill C-92 on Wednesday, May 12, 1993. The Committee had already undertaken a pre-study of this bill. Hearings were held on Tuesday, March 23 and Wednesday, March 31. A report was adopted Tuesday, April 27 and presented in the Senate the same day.
>
> In its review of the bill itself, the Committee heard from witnesses who expressed concerns with very specific elements of the bill. This amending legislation would now give Revenue Canada the statutory authority to inspect an employee's tax return and then, if there was something wrong with the return, without resorting to the courts or any other process, the employee of Revenue Canada could be disciplined, reprimanded or suspended. The Privacy Commissioner of Canada has suggested, and the Deputy Minister of Revenue Canada has agreed to, guidelines that would build a fence around some of these powers so that the innocent would be protected.
>
> In his appearance before the Committee, the Minister of State (Finance), the Hon. John McDermid, assured the Committee that the privacy issue is being dealt with in a very serious manner by the Department. Further, the Minister agreed to table the guidelines with the Committee once they are developed.

Respectfully submitted,

Jean-Marie Poitras
Chairman

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

On motion of Senator Poitras, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, May 26, at 1.30 p.m.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Motion agreed to.

[*English*]

EXCISE TAX ACT
ACCESS TO INFORMATION ACT
CANADA PENSION PLAN
CUSTOMS ACT
FEDERAL COURT ACT
INCOME TAX ACT
TAX COURT OF CANADA ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-112, to amend the Excise Tax Act, the Access To Information Act, the Canada Pension Plan, the Customs Act, the Federal Court Act, the Income Tax Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and a related act, to which they desire the concurrence of the Senate.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, May 27, 1993.

• (2110)

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-72, to establish the National Round Table on the Environment and the Economy.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, May 27, 1993.

[*Translation*]

CANADA-FRANCE INTER-PARLIAMENTARY ASSOCIATION

MISSION TO FRANCE—REPORT OF CANADIAN DELEGATION TABLED

Hon. Gérald-A. Beaudoin: Honourable senators, I have the honour to table the report of the Canadian Delegation of the Canada-France Inter-Parliamentary Association on its mission to France from March 27 to April 4, 1993.

REPORT OF CANADIAN DELEGATION—NOTICE OF INQUIRY

Hon. Gérald-A. Beaudoin: Honourable senators, I give notice that on Thursday next, May 27, 1993, I will call the attention of the Senate to the report of the Canadian Delegation of the Canada-France Inter-Parliamentary Association on its mission to France, from March 27 to April 4, 1993.

[*English*]

EXTERNAL AFFAIRS

SIGNIFICANCE OF INTERNATIONAL ELECTION OBSERVING—NOTICE OF INQUIRY

Hon. B. Alasdair Graham: Honourable senators, I give notice that on Thursday next, May 27, 1993, I will call the attention of the Senate to the important significance of international election observing.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 100 residents of Alberta who object to the goods and services tax.

Most of these petitions are from St. Albert, Edmonton, Whitecourt and Calgary.

I also have the honour to present petitions signed by 104 residents of Quebec who object to the goods and services tax.

Most of these petitions are from Pincourt, Mansonville, Granby, St-Zacharie, Montréal and St-Damase.

I also have the honour to present petitions signed by 285 residents of Alberta who object to the goods and services tax.

Most of these petitions are from Fort McMurray, Edmonton, Millet and Sherwood Park.

Finally, I have the honour to present a petition signed by 20 residents of New Brunswick who object to the goods and services tax.

Most of these petitions are from Pokesudie, Caraquet and Bas-Caraquet.

For those who are interested, and I am thinking particularly of Senator Murray, I received this petition just this morning!

Five hundred and nine residents of three entirely different regions of our country agree at least in one respect: the GST is an unfair and regressive tax. These voters will remember that in the next election.

[*English*]

QUESTION PERIOD

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have responses to a number of questions, two of which were raised on April 27; one by Senator Bonnell regarding the status of the fixed link to P.E.I. and one by Senator Molgat regarding the safety of military equipment used by Canadian troops in the former Yugoslavia.

Three of the questions were raised on April 28; one by Senator Grafstein regarding the status of funding of the War Crimes Tribunal, one by Senator Bonnell regarding the status of the sunken vessel *Irving Whale*, and one by Senator Stewart regarding the condition of a tank aground off the Shetland Islands.

One question was raised on May 3 by Senator Bonnell regarding the approval for sale of drugs by Health and Welfare; one question was raised on May 4 by Senator Hays regarding the third-line-of-defence assistance; three of the questions were raised on May 5: one by Senator Bonnell regarding the possible transfer of ICAO from Montreal, one by Senator Grafstein regarding the International Court of Justice, and one by Senator MacEachen regarding the downing of flight KAL-007.

PRINCE EDWARD ISLAND

FIXED LINK—REQUEST FOR STATUS REPORT

(Response to question raised by Hon. M. Lorne Bonnell on April 27, 1993)

On March 19, 1993, as a result of a court challenge led by Friends of the Island, Madame Justice Reed ruled that Public Works, as the initiating department must declare what the environmental impact of the specific bridge proposal by Strait Crossing Inc. would be. This had to be performed under section 12 of the Environmental Assessment Review Process Guidelines Order and prior to any irrevocable decision being made. The Federal Court also specified that the issue of the constitutionality of a bridge would have to be resolved prior to the termination of the Borden Tormentine Ferry service.

The federal government has filed an intent to appeal the Federal Court decision. In the meantime, Public Works is abiding by the court order as part of the current process.

Strait Crossing Inc. produced and published a Specific Environmental Evaluation of their particular bridge design on March 20, 1993. Public information meetings were held by Public Works to answer questions and solicit public comments about the document. In addition, all interested citizens were able to call a toll free line to provide their advice to the Minister of Public Works.

On May 13, 1993, after reviewing the public comments, listening to the expert advice from federal departments and agencies and obtaining the concurrence of the governments of PEI, New Brunswick and Nova Scotia, Minister Mackay announced that under section 12 of the guidelines, SCI's bridge will result in environmental impacts which are either mitigable through known technology or insignificant.

The department of Public Works is currently receiving comments on the section 12 determination and will also consider section 13 of the Guidelines before making any irrevocable decision. Friends of the Island, a group opposing the project has stated that they would further challenge the project in court.

Negotiations between the federal government and SCI have resulted in an acceptable financial package, however, no announcement has been made. Bill C-110, an act to allow the payment of a federal subsidy to the bridge developer will be reintroduced in the House for Third Reading in early June. This Bill has to be in place before the contracts are signed.

The constitutional issue has been carefully reviewed. An agreement with PEI on the constitutional issues must be reached before the project proceeds. Premier Callbeck of PEI has stated that she would take the action necessary to resolve this issue as soon as possible.

Notwithstanding any further court challenges and on the basis of the required elements being in place in the next few weeks, financial closing for the project could be as early as the end of June 1993.

BOSNIA-HERZEGOVINA

RELIABILITY OF MILITARY EQUIPMENT

(Response to question raised by Hon. Gildas L. Molgat on April 27, 1993)

Preliminary reports regarding this particular incident indicate the road was very muddy and heavy rain was falling, and that the tracked vehicle in question had an accident negotiating a corner.

The incident is currently under investigation.

UNITED NATIONS

ESTABLISHMENT OF PROPOSED WAR CRIMES TRIBUNAL—GOVERNMENT POSITION

(Response to question raised by Hon. Jerahmiel S. Grafstein on April 28, 1993)

Within the UN, the CSCE and in its bilateral relations, Canada was one of the first states to actively support the creation of an Ad Hoc tribunal to try charges of war crimes in the former Yugoslavia. Canada's commitment in this regard has been very clear. Last August, at the London peace conference, Canada called for the establishment of an international tribunal for Yugoslavia. In December, we repeated this call at the CSCE meeting of ministers in Stockholm. In our bilateral relations, Canada has repeatedly urged other states to support the creation of a tribunal. Canada also sponsored an international meeting of experts to consider the establishment of the Ad Hoc tribunal in Vancouver in March.

Growing political will led to the decision by the UN Security Council, on February 22nd, to consider the establishment of an Ad Hoc tribunal. A report submitted May 6 by the UN Secretary General to the Security Council for its consideration, sets out the draft statute for an Ad Hoc tribunal to try war crimes in the former Yugoslavia.

[Senator Lynch-Staunton]

The report of the UN Secretary General takes into account the comments already submitted by Canada and other UN member states. Canada will be sending further comments on the draft statute to the UN shortly.

The report examines the legal basis for the establishment of the tribunal, and sets out the institutional framework of the tribunal - its composition, procedures, location and jurisdiction.

The tribunal would try individuals accused of serious violations of customary international humanitarian law committed in the territory of the former Yugoslavia since 1991, including rape, ethnic cleansing, torture and inhumane treatment.

Canada is pleased that a Canadian member of the UN Commission of Experts (UNCOE) on former Yugoslavia, CMDR William Fenrick, has been named special rapporteur for on-site investigations.

ALLOCATION OF UN FUNDS FOR ESTABLISHMENT OF PROPOSED WAR CRIMES TRIBUNAL

Regarding funding, Canada has been at the forefront of efforts to ensure that the Commission has sufficient resources to fulfil its mandate.

Canada has already provided UNCOE with a war crimes investigative unit, headed by Lt-Col Kim Carter, to assist the Commission in gathering evidence. The war crimes investigation unit returned March 18th from a preliminary investigation of a mass grave site at Vukovar in Croatia.

Since January, Canada has convened meetings in Geneva of like-minded countries to urge them to provide assistance to UNCOE and has been assured that other offers of assistance are forthcoming.

The UN has established a trust fund for the Commission and Canada, with a contribution of $300,000, was the first country to contribute.

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL, IRVING WHALE—GOVERNMENT POSITION

(Response to question raised by Hon. M. Lorne Bonnell on April 28, 1993)

1) A diving inspection of the Irving Whale, undertaken in August 1990, concluded that a detailed study be carried out to determine the cost, feasibility and environmental risks associated with recovery of the barge and/or its contents. A contract to determine the feasibility for the salvage was awarded to MAREX and

to CEF Consultants for the environmental study. Final draft reports have been received on both the salvage and the environmental risks and are being translated. Departmental, inter-departmental and provincial consultations remain to be scheduled following which public hearings will be held.

Since the sinking, Canadian Coast Guard (CCG) vessels have conducted surface checks of the area, on a frequent basis, usually monthly during open water periods. In addition, CCG aircraft have monitored the wreck site on an opportunity basis.

2) All foreign vessels visiting Canada are required to carry valid internationally recognized safety certificates with respect to the ship and crew.

A traffic clearance is authorized for a ship to proceed into Canadian waters through the Coast Guard Vessel Traffic Services subject to conditions as may be included in authorization. The clearance is predicated upon ship report information and known waterway/traffic conditions.

It is mandatory for vessels entering Eastern Canadian waters to give 24 hour advance notice through the East Coast ECAREG and make a declaration on the condition of the ship, its equipment and cargo and report any deficiencies. On the West Coast (WESTREG)* participation is voluntary seaward of territorial waters; however, mariners are encouraged to participate fully to receive the full benefit of the available Vessel Traffic Services. A formal agreement between the Canada and U.S. Coast Guards has also been established through the Cooperative Vessel Traffic Services for the Strait of Juan de Fuca region. In arctic waters, participation to NORDREG is also voluntary. NORDREG is operated, on a seasonal basis, from the Marine Operations Office in Iqualuit during the Arctic season.

A Shipping Intelligence Unit (SIU) has been established on the East Coast for the purpose of advising Vessel Traffic Services on the clearance of foreign inbound commercial vessels. The SIU vets all foreign ships reporting arrival in Canadian waters, through access to a number of international computerized data bases.

Tankers trading in the St. Lawrence during the winter months are required to comply with stringent Joint Industry-Coast Guard Guidelines for the Control of Oil Tankers and Bulk Chemical Carriers in Ice Control Zones of Eastern Canada that address the special risks of damage involved while operating when ice may be present. Compliance with these guidelines is continually monitored by the Coast Guard.

A review of traffic routing measures in Canadian waters is under way. It is anticipated preliminary recommendations will be tabled at the Canadian Marine Advisory Council in November 1993.

A West Coast Tanker Exclusion Zone for laden Alaskan North Slope crude oil supertankers is intended to keep tankers far enough offshore that, if they lose power, a tug can reach them before they are in imminent danger of grounding.

* Regulations are being amended to make WESTREG mandatory.

3) A copy of the Public Review Panel on Tanker Safety and Marine Spills Response Capability report (chaired by David Brander-Smith, Q.C.) is provided.

The second draft of the Canadian Standards for the Double Hull Construction of Oil Tankers was issued for review and comments on March 15, 1993. These interim standards are based, where possible, on the recent amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78) as well as the requirements instituted under the U.S. Oil Pollution Act of 1990, modified to reflect the results of extensive consultation carried out with the Canadian tanker industry and other interested parties.

Under MARPOL 73/78, new tankers of 5,000 tons deadweight or more that are contracted for on or after July 6, 1993, must be built with double hulls or equivalent design. New tankers between 600 and 5,000 tons deadweight will be required to be fitted with double bottoms and have limits placed on individual tank volumes.

MARPOL 73/78 will also require that as of July 6, 1995, existing single-hulled crude oil tankers of 20,000 tons deadweight or more, as well as "refined-products" carriers of 30,000 tons deadweight or more, which comply fully with the current provisions of MARPOL 73/78, must be fitted with double hulls or approved equivalent arrangement at age 30 years.

Standards for the construction of oil tank barges are currently under development in consultation with the affected industry.

A review of traffic routing measures in Canadian waters is under way. It is anticipated preliminary recommendations will be tabled at the Canadian Marine Advisory Council in November 1993.

The Arctic Waters Oil Transfer Guidelines were put into effect on July 1, 1991. The Guidelines for the Operation of Tankers and Barges in Canadian Arctic Waters will be put into effect July 1, 1993. These guidelines have been negotiated by a government/industry group, in recognition of the fact a MARPOL-like regime for the Arctic is still under consideration.

CONDITION OF TANKER GROUNDED OFF SHETLAND ISLANDS

(Response to question raised by Hon. John. B. Stewart on April 28, 1993)

This matter is being investigated by the British Government and the Port State. In the meantime, the Canadian Government through the Coast Guard continues to monitor the situation.

Attached are public documents released by the parties involved which may provide some of the information sought.

NATIONAL HEALTH AND WELFARE

PATENT DRUGS—PREMATURE APPROVAL FOR SALE

(Response to question raised by Hon. M. Lorne Bonnell on May 3, 1993)

IMITREX

The review of this New Drug Submission followed the usual procedures of the Drugs Directorate. The calls made to the Directorate by Glaxo, the manufacturer of IMITREX, were in line with the behaviour of other companies at this final stage of the review.

Dr. M. Brill-Edwards was not directly involved in the review of IMITREX. The in-house review of this drug was conducted by a physician; in addition, an external cardiologist was consulted prior to finalizing the Product Monograph. In response to Dr. Brill-Edwards' concerns, several in-house meetings were held and all of her comments were taken into consideration before final approval was given.

IMITREX had been marketed in several countries prior to receiving a Notice of Compliance in Canada. The Food and Drug Administration cleared the drug after Canada did; the Canadian Product Monograph was made available to the regulators of the FDA for their information. In addition, the U.K. data sheet was modified in accordance with the Canadian Product Monograph.

The Drugs Directorate was not aware that Glaxo was going to build a new manufacturing plant and this did not factor in any way in the decision made by the Drugs Directorate.

TORADOL

This drug did not receive a "quick approval". It followed the normal review procedure. All potential side effects were clearly delineated in the Product Monograph at the time of approval by the Drugs Directorate. In addition, the Health Protection Branch issued a "Dear Doctor" letter to focus the attention of physicians on the fact that TORADOL is a nonsteroidal anti-inflammatory drug and has the potential to cause adverse reactions characteristic of this class of drugs.

HALCION

Halcion has been marketed worldwide for more than 10 years. Last year, the United Kingdom's Medicines Control Agency suspended the product licenses for triazolam-containing products. Regulatory Agencies around the world, including the Drugs Directorate, conducted extensive reviews and did not support the MCA decision.

Recently, in the United Kingdom, an independent panel was requested to review the decision of the Medicines Control Agency. The results of this inquiry are not yet known.

AGRICULTURE

SASKATCHEWAN—REQUEST FOR IMMEDIATE THIRD-LINE-OF-DEFENCE ASSISTANCE

(Response to question raised by Hon. Dan Hays on May 4, 1993)

There is no question that Saskatchewan farmers are faced with adverse financial pressures given the unfavourable weather conditions experienced last year and the continued subsidization of grain sales by the United States and the European Community into traditional Canadian export markets. As such, the Government of Canada continues to be committed to developing solutions to improve the financial stability and competitiveness of the sector.

Farm safety net programs such as GRIP and NISA are an important source of support for the sector which were designed by federal and provincial governments in collaboration with farm organizations to stabilize revenue and minimize the need for ad hoc government assistance.

Prior to GRIP and NISA being implemented, the third line of defence process helped to assess circumstances and to design solutions for special farm income situations. For instance, through the third line of defence process it was recognized there was a need for transitional assistance while NISA and GRIP were being established to enable producers to cope with short-term income difficulties.

The financial assistance that came out of this process was strictly transitional, designed to act as a bridge to the new long-term safety net programs. This extra support of $1.4 billion was provided through the Farm Support and Adjustment Measures and announced in two components, FSAM I (April, 1991) and FSAM II (October, 1991). The support provided by these initiatives included GRIP premium reductions, incentives for NISA participation, extension of the Cash Flow Enhancement Program, enhancement of the Permanent Cover Program and acreage payments to producers.

In the past year, Canada's safety net programs have provided a significant level of support to producers. As such, programs such as FSAM I and II, have not been necessary.

However, the federal government continues to work with the farm community and the Saskatchewan government to improve Saskatchewan's farm income situation. For example, Agriculture Canada and Saskatchewan have announced improvements to the 1993/94 GRIP design which includes accelerating the payment schedule so that 1992 payments are fully delivered to producers in the 1993 calendar year. This will inject about $90 million more into the Saskatchewan farm economy this year. In addition, the initiatives provide Saskatchewan farmers with increased crop insurance payments to cover losses due to the poor quality of last fall's harvest. While earlier estimates indicated $80 million in additional payments, with forecasted price improvements, the increase is now estimated at $60 million.

QUEBEC

TRANSFER OF ICAO STAFF FROM MONTREAL—EFFECT ON EMPLOYMENT

(Response to question raised by Hon. M. Lorne Bonnell on May 5, 1993)

The International Civil Aviation Organization (ICAO) has been in Montreal since its foundation in 1945. ICAO does not wish to move out of Montreal but, since its present building does not meet its current and foreseeable requirements, the organization wishes that the Canadian government propose a suitable solution. Since 1991, the department of External Affairs and Public Works Canada (PWC), in close cooperation with ICAO, have been looking for the best solution. A call for proposals was made in September 1992. PWC and ICAO, in collaboration with External Affairs which pays 75% of the rent, are studying three selected offers received from the promoters in order to find the best option.

The government hopes to fully satisfy the legitimate needs of ICAO, which is the best way to ensure its permanency in Canada.

BOSNIA-HERZEGOVINA

INTERNATIONAL COURT OF JUSTICE—JUDGMENT ON ALLEGED WAR CRIMES—GOVERNMENT POSITION

(Response to question raised by Hon. Jerahmiel S. Grafstein on May 5, 1993)

On March 20, Bosnia started proceedings against Serbia, requesting that the International Court of Justice (ICJ) declare that Serbia has breached the Genocide Convention and fundamental principles of international humanitarian law and human rights law.

On April 8, the ICJ issued an interim judgement, pending its final decision on the merits, ordering the Federal Republic of Serbia to "take all measures within its power to prevent commission of genocide".

Through diplomatic channels, Canada has condemned Serb aggression in Bosnia Hercegovina and has urged Serbia and Croatia to stop interference in that country.

At the 49th session of the UN Commission on Human Rights, Canada co-sponsored a resolution which reaffirmed the general assembly's determination that ethnic cleansing is a form of genocide. The resolution demanded that parties to the conflict in former Yugoslavia cease violating international humanitarian and human rights law.

Canada has shown a strong commitment to the creation of an international tribunal to try war crimes in the former Yugoslavia. In its comments submitted to the UN Secretary General on the jurisdiction of such a tribunal, Canada included the crime of genocide. On May 6th, the UN Secretary General submitted a draft statute for such a tribunal to the Security Council for its consideration. Among the crimes to be tried by the tribunal is the crime of genocide.

FOREIGN AFFAIRS

RELEASE OF INFORMATION BY RUSSIAN AUTHORITIES ON 1983 DOWNING OF SOUTH KOREAN AIRCRAFT—CURRENT POSITION

(Response to question raised by Hon. Allan J. MacEachen on May 5, 1993)

The government has pursued the issue of KAL-007 in all available fora.

Canada has extended financial and technical support for the International Civil Aviation Organization (ICAO) investigation examining new evidence provided by Russia, such as the black box and its contents. We expect the findings to be presented to the next ICAO General Council meeting in June.

Once the ICAO investigation report becomes available, government lawyers will examine it with a view to strengthening Canada's outstanding claims for compensation on behalf of the victims' families.

Representing Canadian families of victims, our embassy in Moscow attended a meeting with Russian officials involved in the destruction of KAL-007.

A full report was produced and sent to the families and will be provided to the Honourable Senator as soon as possible.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

COMMUNICATIONS QUEBEC AND SUPPLY AND SERVICES CANADA

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 87 on the Order Paper—by Senator Molgat.

FLAG FLOWN ON COURTESY FLAG POLE OF PARLIAMENT HILL ON MARCH 8, 1993

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 90 on the Order Paper—by Senator Macquarrie.

ORDERS OF THE DAY

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation.—*(Honourable Senator Frith)*.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think we should have a little word of appreciation for the new management around here. It is only 9:15 and we are almost through the Order Paper. I want to congratulate Senators Hébert and Corbin, and Senator Lynch-Staunton.

Senator Lynch-Staunton: In that order.

Senator Frith: Honourable senators, this is Part 5 of my dissertation on this Inquiry. When we last saw Mr. Mulroney, he had just been elected to the House of Commons as the member for Central Nova. At his election headquarters in a New Glasgow food store, he climbed on to the stage with his wife Mila, together with Elmer Mackay and Premier Buchanan, as he then was, and they entertained the crowd with a rendition of *When Irish Eyes are Smiling*.

• (2120)

When the singing was over, the newly-minted member for Central Nova, which is all he was then, proclaimed —

Senator Kinsella: What have you got against Central Nova?

Senator Frith: If you live in Central Nova, I suppose being a member from Central Nova is more important than being Prime Minister, but that is for them to decide.

> No party has done such damage to the soul of our nation as the Liberals. ... Tonight we begin the removal of a decaying, unprincipled group of people, replacing them with new people, new ideas, and a majority government which will produce for you and for the benefit of your children a brand new Canada... Tonight we begin to make things better for all Canadians.

That is from *The Toronto Star* and *The Toronto Sun*, August 30, 1983.

It is difficult to read these words after all that has happened during the intervening ten years. These promises of "new ideas" and "new people" and of a "brand new" and "better" Canada today are dead and buried in the sands of fiscal incompetence, economic mismanagement and political corruption. That is what we see today in our rear-view mirror, but in 1983 the view through the windshield of the road ahead was very different. It was a road that was to lead to prosperity, and was sold as a coast downhill.

In his first press interview following the by-election, as it appeared in *The Toronto Star* of August 31, 1983, Mr. Mulroney was asked by Richard Gwyn:

> Everyone always says they will reduce the deficit by increasing economic growth. You are then deliberately making no commitment to reducing the budget deficit by spending restraint?

The response? Disagreement with Mr. Gwyn? A declaration that the Conservative government would wage war against the deficit? That government expenditures would be slashed? No. No such response. He answered:

> Certainly there will be restraint. But spending cuts will be fairly modest, a reduction in the rate of increase of spending.

His words certainly disclose no preoccupation or even serious concern with the deficit. There would be some "modest" spending cuts, but government spending would continue to increase. Rather than talk about the deficit, there was more interest in conveying to voters the image of a Conservative government imbued with compassion and understanding. He continued his answer:

> The fact is, we've devised in Canada a structure of social programs that in many ways serves us very well.

"We've devised..." said the new leader of the Conservative party. It was not Mr. Mulroney working for the Iron Ore Company of Cleveland, Ohio, nor his Conservative friends who devised these programs. Where does he get the "we"? It was successive Liberal governments. Liberal governments devised these programs, and Liberal governments implemented them. As governments, it was they who had served Canadians very well.

Mr. Mulroney continued:

> Some people might like to chop at it. But this isn't going to happen. We are not Britain. We are not the United States. Those social programs do honour to the character of the country.

The new Conservative leader is again putting on the cloak of Liberalism and promising there would be no chopping. He said, "This isn't going to happen." Well, we all know that it did happen. The family allowance program was chopped up into little pieces and fed into a meat grinder. It is gone, as is the child tax credit and the income tax deduction for children. Honourable senators, when income tax forms are filled out next year, there will be a place to deduct the cost of private boxes at the Sky Dome, for example, but no place to deduct the cost of raising children.

You know, in passing, the rich folks who directed this government really need not have been so greedy. It might have been different if they had not been so greedy. But rich folks are like that. I guess that is how they stay rich.

Old age pensions almost got the chop when they came within reach, but, when scared off by the people, the Mulroney minister invented the clawback.

What about Unemployment Insurance? Oh yes, no mercy there either. It has had its fair share of crippling blows. Now Ms Campbell and Mr. Charest, looking for new victims, scramble to cut and bleed our health care system, and it is a scramble because they and their boss-for-now Mr. Mulroney did not leave much else to go after. Very little remains of the very same social programs that Mr. Mulroney described in 1983 as doing "honour to the character of the country".

In 1983 and 1984, Canadians knew only the promises and assurances of the Conservative leader dressed in Liberal clothing. They only knew the leader who had solemnly pledged that the universality of social programs was "a cornerstone of our party's philosophy." That is in *The Globe and Mail* of March 24, 1984. I guess the axe was being secretly sharpened for use after the general election.

He was asked directly, face to face, in a television interview:

> What about the safety nets — the social services?

Like a good gambler, he looked poker-faced into the camera and said:

> That is a moral obligation that we have as a country but we can maintain that moral fabric of the country with no problem — none whatsoever to the elderly, to the dispossessed, the disadvantaged, to the unemployed. This is a moral capacity of Canada that we must honour at all times ...

That is Brian Mulroney talking on CHCH-TV, Hamilton, The Cherington Show, April 30, 1984.

Today, the experience of almost ten years has taught the unemployed, the elderly, the dispossessed, and the disadvantaged, many of whom watched that interview, to check their wallets when any member of the M-team, the Mulroney team — and that includes all members of that cabinet including Ms Campbell and Mr. Charest — talks about "moral" guarantees. For them, the dispossessed, the unemployed, the elderly, the disadvantaged, it has been a painful experience.

On March 22, 1984, Mr. Mulroney told the Montreal Chamber of Commerce:

> I want to be able to say that I live in a society where poverty has been eliminated; where the basic needs of all citizens are provided for; where one can grow old without growing poor.

That is quoted from the *Gazette* of March 23, 1984.

Senator Stewart says that sounds like the municipality of Mount Royal.

Mr. Mulroney can hardly say that nine years later. What is happening now? A band of his supporters in the House of Commons have got together to examine poverty income levels. They are of the view that the income levels that Statistics Canada uses to define poverty are too high. If those income levels were reduced, presto, government statistics would show less people living in poverty. If they keep at it long enough, they could statistically eliminate poverty without actually helping the poor or hurting the rich at all. They could remain true and stay the course of their ten-year plan.

What about the deficit? How would Mr. Mulroney deal with it? When the head of the M-team was questioned about the deficit, he replied:

> The answer to reducing the deficit will not come from cosmetic cuts or changes. It has to be a totally re-energized economy based principally on new trust and new confidence, by new strength in the private sector and enhanced productivity, doubling of our commitment to research and development...

That is from CTV *Question Period*, December 18, 1983.

In other words, a revitalized economy would take care of the deficit. In his answer, there was absolutely no mention of any spending cuts. In fact, there would be even less government revenues to deal with the deficit because there would be new tax breaks for research and development. There would also be new expenditures, according to Mr. Mulroney.

• (2130)

In the House of Commons, he called for:

> ...a massive manpower retraining program... There must be a massive commitment, in co-operation with labour, management and government, to the development of the most thoughtful and generous manpower retraining program a civilized society has ever put together.

That is from *Hansard*, December 9, 1983, page 43.

A massive retraining program — so massive that it would be the most generous in the civilized world, is what Mr. Mulroney promised.

There was, of course, no massive retraining program. In fact, when we come to examine Mr. Wilson's budgets, we will find cuts to existing training programs.

In 1983 and 1984, what was he building for Canadians? He was building a facade, not a building. The facade includes increased expenditures for defence:

> This is a first class country and we're going to go first class in the area of conventional defence — under a new Progressive Conservative government... We are going to do it first class — first class equipment, deployment capacity, and first class wages... (CHCH TV Hamilton — April 30, 1984, the *Cherington Show*)

Well, that has not happened. In fact, increases in defence expenditures actually slowed down with the election of a Conservative government. More recently, there have been reports that our troops in Bosnia are at risk because of second-rate equipment. But that is today; in 1984 there was a facade rather than a building to be built.

Back to the deficit. Under Mulroney economics — our version of Reaganomics — we would have increased spending for R&D, increased spending for defence, as well as for a massive retraining program. Program spending would not be slashed because social programs were a sacred trust. Would a Conservative government increase taxes to make up the difference?

For the answer, let us turn to the words of a man to whom Mr. Mulroney would entrust the economy, Mr. Michael Wilson. On March 6, 1984, Mr. Wilson said in the House of Commons, at page 1827 of *Hansard*:

> We would not raise taxes. Tax levels in Canada are already too high.

Those words were spoken 39 or 40 tax increases ago. In 1984, tax levels, according to Mr. Wilson — the same Mr. Wilson who now supports Ms Campbell, because he is satisfied that she will carry on his works — were "already too high". And 40 tax increases later, what about the deficit? In Michael Wilson's first budget in 1985, it was $34.5 billion. In Mr. Mazankowski's recent budget it was $35.5 billion. What progress!

What about the economy? What miracles would the Mulroney-Wilson team work there? Unfortunately, they would be very similar to the kind of magic they worked on the government's finances.

Let us start with this article from the St. John's *Evening Telegram* of June 15, 1984 — date line, Corner Brook:

> Mulroney said his party can do great things for Newfoundland and Labrador.
>
> "I'm going to burden Newfoundlanders with prosperity and I think they are going to wear prosperity well," he said.

Well, he got the verb right. He certainly did "burden" Newfoundlanders, but was it with prosperity? Who in Newfoundland today staggers under the burden of prosperity?

But then, in 1983-84, no statement was too outrageous for Mr. Mulroney where the economy or his own abilities were concerned. In a March 24, 1984, interview with the *Financial Post*, he said: "Look at this country. It's belly up."

The same month, his future Minister of Finance, Michael Wilson, complained, at page 1827 of *Hansard* for March 6, 1984:

> The growth of our national economy in the fourth quarter of 1983 was only 0.9 per cent, after being adjusted for inflation. That expressed on an annual basis is 3.6 per cent...

It was "only" 0.9 per cent in the fourth quarter, he moaned.

What have been the increases in the last 12 quarters after being adjusted for inflation? Remember, this is Ms Campbell's mentor, Mr. Wilson, who was complaining that a 0.9 increase in GDP was too low. The answer, starting with the first quarter of 1990 is: 0.7 per cent; 0.1; minus 0.7; minus 2.0; minus 3.6; minus 1.9; minus 1.2; 0.0; 1.5; 0.3; 0.4; and 1.3. So there were only 2 out of the 12 quarters that were better than 0.9 per cent, and most were much worse. That is the record.

In 1983, GDP increased 3.2 per cent. In 1984, GDP increased 6.3 per cent. Those were the terrible Liberal years Mulroney and Wilson were complaining they were stuck with when they said that GDP growth was too low.

In 1990, GDP decreased 0.5 per cent. In 1991, it decreased 1.7 per cent. In 1992, it skyrocketed and moved up, from their point of view, by 0.9 per cent. That is 0.9 per cent for the entire year! These are the fruits of nine conservative years that Mulroney, Wilson, Mazankowski, Campbell and Charest want Canadians to ask for more of.

Well, Canadians will soon have the chance to say, "Thanks, but no thanks".

So much for the deficit and the economy. What about the Constitution?

We have already seen how Mr. Mulroney had carefully and studiously crafted his constitutional program on a Quebec Air barf bag, as he called it. Those are not my words. Those are his words! At the time, was he nevertheless preoccupied by the separatist threat in Quebec? In the summer of 1983, was he lamenting how Quebec had been humiliated and left sitting on the snowbank when the Constitution had been repatriated over the objections of its separatist government led by Premier René Lévesque?

Senator Murray: And of its Liberal opposition led by Claude Ryan.

Senator Frith: Was Mulroney warning that separatist sentiment was running wild through the streets of Quebec, threatening to destroy the country unless immediate steps were taken to heal the grievous wounds inflicted by Prime Minister Trudeau? Was the separation of Quebec even a concern of his? Well, according to the *Chronicle-Herald* of September 6, 1983, the answer is no.

While in Epiphanie, Quebec, to honour MP Roch Lasalle, Mr. Mulroney claimed that the possible separation of Quebec was not an issue:

> "By their referendum response (60 per cent of voters turned down the Parti Quebecois' proposal to negotiate sovereignty association) Quebecers have put an end to the question of separation", Mulroney said. "As far as I'm concerned, the debate is closed."

Those are his words. That is a quotation from 1983.

The newspaper article went on to describe how the PQ was "at a low ebb in public opinion polls".

These words of the future Prime Minister are not particularly helpful to ministers who were subsequently placed in charge of federal-provincial relations, and in particular, I am thinking of Senator Murray and the Right Honourable Joe Clark. To transform what Mr. Mulroney called a closed debate into a national crisis that would paralyze the country required real talent. Unfortunately for Canadians, the Mulroney team was filled to overflowing with such demagogic talent, and whenever there was a shortage, more talented individuals were found, even if it meant scouring our embassies overseas to find and bring back separatist alarmists.

No matter how much Senator Murray and Mr. Clark may now deny it, the words of Mr. Mulroney did accurately describe the situation in 1983. The constitutional trauma which followed was the direct result of "crisis creating" to pursue partisan political objectives at all costs, even at the cost of national unity.

But that is an episode which will have to wait until we are well into the record of the Mulroney team's administration. Today, we are still dealing with Mr. Mulroney, Prime Minister in waiting.

On motion of Senator Frith, debate adjourned.

• (2140)

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY REPORT OF NATIONAL TRANSPORTATION ACT REVIEW COMMISSION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator DeWare:

That the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation; and

That the Committee present its Report no later than September 30, 1993.—(*Honourable Senator Molgat*)

Hon. B. Alasdair Graham: Honourable senators, I welcome the decision to refer the report and recommendations of the National Transportation Act Review Commission to the Standing Senate Committee on Transport and Communications for review. There is a very evident policy thrust associated with these recommendations which will, if legislated, greatly impact upon the national transportation infrastructure as we now know it.

I wish to speak specifically to the recommendations that will facilitate the creation of so-called railway "shortlines" in this country, which, as Senator Oliver wisely observed in his remarks on April 29, will be of particular interest to the committee. Regarding this matter, I wish to draw the attention of honourable senators to the fact that the National Transportation Agency has announced the holding of public hearings in Sydney, Nova Scotia, commencing June 7. The purpose is to determine whether the conveyance agreement between CN and Rail-Tex, the terms of which deal with the sale of the Truro-Sydney line, lies in the public interest.

I believe that these hearings will be of historic interest because they will serve as a portent of what is to come. The Truro-Sydney line is in every way a ground-breaking case with national implications, and its privatization would ensure the rapid divestiture of railway track to shortline operators from coast to coast. I believe that honourable senators must reflect carefully upon the significance of the case as the recommendations specifically designed to facilitate such divestiture go to committee.

The suggested removal of VIA Rail Services from the application of the declaratory power, the envisaged repeal of the exemption of transportation services from the Investment Canada Act and the advised "privatization of CN" are all examples of the policy thrust inherent in the NTA Review Commission recommendations. Most worrisome to Atlantic Canadians and to some other regions of the country, however, is recommendation No. 33, which states that section 3 of the NTA, 1987, should exclude reference to regional development as an element of transportation policy.

It would appear that government policy is clear, government directives are clear, and that policy and those directives are not concerned with the wellbeing at least of my part of Canada. Honourable senators will recall that in December of 1991 I introduced an inquiry into the anticipated sale by CN of the Truro-Sydney line. In the spring of 1992, we examined a broad range of witnesses, which included CN, the three bidders for the line, the NTA, Transport Canada, the Province of Nova Scotia, the major shippers and industries dependent upon the line, union spokesmen, representatives of the towns and local interest groups along the line, and even some so-called experts from the United States.

It is critical to remember that, with privatization of lines such as the Truro-Sydney line, the provinces will be on their own to adjudicate and regulate sales, to devise a new railway act, to establish inspection regimes with regard to safety and maintenance, to devise exit or abandonment regulations for shortline operators who fail, and so on. In other words, the province will have full jurisdictional control and responsibility over shortline operators.

Once the line is sold, CN will be out of the railway business forever between Truro and Sydney, and so, it must be noted, will the Government of Canada. Therefore, if the intended purchaser, Rail-Tex, should fail, it will apply for abandonment not to the NTA, the National Transportation Agency, but to the Government of Nova Scotia. In effect, that purchaser could just walk away.

Honourable senators are aware that the Truro-Sydney line is a 390 kilometre line which snakes through the industrial heartland of northeastern Nova Scotia and links the principal actors in an economic network that is both distinctive and interdependent.

Senator Frith: That is more or less the distance from Montreal to Toronto.

Senator Graham: I will get to that in a moment. It is the mainstay of many small communities and the lifeline for the SYSCOS and the DEVCOS and the Stora Forest Industries of today. It is an indispensable, stable, operating presence, essential to the investor confidence of tomorrow. It serves as a principal barrier to serious congestion and safety hazards on our roads.

Honourable senators must realize that the line carries hazardous goods such as propane. One can only begin to imagine the intolerable and dangerous situation presented to Nova Scotians in the transport of such commodities solely by truck. A 1989 report by Peat Marwick to the Nova Scotia Department of Transportation indicated that one tractor trailer does the equivalent damage of 9,600 automobiles on Nova Scotia highways.

Honourable senators, over 7,000 jobs in northeastern Nova Scotia are dependent on the future of the line. We have an official unemployment rate of up to 30 per cent in parts of my region. Unofficial estimates range in the 40 per cent area in

Cape Breton. Nova Scotians cannot tolerate the uncertainty generated by an entrepreneurial presence whose sense of responsibility to regional interests in our part of the country is still very much an unknown factor.

The Truro-Sydney line, let me make it clear, is not a "shortline". That terminology cannot be applicable to a lifeline. The very use of such a vocabulary distorts the significance of the service it provides to our region. If one calls the Truro-Sydney line a "shortline", then one should also call the Ottawa-Montreal line a "shortline".

Senator Frith: That is even shorter.

Senator Graham: This is not even a rhetorical question, for that line is as important to the present and future development of eastern Nova Scotia, and to the interests of the citizens who live and work in the area between Truro and Sydney, as it is to the interests of those who live and work between Montreal and Toronto.

If a 390 kilometre line can be dubbed a "shortline", so, too, can the Halifax-Moncton line be dubbed a shortline. The NTA Review Commission's recommendations suggest that this will be a strong possibility. Trends in international shipping rationalization reinforce the prospect of its privatization.

Powerful interests support this federal dumping on a poor province and even Ontario — indeed all the other provinces — had better look up and be aware, because the dumping of federal responsibilities with regard to the railways is to become a new form of national policy. Only, this new national policy is not about carrying out the national dream; it is a national policy that seeks to disinherit all Canadians from a national transportation policy that was founded upon the principle that the nation was only as strong as each one of its regions.

Privatization is one thing. If the government or its agency is to privatize the Truro-Sydney line, then I suggest that it should privatize the whole line between Nova Scotia and British Columbia. Nova Scotians should not be treated differently from any other part of the country.

Honourable senators, the proposed new national policy is about disinheritance. The Truro-Sydney line is only the opening chapter in what is yet to come. It is to be privatized, even though there are many valid concerns about the solvency of shortline operators. It is to be privatized, even though there are many concerns about the long-term commitment of an entrepreneurial presence to the industrial heartland of Nova Scotia. It is to be privatized in spite of the evident unpreparedness of the provinces. It is to be privatized even though there are no answers to the host of questions which exist.

• (2150)

Let me just give you a few of those questions in summary fashion. Remember that these questions and concerns could apply to any other province, or any other region in this country. I would like to deal first with the solvency of the shortline operators.

What will happen if the Province of Nova Scotia passes legislation enshrining labour successor rights as Ontario and B.C. have recently done? Bruce Flohr, the president of Rail-Tex, has said he cannot live with that. Will he exit the province before or after the purchase goes through? Remember, there is no federal guarantee.

Our own experience with shortline operators is limited in Canada. The two western prairie lines are heavily subsidized under the terms of the Western Grain Transportation Act. When the Truro-Sydney line falls under provincial jurisdiction, it will no longer be eligible for federal subsidies in the event the operator begins to lose traffic. For example, a 50-per-cent drop in Stora Forest Industry's traffic would seal its fate. Where will the financial cushion come from then?

What will happen if a shortline operator such as Rail-Tex starts losing on some of its U.S. acquisitions and starts losing its banker's confidence at the same time? These operations run on shoestring budgets, hence the critical importance of the labour successor issue. Can Nova Scotia withstand the uncertainty of a financial crisis in the Rail-Tex empire? Remember, there are no guarantees.

Typically, a shortline is undercapitalized. What happens if there is a derailment, a need for a major bridge replacement, extremely bad weather, or a downturn in business? Two major bridges, the Canso Causeway and the Grand Narrows Bridge, are located on the Truro-Sydney line. Would they not be regarded as a crippling liability for a shortline in the event of an accident or a need for replacement? Remember, there is no cushion.

CN has a well-deserved reputation for maintenance of the Truro-Sydney line. We must remember that the topography of the line is complex, and that exposure to corrosion in Nova Scotia considerably complicates the situation with regard to maintenance demands and costs. It is essential that the line be maintained well, because it carries hazardous goods, as I mentioned earlier, such as propane, caustic soda, and chlorine. Nova Scotians cannot afford the presence of an operator who, because of financial pressures, may tolerate a decay or deterioration in infrastructure.

Because of the hazardous goods question, the amount of liability insurance carried by the operator is of paramount importance. The question of ensuring this will be very much tied up in the provincial enactment of adequate railway legislation. But, for now, no one knows who would pay the enormous costs associated with a disaster involving hazardous goods. There is no doubt that such an incident would put a small operator out of business. Remember, there are no guarantees.

I have made reference above to the challenges faced by the "provincialization" of railways. At present, Nova Scotia possesses an antiquated railway act and no railway expertise. In other words, there are no regimes in place to protect the public interest.

I believe that, if any province wishes to go into the railway business, it has an obligation to inform the people that this is a monumental, new enterprise, that the writing and adoption of a new railway act, even on the fast track, might take as long as two years, and that there are many questions central to the business of regulating, inspecting and administering railways.

Let me examine, for example, the business of the inspection of the line. The province will no doubt contract out, as Ontario and Alberta have done, for safety inspectors from Transport Canada. These are not technically "federal inspectors". They would be on loan until the province developed its own expertise. It would be a mistake to conclude that the federal government would be liable for the results of their inspections in Nova Scotia, or for any accident occurring as a result of faulty inspection procedures.

The situation with regard to the transport-of-dangerous-goods question is very unsettling. A shortline falls under provincial jurisdiction. There must be full agreement at a federal-provincial meeting on the issue as to who would pay for the costs of damages arising from negligence in the transport of dangerous goods. That meeting has not yet been held. That question has not yet been answered.

With regard to costs, we must remember that there are a number of "big ticket" items in running a railway. As the province of Ontario recently discovered in the Goderich sale, the federal government has withdrawn its subsidies amounting to up to 80 per cent of capital improvements for railways.

For example, who will pay for new highway crossings and farm crossings; new grade separations, which are very capital intensive; new electronic signalling devices; new subways; structural replacement costs with regard to bridges; safety fences, and so on? Who will pay for them? That is the question.

The answer is, in all cases, honourable senators, we do not know. But of one thing we can be certain: It will not be the federal government.

Finally, with regard to administration and regulation, the province will have to legislate powers of expropriation for shortline railways and ensure that the expropriated land will be used exclusively for railway purposes. At the same time, it will have to define and protect property rights. The province will have to set a clear outline of its demands on the private owners themselves. Provincial legislation, with regard to abandonment rights, for example, must be understood in advance.

The province will have to replace the regulatory and watch-dog functions of the NTA. The province will have to develop freight rate regimes and provide the dispute resolution and competitive access mechanisms now offered shippers under the terms of the NTA of 1987. In that respect, shippers must be very vigilant.

I spoke already of federal "dumping" on the provinces and I have outlined the implications of what this could mean for Nova Scotians. I called the Truro-Sydney line only the tip of the iceberg during the Senate inquiry into the anticipated sale. In fact, I asked for one more day of hearings to provide us with testimony on the vital question of provincial regimes. I was denied that request. I deeply regret this, because the national implications of the issue — that is, the question of the relative state of unpreparedness of all provinces — are really at the heart of all this.

As it is, divestment to shortline operators could very well be our new national policy, and railways will become the politics of all the provinces. This divestment is to take place on a national basis, and this divestment is to take place overnight. It does not seem to matter to the present government that major questions such as the safety and wellbeing of the general public along the line are at issue; that the economic survival of the region is at stake. The interests of the Crown corporation seem always to stand first and foremost.

Therefore the NTA hearings in Sydney will have implications that go far beyond the Nova Scotia scene. CN knows this, the NTA knows this, the federal government knows this, and Rail-Tex knows this.

Honourable senators, Nova Scotia does not have the capacity, nor the experience, nor the expertise to operate a rail line in the event of failure by Rail-Tex. And there are no guarantees from CN or the government of Canada that it would step in. As I said earlier, Nova Scotia should not be treated differently than any other part of the country.

In closing, honourable senators, I want to remind you of a town far out in the Eagle Pass in British Columbia, a town called Craigellachie. It is the town where the last spike was driven in in 1885. The name came from the great rock which dominated the ancestral homeland in Scotland of some of the legendary names in the history of the National Dream. Some will remember the famous message George Stephen, then President of the CPR, sent to Donald Smith at the very height of the many crises which threatened to destroy his railway. The telegram said: "Stand fast, Craigellachie".

As the hearings approach, it may serve the citizens of Nova Scotia, and indeed all Canadians, to remember the rock which gave the Clan Grant its rallying point, and the small town in the mountains and trenches of B.C. which proudly bears its name.

• (2200)

I welcome Senator Oliver's motion to refer the National Transportation Act Review Commission recommendations for consideration by the Standing Senate Committee on Transport and Communications. There are many important matters to be considered and pitfalls to be avoided. It is a subject worthy of consideration by honourable senators from every part of Canada.

Honourable senators, I thank you for your tolerance on this occasion.

On motion of Senator Corbin, debate adjourned.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, May 26, 1993

The Senate met at 1:30 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

THE HONOURABLE HARTLAND DE M. MOLSON

RESIGNATION FROM SENATE—NOTICE AND TRIBUTES

Hon. Hartland de M. Molson: Honourable senators, I rise to inform the Senate of the fact that I have submitted my resignation as a senator to his Excellency the Governor General, to take effect May 31st next. I hope no one will cry "déjà vu" at me today, after yesterday's surprise performance resulting in the loss of three of our colleagues already.

You will understand that, after 38 years in this chamber, it is with great regret that I bring this association to an end. I am the last of our list, which covered 13 appointments by Mr. St. Laurent in 1955 and was, on that day, the longest list ever appointed.

The years have gone pleasantly, and the association and friendships I have made in Parliament have left me with a deep sense of warmth and gratitude. The changes that have occurred in the Senate during this period are enormous. While some of these changes are effective and beneficial, others leave me with a sense, rather, of regret and disappointment.

Since its birth, the Senate has been pictured as the elder statesman's place in our Parliament where, in the hackneyed phrase, "sober second thought prevails". There was a lot of merit in this role, but in some ways the purpose has been frustrated with a very obvious deterioration in the atmosphere of the house, and with a substantial, almost catastrophic, decrease in public respect and support.

The last thing I want to do today is to criticize, but I must observe that some of the problem has been created by the great increase in petty partisanship which has gone beyond party loyalty. I hope that someday the group of independent senators will regain its number, with the result that we have seen in the House of Lords of some leavening in their relationships. Of course, you would expect me to say that as the first independent appointee by Louis St. Laurent when he made that different and distinctive move.

Honourable senators, I have said all that I intend to say, and it is quite enough — perhaps too much. In closing, I do want to express my appreciation of the many courtesies and friendships that I have enjoyed here over all these years. I also wish to thank most warmly the officers and staff of the Senate who, in performing all sorts of different functions within the chamber and the committees, from the front door to the restaurants, give such generous service. I shall miss this association greatly.

To all, I extend my sincere best wishes for the future.

Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, I learned only a moment ago that our colleague, Senator Molson, intended to make the statement he has just made. Let me say for my own part that I accept the admonition, even the implied or expressed rebuke that he has delivered with regard to partisanship in this place. To the extent that I am guilty or my friends have been guilty of that, let me say that I fully appreciate what he has said, and why he has said it. I do so, first of all, because I acknowledge the sincerity and the devotion to public service which motivates those comments and, secondly, because there is nobody in this place who has earned the right and who has established the credibility to make such comments to us more so than our friend, the Honourable Senator Molson.

Thirty-eight years is a long time. We are losing the dean of the Senate, the dean of Parliament, appointed here, as he has mentioned, by Prime Minister St. Laurent in 1955. During all of that time he has been an ornament to this chamber and to Parliament.

When I came to the Senate in 1979, Senator Molson was the chairman of the Rules committee and had served in that capacity for many years before that. His election to that post and his status in this chamber speak to the enormous confidence and respect which his colleagues here have had for him over all that time.

In bidding him farewell I want to express my entire personal satisfaction that he is leaving us pretty much at the peak of his form and in excellent health, and to wish him and his family good health and much happiness in the future, and in doing so to record, on behalf of the Prime Minister and the government, our profound appreciation to him for his services to Parliament and, indeed, his services to Canadians throughout his adult lifetime.

Hon. Senators: Hear, hear!

Hon. H.A. Olson: Honourable senators, a few moments ago I wondered if I was the only one surprised by Senator Molson's announcement. I appreciate the Leader of the Government's mentioning that he, too, had no time to prepare a proper salutation to Senator Molson on this momentous occasion.

Before coming to the Senate, Senator Molson had a distinguished military record, one that stands high in the annals of Canadian history. The high standards he brought to public service in the Senate have been exercised in this chamber since 1955.

On occasions like this it is appropriate to recall the record of senators who have served Canada faithfully and well. Perhaps, though, it is even more important to recall the personal friendships that have developed and the cooperation that has taken place in our attempt to fulfil our responsibilities to the Senate.

As far as I know, Senator Molson got along well with everyone on both sides of the house. I know from personal experience that, when Senator Molson believed a senator had been involved in or had done something particularly meritorious for the public service of Canada, he, in a very gentlemanly way, let him or her know that he both recognized and appreciated that the senator had made a contribution to the well-being of Canada.

Because of his many years of service, and the many friendships and relationships he has built up in the course of his public service, Senator Molson will be sorely missed by this chamber. Of course, time marches on for everyone, and there comes a time when things like this have to happen. However, it need not have happened today. Indeed, it would probably not be necessary for several years, but that is, of course, the choice that Senator Molson makes.

On behalf of the members on this side of the house, I should like to say, in closing, that we have enjoyed our association with you. We believe, sir, that you have performed a good, faithful and useful service to Canada. We shall miss you.

[*Translation*]

Hon. Maurice Riel: Honourable senators, I would like to join in what the previous speakers have said. I was very moved to hear that Senator Molson is resigning.

You know, in Montreal, Molson is the most French Canadian name there is. Those who have been on Papineau Street in the east end near Delorimier or on Jacques Cartier Bridge realize how important this company is for Montreal. Its association with the city goes back over 150 years. I can say that most of the employees of Molson's Brewery in Montreal are French Canadians or, if you prefer, Québécois, as they like to be known today.

It is not surprising that Senator Molson speaks French as well as we all do. In his youth, his father decided to send him to Paris to learn the language. This is what he did when he founded the hockey club. When his father wanted to reach him, he was told after two months of trying to contact Hartland, "Your son is in Geneva playing hockey. He is directing his club." That is how the Montreal Canadiens hockey club came to belong to Molson's, because Hartland Molson was a hockey lover and hockey is the favourite sport of Quebecers and French Canadians.

Every time we see the name Molson on television, we think of all he has done to give Montreal publicity that is unique in the world. Hockey is the favourite sport of French Canadians, now it has become a favourite sport in North America.

I do not forget the services he has rendered to the Senate and the thoughts he had 25 years ago to give it a new direction, when he submitted a long study of the situation in the House of Lords, where there were independent members, or "non-inscrits" to use the terminology found in Paris. In the House of Lords, they are called "cross-benchers" because they sit with the Gentleman Usher of the Black Rod.

I was greatly inspired by this study he had done and given to the Senate, although it has, of course, been lost on some dusty shelf. We can, however, always go back to it. I used it at one time to suggest some reforms to the Senate's operations. I went no further than he did. You never know; perhaps one day someone will pick up these ideas.

Senator Molson is leaving us. I am very sorry. We were great friends in this chamber and outside it. He is a little older than I but not by much. Until now, I was the second longest-serving senator from the province of Quebec. He was the longest-serving senator from that province. After he resigns, I become the dean of Quebec senators. That is a hard role to fill. He did it much more easily than I. I hope to do as well as he. Thank you, honourable senators.

[*English*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I rise to say just a few words on this occasion, not only as a colleague but as a fellow Montrealer. My family and I have been privileged to know many members of the Molson family over the years, and privileged to observe their magnificent contributions to our community; contributions that date back generations — as Senator Riel has indicated, going back some 200 years.

There is no facet of the Montreal economy which has not been touched by the knowledge and the generosity of the Molson family. Today is an opportunity to underline their many contributions which have benefited the province and the country as a whole, whether it be in banking, transportation, business in general, or hospitals, universities and many other activities. The Molsons have always been there. Senator Molson is just the latest, and certainly not the last, of that family to which we owe so much.

I know that as he leaves the front benches in this chamber, we will spot him behind the bench of his favourite hockey team on television. I can only hope that his fondest wish will be realized, and that in a couple of weeks we will see him share in the celebration of the great victory of the Montreal Canadiens as they win the Stanley Cup.

Hon. Senators: Hear, hear!

Senator Lynch-Staunton: Finally, I just want to say that while every senator leaves with his title of "honourable", I can think of few who have earned it as much as Hartland Molson.

Hon. Peter Bosa: Honourable senators, I came in a few seconds late at the beginning of the sitting, just as Senator Molson was reading from a paper announcing his resignation. That came as a great surprise to me. I have had some dealings with Senator Molson. He was among the first senators to come and congratulate me when I was appointed in 1977. He made me feel welcome in this chamber, and I felt that was a kind gesture on his part. I had heard so much about the Molsons, Molson's beer and the hockey team. To me, it was a real privilege to be welcomed to this chamber by Senator Molson.

I had the distinction of serving with Senator Molson on the Standing Committee on Standing Rules and Orders in the late '70s and early '80s. He chaired that committee with great dignity and an innate knowledge of the rules. I recall that he said to me on one occasion, "Peter, the Senate works better when it is a little bit off the rules." However, if Senator Molson were to examine the new rules, he would probably not recognize any of the rules that are presently in force in this chamber.

I also had the privilege of being invited to Senator Molson's office, where I saw a picture of him dressed as a pilot. He was a fighter pilot during the last war. Obviously, that indicates a man of great courage and great distinction. As he retires from the Senate, I hope that his ambition does not extend to taking to the ice and helping his team beat Toronto when they face off in the finals. Whatever Hartland Molson does in the future, I wish him a happy retirement.

It has been a pleasure to know you, sir.

The Hon. the Speaker *pro tempore*: Honourable senators, Senator Bosa's reference to the rules has reminded me that I should have asked a few minutes ago whether there was leave to continue with Senators' Statements.

Hon. Senators: Agreed.

Hon. Consiglio Di Nino: Honourable senators, I, too, would like to extend my congratulations and respect to a man I think richly deserves such tributes. I have not known Senator Molson as long as have most of you. However, I have known about him for a long time and, as do you all, I know the gentleman is a man of high integrity and a man of ethical and moral substance; but what many may not know about him is his generosity and service to Canadians in a very quiet manner. In particular, his involvement with Scouts Canada is an example of the type of leadership our country desperately needs. I should like publicly to acknowledge his generous support of the Scouts and the hundreds of initiatives he has made possible through his exemplary leadership.

I cannot agree with my friend Senator Lynch-Staunton on the results of the upcoming battle between Montreal and Toronto. My wish, of course, is other than that of Senator Lynch-Staunton. Apart from that, I agree with all the statements made by my colleagues.

Personally, and on behalf of the scouting movement, I wish to extend my warmest wishes to him and his family for many more fulfilling years.

Hon. B. Alasdair Graham: Honourable senators, no Canadian has a more distinguished record of service, whether in war, peace, business or public service, than Senator Molson. When I was called to the Senate in 1972, Senator Molson was chairman of the Standing Committee on Standing Rules and Orders, as I believe it was then called. He has been a model senator, and to many of us he has been a real hero.

Senator Molson has always been known as an independent senator. He voted in this place, not on the basis of partisanship, but, as we always believed, with great conscience and a deep sense of integrity. We all regret his departure, but he takes with him our highest respect, our wish that he and his wife will continue to enjoy good health and much happiness, and that his beloved Canadiens, an institution which he built into the most successful and most exciting sports franchise in the world, will continue to bring him much happiness as well.

Hon. Jack Marshall: Honourable senators, I rise to join with my colleagues in paying tribute to a distinguished Canadian, Senator Hartland Molson. Everyone has mentioned the wide and varied service he gave to his country. I should like to single out his leadership in defending one of Canada's greatest heroes, William Bishop, V.C., a Canadian defamed by books and films about Canada's foremost hero during World War II. Senator Molson gave us guidance in defending that great Canadian, Billy Bishop. In doing so, he performed a great service for the country, the military and all those who remember why Canada is such a great nation.

Senator Molson, thank you for your friendship and for the guidance you have given me over the years. I wish you well in your future years.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I preferred to let my colleagues, Senators Olson, Bosa, Graham and Riel, comment on the news of Senator Molson's resignation, since they were in a position to know the senator far better than I ever did, and I am sure they are up to this task.

However, I was surprised at some of Senator Molson's comments especially his insistence on accusing members of political parties of partisanship. I find that hard to understand.

Senator Molson, who was a great soldier and fought with great valour, ought to know better than anyone else that today

there are still many people living under dictatorial regimes or single-party pseudo-democracies who would be prepared to fight for the right to have a system like ours — in other words, for the right to be partisan.

THE GOVERNMENT

LEGISLATIVE PROGRAM—USE OF CLOSURE

Hon. Jacques Hébert: I may be partisan for two more minutes. During the next few weeks, the government intends to ask Parliament to vote on practically all bills that are still before the House of Commons. Correct me if I am wrong. It would make my day!

In both Houses, the usual procedure will be applied, and I am referring to closure at all stages. Actually, since 1988 the Mulroney government has broken all records by imposing closure more often than all other governments since Confederation.

The pipe-line debate under the Liberal government — considered a major scandal at the time — was in the headlines for many weeks. Since 1988, the Conservative government has used closure so often that the public, completely disillusioned, no longer even blinks. In the House of Commons, debate is limited to the absolute minimum. Committee proceedings have become a farce. A handful of witnesses are invited to appear, and when they do, the committee hardly bothers to listen or shouts them down if they try to suggest how legislation could be improved. If a witness dares to protest at all, his testimony is deleted from the record.

And then the bills are rushed to the Senate, where the farce continues, despite predictable protests from the opposition.

• (1400)

However, for a change, witnesses are getting sick and tired of being rushed and asked to appear on short notice, without enough time to examine bills that are often complex or poorly drafted.

In this connection, I would like to draw the attention of the Senate to an unusual and very serious statement by the Quebec Bar Association in a scathing letter signed by president, Paul Carrière, and published in part last Sunday in *La Presse*.

> According to the Quebec Bar Association, federal Justice Minister Pierre Blais is acting irresponsibly and against the public interest by tabling four bills at the last minute so they will receive royal assent before the election, which means within the next few weeks.
>
> The president of the association recommends postponing the passage of these bills instead of rushing them through Parliament without thorough scrutiny.

The reference is to Bill C-128 on child pornography; Bill C-90, on sentencing; Bill C-26 on criminal harassment and Bill C-85 on control of psycho-active substances.

This strongly worded reaction is particularly surprising since the Quebec Bar Association, a prestigious institution, has always co-operated with the Department of Justice on improving bills in committees.

This time the association simply refused to appear before the committee on Tuesday, as scheduled.

For the simple reason —

the president said:

> that we will not have enough time to do a decent job.

He felt it would take at least a month to prepare a brief that would be worthwhile.

> To deny this fact is to belittle the efforts of the people who work on these briefs—

Mr. Carrière concluded.

> ...and of witnesses who take the trouble to appear before a committee after preparing a carefully drafted document.

The Quebec Bar Association believes, and rightly so, that its main function is to protect the public against legislation that jeopardizes the rights of citizens.

Commenting on the four bills tabled by the Minister of Justice, the president of the Association went on to say, and I quote:

> We deeply regret not being given enough time to formulate our comments, because I think we would be able to propose a number of improvements to the proposed legislation, so that the public would be offered quality legislation instead of something rushed through at the last minute.

In concluding, the president of the Quebec Bar Association asked the minister to postpone passage of the bills for several months—

> Instead of forcing the Canadian public to live with poor legislation dictated by electoral concerns.

The message is clear. Perhaps the government, which prefers to ignore repeated objections expressed by the opposition in the House of Commons and the Senate, will listen to the recommendations of a non-partisan organization like the Quebec Bar Association, even if only for purely electoral concerns.

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, regarding Senator Hébert's

comments during the tribute to our colleague, Senator Molson, I may remind him that although the Minister of Justice tabled these bills in the House of Commons, in this case, as in all others, the government tables the legislation and the decision is then up to Parliament.

After the bills are approved by the House of Commons, Senator Hébert and his colleagues will have a chance to express their opinions. Even before the bills leave the House of Commons, the president of the Quebec Bar Association will have an opportunity to appear before the Commons committee and the Senate committee to express the views of his colleagues.

I don't see why the senator is upset. When tabling a bill, the government announces its policy on a given subject. These policies are submitted to the House of Commons for approval. As I said earlier, the government proposes legislation, but the final decision is up to Parliament.

Senator Hébert: Honourable senators, I don't see why the Leader of the Government thinks I was upset. I agree that I have had reason to be upset ever since I became a member of this house. Today, however, I was quoting a statement by a non-political figure, the president of the Quebec Bar Association, who is upset about the way the government is proceeding.

Now, if you are prepared to guarantee that the president of the Quebec Bar Association and its members will be given enough time by the Senate to examine the bills tabled by the Minister of Justice and that he is given a month to prepare his brief, as the Bar Association requested, I agree I would have no reason at all to be upset.

I am looking forward to your reply and your assurances on this matter.

[*English*]

ROUTINE PROCEEDINGS

OFFICIAL LANGUAGES

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker *pro tempore*: Honourable senators, I have the honour to table the annual report of the Commissioner of Official Languages for the year ending March 31, 1992.

• (1410)

THE SENATE

DESIGNATION OF ROOM 256-S AS "ABORIGINAL PEOPLES ROOM"—NOTICE OF MOTION

Hon. Orville H. Phillips: Honourable senators, I give notice that on Monday next, May 31, 1993, I will move that the Senate committee room No. 256-S be designated as the "Aboriginal Peoples Room".

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert (Acting Deputy Leader of the Opposition): Honourable senators, I have the honour to present petitions signed by 103 residents of Ontario who object to the goods and services tax.

Most of the petitions are from London, Barrie, Oshawa, Bridlenorth, Peterborough, Toronto, Ottawa and Sudbury.

I also have the honour to present petitions signed by 40 residents of New Brunswick who object to the goods and services tax.

Most of the petitions are from Shippegan, Campbellton, Caraquet et Pokesudie.

Those petitions were signed on April 16 and 21, 1993.

[*English*]

ORDERS OF THE DAY

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS
INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. Consiglio Di Nino moved the third reading of Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts.

He said: Honourable senators, I am pleased to rise today to speak on the third reading of Bill C-92. First, I should like to thank the Honourable Jean-Marie Poitras specifically, and all

of his committee members generally, for their admirable work in the pre-study of Bill C-92.

I will begin by responding to the remarks of my colleagues Senators Frith and Molgat, made during the second reading debate. I am sure that members of this place were not surprised when my honourable colleague Senator Molgat stated in his opening remarks that he will not support Bill C-92. This has become an all too common practice by my honourable colleagues across the way, regardless of the merits of the legislation before them.

By voting against this bill, does Senator Molgat not support this government's commitment to strengthen the Canadian economy by removing impediments and distortions caused by the tax system? Does my honourable colleague not support the 2 percentage point reduction in the surtax on personal income tax, or the 2 percentage point reduction in the tax rate of corporate income from manufacturing and processing, or the increase in the allowable capital cost allowance for manufacturing and processing equipment, or the increase in the maximum credit from $700 to $1,000 for investments in labour-sponsored venture capital corporations, or the RRSP home buyers program?

Honourable senators, a substantial number of Canadians have been able to use money from their RRSPs to finance the purchase of a home which, I might add, has created an impressive number of jobs in the Canadian construction industry. The point is that Bill C-92 contains a large number of good provisions which should not be overlooked in pursuit of partisan objectives.

I would now like to respond to certain assertions which I believe are based on misinformation. The assertions are basically in respect of the trust provisions of Bill C-92. As I have stated before, there are basically three misunderstandings about the proposed changes to the 21-year rule.

First, it has been suggested that wealthy individuals are able to avoid taxes by setting up trusts. This is simply not the case. When property is transferred to a trust, any capital gains which have accrued on that property must be recognized at that time. Furthermore, trusts or their beneficiaries are subject to income tax each year on income generated in the trust, just like any other taxpayer.

Second, it has been suggested that the distribution of trust property to beneficiaries within the 21-year period results in an unintended tax deferral. This is not correct. Such distributions are treated on a roll-over basis, recognizing that trust property is being held for the beneficiaries and should be treated in the same way as if it had been transferred directly to them. The 21-year rule was never intended to prevent this treatment of trust distribution.

Third, it has been suggested that substantial sums of tax revenues, which have been claimed to be in the millions, hundreds of millions and even billions of dollars, will be forgone as a result of these changes. Honourable senators, this is completely unfounded, since most trust property in the absence of these changes would have been distributed to beneficiaries before the end of the first 21-year period. In such cases, capital gains taxes would be payable by the beneficiaries when the property was sold or, ultimately, on their death. The proposed changes will not alter this result, and thus will not impact on revenue.

Lastly, I wish to comment on the concerns centred around the proposed amendments to the confidentiality rules in section 241 of the Income Tax Act. Honourable senators, I believe these concerns have been alleviated by the statements of the Minister of State for Finance and Privatization, the Honourable John McDermid, and the Assistant Deputy Minister Legislative and Intergovernmental Affairs Branch, Revenue Canada, Mr. Denis Lefebvre. They proposed that, following the development of guidelines by the Department of Revenue, these guidelines would be tabled before the Standing Senate Committee on Banking, Trade and Commerce, which would serve as a public forum to review these guidelines. Further, this requirement appeared to have been supported by the witness representing PSAC who stated, "I certainly welcome the suggestion that the committee review these guidelines."

Before leaving the subject area, it is important to mention that the representative from the Office of the Privacy Commissioner stated that his office had reason to believe that the department is acting in good faith, and if there is any concern, the Privacy Commissioner would report to Parliament at that time.

Therefore, honourable senators, I believe the committee has adequately dealt with the issues raised by my honourable colleagues across the way. I urge all senators to support Bill C-92.

Hon. Eymard G. Corbin (Acting Deputy Leader of the Opposition): Honourable senators, I regret that Senator Di Nino interjected a note of partisanship into his remarks. In any case, Senator Frith will want to examine his comments before deciding whether he will or will not speak, which should happen tomorrow. Therefore, I take the adjournment in his name.

On motion of Senator Corbin, for Senator Frith, debate adjourned.

EXPORT DEVELOPMENT 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 C-118, to amend the Export Development Act, presented in the Senate on May 25, 1993.

Hon. Michael Kirby: Honourable senators, I move the adoption of this report. Because of the technical nature of the amendment, I rise to explain it to members of this chamber. The amendment to Bill C-118 was unanimously approved by the Banking Trade and Commerce committee, because it clears up a technical issue that has arisen as a result of a hastily made amendment at committee stage in the other place. The amendment was originally designed to create a situation in which the Export Development Corporation would be subject to the same review process on a decennial basis as is required of the Bank Act.

• (1420)

Unfortunately, because of the haste of drafting the amendment in the other place, the net effect of the amendment was to put the Export Development Corporation out of existence rather than to do a review at the end of every ten years, which was the intent.

Accordingly, the amendment drafted here is consistent exactly with the wording of that portion of the Bank Act that deals with the annual review of other financial institutions, namely banks, and has received the complete support of the members of both sides of the house who were on the committee. Therefore, I recommend its adoption by the house.

Motion agreed to and report adopted.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this bill, as amended, be read the third time?

On motion of Senator Lynch-Staunton, bill as amended placed on the Orders of the Day for third reading at the next sitting of the Senate.

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, An Act to amend the Excise Tax Act — (*Honourable Senator Davey*)

Hon. Keith Davey: Honourable senators, Bill S-14 was initiated by Senator Frith. It is part and parcel of the nefarious GST. So much is wrong with the GST that one hardly knows where to begin.

Bill S-14 relates primarily to the GST on reading. Honourable senators, think of it: a tax on reading. These Tories are without shame. The Canadian magazine industry, for example, is in jeopardy even without the GST. The so-called Canadian edition of *Sports Illustrated* is a case in point. However, the situation, honourable senators, is much worse, as I will demonstrate early next week when I deal more fully with the bill.

On motion of Senator Davey, debate adjourned.

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF FIFTH REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the fifth report of the Standing Committee on Privileges, Standing Rules and Orders, presented in the Senate on May 6, 1993.

Hon. Pat Carney: Honourable senators, I wish to thank Senator Grimard and members of the Standing Committee on Privileges, Standing Rules and Orders for the time they took in considering my claim of breach of privilege. It was a most valuable experience; it gave us the opportunity to review an important, but rarely used, aspect of our parliamentary system that exists to protect the system and ourselves from undue influence and abuse.

Through my breach of privilege claim I was able to place on the public record of Canada all of the facts of the missing ministerial papers from my time as Minister for International Trade, along with supporting documentation, including the rationale for the payment made to me in 1991 of $20,000, which I announced at the time.

I quote the committee report:

> As Senator Carney explained to the Committee, the background to this case is very complex, and has often not been fully appreciated...Your Committee notes and accepts Senator Carney's explanation of why the compensation was paid to her.

In summary, colleagues, when I resigned as a cabinet minister in 1988, the National Archivist wrote to me in regard to the disposition of my papers relevant to my term as cabinet minister in three posts, including Minister for International Trade during the free trade negotiations. He advised that under the National Archives Act, which defines ministerial papers, responsibility for the valuation rests with the National Archives.

Under the law until 1987, ministerial papers were deemed to be the property of the minister. Subsequently, it became apparent that two significant sets of material had disappeared. One was docket correspondence and one was the so-called "political footprint", five cubic feet of political notes and comments.

An investigative committee, established by the Clerk of the Privy Council and including document experts from the National Archives, the Privy Council, External Affairs and myself, confirmed that the Minister for International Trade's ministerial papers, as defined by law, had been shredded.

An independent appraisal board, set up by the National Archives and composed of experts from the private sector, established the value of the docket correspondence with the comment:

> The files are interesting in that they provide insight into public opinion regarding the agreement and the government's public position and policy on this crucial issue. The files will be of some value to economic and social researchers with a particular interest in the issue of free trade.

In his valuation of the shredded political papers, the Assistant National Archivist wrote the Privy Council Office: "There is little doubt...that material of this kind is rare, that it would be of unquestionable historic value and that its monetary value would be relatively high."

Subsequently, payment of $20,000, approved by Treasury Board and the Cabinet, was made to me, and I announced that payment from my Senate office in October 1991.

Since false and distressing allegations have been made by the media about this payment, I appreciate the opportunity to place these facts on the public record and I hope that this so-called mystery story has now been resolved.

[*Translation*]

Hon. Normand Grimard: Honourable senators, if no other senator wishes to speak on the subject, I would like to say a few words to conclude this debate.

Hon. Eymard G. Corbin (Acting Deputy Leader of the Opposition): Honourable senators, I might just mention that I will move the adjournment of the debate on behalf of Senator Frith, in case he has something to add. But if you want to speak today, I certainly have no objection.

Senator Grimard: Honourable senators, with the permission of my colleague opposite, I would just like to say a few words to briefly sum up the situation and the work that the committee has done.

Senator Carney raised a question of privilege on the floor of the Senate, and that is her right. We must admit that it was not frivolous at all. Quite the contrary, the Speaker *pro tempore* of the Senate even ruled that there was a *prima facie* case of privilege. Senator Carney had the choice of having the matter debated in the Senate or referred to the Standing Committee on Privileges, Standing Rules and Orders.

Senator Carney chose to call upon our committee, which I am chairing temporarily.

As soon as the matter was referred to us, we spared no effort to do Senator Carney justice. We called upon two experts, both lawyers, one of whom, Mr. Pelletier, testified before the committee and the other, Mr. Maingot, was retained as counsel to the committee. He is the author of one of the very few books published in both official languages on the issue of privileges.

We heard from Senator Carney who stated plainly the problem she wanted our committee to look at. She did so without hatred and with great candour. I think that her co-operation was appreciated and we commend the manner in which she testified before us.

I must say, that sometimes it was standing room only because the maximum of 15 senators was often reached during our proceedings. After several days, we unanimously agreed that there was no question of privilege because, on the basis of the evidence before us, we could not decide whether the privileges of Senator Carney as a senator had been affected.

However, and I think I speak for all members of the committee, we sympathize with Senator Carney, as we realize that she has gone through a very difficult time. The committee does not have the powers of a court. Of course, if Senator Carney wishes to take her case to a civil court, she may do so.

Honourable senators, in closing, I would like to thank all the members of the committee from both sides of this chamber not only for their co-operation but for making my job extremely easy, because it is almost unheard of in the history of the Senate that such a matter be referred to the committee. I therefore want to thank all those who testified as well as the clerk and the members of the committee for their kind contribution. It allowed us to come to a decision rather quickly, as Senator Carney had suggested as a matter of fact. So, unless Senator Frith has something to say, I will move the adoption of the report in due course.

Senator Corbin: Honourable senators, if no other senator wishes to participate in this debate today, I move the adjournment of the debate on behalf of Senator Molgat.

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

TRANSPORT AND COMMUNICATIONS

MOTION TO AUTHORIZE COMMITTEE TO STUDY REPORT OF NATIONAL TRANSPORTATION ACT REVIEW COMMISSION—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator DeWare:

THAT the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation; and

THAT the Committee present its Report no later than September 30, 1993.

Hon. Eymard G. Corbin (Acting Deputy Leader of the Opposition): Honourable senators, in my speech on transportation last April 2, I discussed the repercussions of the sale or proposed sale of certain rail lines in Canada and the lack of a truly integrated national transportation policy.

My speech was then interrupted by a Royal Assent. Today, I want to conclude my remarks on this issue by taking advantage of the motion of Senator Oliver which is now before us, because it deals with the same fundamental problem.

On April 2, I described how the transportation industry is in such a terrible mess. Lay-offs, reductions in services, bankruptcies, privatizations, et cetera, characterize a situation which, in my opinion, is the result of the lack of a coherent national transportation policy. I invite the numerous senators who were not present on that day to read the comments I made then.

I also raised questions concerning the report of the National Transportation Act Review Commission, the so-called "Rivard Commission", which suggests that we should accelerate the deregulation process.

Recommendation No. 39 of this report proposes that the "government take all necessary measures in order to privatize the national railroads in Canada". In my opinion, this is the most controversial recommendation, if not the most insane! Such a scenario would mean the end of our national railroad network.

The experts in the field of transportation have been telling us for more than 30 years that the railroad is the transportation mode of the future. This opinion is strongly supported by the environmentalists. In Europe, for example, they went all out a long time ago. But in Canada, we have gone in the opposite direction, and the report of the "Rivard commission" maintains this direction, which will destroy the railroad network in our country.

As if enough damage had not already been done, the commission recommends that the government liberalize and modify the rules governing the abandonment of rail lines; in other words, it wants to fully open the doors for that to happen. If this were to be the case, the National Transportation Agency would no longer have to look at the deficit issue or take public use into account before authorizing the transfer or the abandonment of a rail line. Then what is the purpose of keeping a national transportation agency? We might as well get rid of the now toothless watchdog that can no longer bark. The liberalization of the process of abandonment or transfer of rail lines is simply not compatible with the notion of a coherent national policy. A realistic policy must necessarily take into account the national interest; I am not saying the federal but the national interest, as well as essential services and the development and potential of the regions of the country. The elimination, cutting and sale of railroads contribute nothing toward such a policy.

When Mr. Paul Tellier, the President and Chief Executive Officer of the Canadian National Railway Company, appeared before the House of Commons standing committee on March 31, 1993, he said this in reply to a question:

[*English*]

...and I quote:

> What I was going to say to you is that the first decision is what constitutes the main line. Then, what is not part of the main line? What could be abandoned? What could be given to a short-line operator? In eastern Canada, a significant amount could be turned over to a short-line operator who could operate this at a much lower cost. For instance, this is the case for northern Quebec and this is true also for a certain part of New Brunswick.

[*Translation*]

Such words from the president of CN do nothing to reassure taxpayers in eastern Canada. The cat is out of the bag.

In his speech on April 29, 1993, Senator Oliver was hardly more reassuring. He said that his committee found particularly interesting the recommendations of the Rivard Commission on shortline railroads. Did Senator Oliver say that to reassure Senator Finlay MacDonald, who gave him the much-coveted chairmanship of the committee last year?

Could Senator Oliver be trying to reconcile two opposed interests? He only skimmed the surface of this report. For example, he called the situation of Canadian airlines "delicate". However, we know that it is desperate. He avoids explaining that the Rivard report has practically nothing to solve the crisis in air transportation, just holes, that is all.

Rivard simply makes two recommendations on aviation that are right in line with the Progressive Conservatives' thinking, namely to increase foreign carriers' share in our Canadian airlines! We might as well give them our runways and our airport facilities! Since 1775, the Americans have been trying to take over Canada and make it a state of the Union!

Recommendation No. 17 of the Rivard report—

Hon. Roch Bolduc: You are exaggerating!

Senator Corbin: No, it is not an exaggeration. It is part of an historical trend, honourable senator. Look into history, let the past be your guide.

Senator Bolduc: It is exaggerated.

Senator Corbin: No, it is not exaggerated. In 1775 and 1776, your ancestors were in Quebec, which was part of Canada as it was then. They decided that Canada would be an independent country. Now everything is being undone. You will make your fine speech and I will listen to you with my customary attention.

Recommendation No. 17 of the Rivard report proposes, if a Canadian monopoly is created, and I admit that I do not know what they are getting at:

> ...licensing foreign carriers on Canadian territory or allowing foreign carriers to be established in Canada.

Tell me how increasing the financial participation or the use of our airspace by foreign companies could resolve the current deadlock among Canadian airlines, which face tremendous difficulties. Clearly, the Mulroney government has understood nothing about what enabled this country to keep its independence and at what cost and sacrifice.

The Minister of Transport, Jean Corbeil, was very favourable to the Rivard report. I quote his press release of March 9, 1993:

> Its report confirms that the reform of economic regulations was a very timely and appropriate policy and the way of the future.

In fact, the minister was so appreciative of the results of this commission of inquiry that he appointed its chairman, Mr. Rivard, to the position of chairman of the National Transportation Agency—a fine gesture of patronage.

Such revelations make me fear the worst for the rest of the transportation industry in Canada. The Rivard Commission's report can only drive us more quickly to chaos. The friends of the Conservative Party can rightly lick their chops at the thought of all these parts of railway lines that the Tories are preparing to give them. We are witnessing the piecemeal dismantlement of the nation's transportation infrastructure.

I am quite afraid that the study of the Rivard report by the Standing Senate Committee on Transport and Communications will be just like the study of CN's proposed sale of the Truro-Sydney line: a futile exercise, a glorification of Conservative policies, decisions and recommendations based on the government's majority strength; in other words, dead-end policies.

This government and this party must be dismissed as soon as possible for the disservice they have rendered the country. Thank you, honourable senators, for your generous attention.

On motion of Senator Hébert, debate adjourned.

CANADA'S COURT CHALLENGES PROGRAM

LINGUISTIC RIGHTS—INQUIRY—DEBATE CONTINUED

On the order:

> Resuming the debate on the inquiry of the Honourable Senator Simard, calling the attention of the Senate to the need for the federal government to retain at least the linguistic component of Canada's Court Challenges Program.—(*Honourable Senator Corbin*).

Hon. Eymard G. Corbin (Acting Deputy Leader of the Opposition): Honourable senators, as you can see, I am doing some housework today. You cannot miss such an opportunity.

On February 25, 1992, the Minister of Finance, the Honourable Don Mazankowski, announced that the Court Challenges Program would be cancelled. Since then, much has been said about this issue.

The Court Challenges Program was established in 1978, under the government led by the Right Honourable Pierre Elliott Trudeau. It was designed to study the linguistic rights of minorities under sections 93 and 133 of the British North America Act. At the beginning, the program dealt only with linguistic issues.

When the Charter of Rights and Freedoms was proclaimed in 1982, the program expanded to include sections 16 to 23 of the Charter as well as section 23 of the Manitoba Act, 1870. In 1985, section 15 of the Charter was also included.

The program was managed by the Secretary of State from 1978 to 1985, and then by an independent agency for a five-year period. Afterwards, the management of the program was given to the Canadian Council on Social Development to avoid real or potential conflicts of interests. From July 1990 up to its cancellation, on September 30, 1992, the program was run by the Human Rights Research and Education Centre at the University of Ottawa.

The decision to cancel the Court Challenges Program after 14 years of existence has serious implications for the French minorities in our country. I am talking about my area now, which is not to say that the decision does not also affect the English minority in Quebec. One has to wonder why the minister of Finance came to that decision.

Could it be that the Conservative government only tried for the umpteenth time to muzzle its critics? Or is it that no one believed in the Official Languages Program?

The decision, which is as thoughtless as it is incomprehensible, is destroying an essential tool for the promotion of both official languages in Canada. Shocked by this decision, the Commissioner of Official Languages sent a letter on April 8, 1992, to the Minister of Multiculturalism and Citizenship, the Honourable Gerry Weiner, to express his concerns and describe the consequences the cancellation of the Court Challenges Program could have.

This government does not understand that financial assistance for court challenges is a crucial instrument for those who want to pursue their linguistic rights. By cancelling the program, the government has also removed an important component from the Charter of Rights and Freedoms. Actually, it has deprived it of its substance.

In its April 1993 issue, the journal of the Canadian Bar Association asks whether the Charter is worth having when citizens cannot avail themselves of its protection, for lack of resources.

The Court Challenges Program gave excellent value for money. The government had committed $8 million to this program over the past seven years, but in fact, it cost the treasury, and therefore taxpayers, which we all are, only $4.9 million. This essential program to assert language rights was a bargain compared to the average cost of a government information campaign, which is often partisan and can cost $15 million.

The abolition of the program was announced at the same time as some alarming statistics were published. The *Association canadienne d'éducation de langue française* (ACELF) pointed out in 1992 that the number of young francophones in all of Canada had dropped dramatically. There were 624,000 fewer young francophones in 1986 than in 1971. The decline is 36.8 per cent for young francophones outside Quebec.

The Federation of Young French Canadians estimated in 1992 that 36.7 per cent of francophones outside Quebec were being assimilated. This organization predicted that French Canadian communities would disappear in seven provinces if they did not receive help from the various levels of government.

In January this year, Statistics Canada published the most recent decennial data on language spoken at home. French has again lost ground, dropping from 24.7 per cent to 23.3 per cent. Since 1981, the use of French at home has declined throughout the country except in New Brunswick and Quebec.

The Conservative government, in its feigned attempt to cut public spending, is attacking the very foundation of language rights. In his mini-budget in December 1992, the Minister of Finance imposed a 10 per cent reduction on official language programs, which amounted to a $50-million cut.

This same government, this Conservative Party, shows very little determination to enforce and apply the law and have it understood. It has done little to promote bilingualism.

The Commissioner of Official Languages, Dr. Victor Goldbloom, denounced the lack of an information campaign on bilingualism in his report for 1991. In the report for 1992, which was just tabled today, we will no doubt be able to read other surprises and revelations. According to Dr. Goldbloom, in the 23 years that the act has been applied, wrong ideas about linguistic duality have unfortunately been maintained and spread. The government absolutely must begin an information and promotion campaign to correct these false impressions. In this regard, it should follow what the Government of New Brunswick has done and in no way shrink from its national obligations.

When he appeared before the Official Languages Committee of the House of Commons on April 27, 1993, the Commissioner said, and I quote:

> ...since, as far as I can ascertain, it is 16 years since a federal government undertook a significant program of public information regarding the Official Languages Act and the historic and present-day human realities of our two-language co-existence, a vacuum has been created which misapprehension, misinformation and myth have filled.

The Court Challenges Program was a tool used by the French-speaking minorities in Western Canada to assert their rights.

On March 4, 1993, the Supreme Court of Canada ruled in favour of the Provincial Federation of Parents' Committees of Manitoba by recognizing their right to educate their children in French in their own schools managed by them.

In January 1992, the Supreme Court rendered a decision which clarified the 1985 Bilodeau Case. The Province of Manitoba had to extend its translation program to some 1,400 ministerial decisions adopted every year.

In the Mayé case in Alberta, in March 1990, the Supreme Court ruled that section 23 of the Charter gave language minorities the right to run their own schools. In this case, the Quebec government supported the arguments submitted by the Province of Alberta and sought a more restrictive interpretation of this section of the Charter.

Thanks, Québec! I will not forget that.

This case proved to francophone minorities that their only remaining ally was the federal government, now that the Quebec government had decided to withdraw its support. The same point was made in an editorial by Lise Bissonnette, published in *Le Devoir* on April 29, 1993, under the heading *Le monde à l'envers*. This does not mean I always agree with Lise Bissonnette, but in this particular case, I think she is right.

Hon. Jacques Hébert (Acting Leader of the Opposition): For once, we forgive you.

Senator Corbin: For once! I believe that for once, she had her heart and mind in the right place.

Ms Bissonnette stated, and I quote:

> Once more, Quebec is taking a hands-off attitude to Canada's francophones.

And she goes on:

> Enough of this unprincipled manoeuvring which has actually sabotaged the cause of francophones before the Canadian courts.

The problem facing francophone minorities in this country is that their only natural ally refuses to move on these questions. Because of their opposing views, the governments of Quebec and Ottawa lack the political will to promote the rights of francophone minorities in this country. This was obvious in the decision to drop the Court Challenges Program, which had been very worthwhile.

Honourable senators, the Court Challenges Program is essential in order to help language minorities and promote their linguistic and cultural development. That is why the federal government must wake up and immediately reinstate the linguistic component of the program.

In concluding, I would like to thank Senator Simard for bringing this matter to our attention in the Senate, and I hope that more senators will rise to support his proposal. Thank you, honourable senators.

On motion of Senator Hébert, debate adjourned.

[*English*]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, since it is close to 3 o'clock, I move that we stand all further orders on the understanding that the clock does not move in relation to those orders.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, May 27, 1993.

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

Prayers.

SENATORS' STATEMENTS

THE SENATE

RESIGNATIONS AND APPOINTMENTS OF SENATORS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, what happened here on Tuesday in the resignation-and-appointment frenzy was stunning. While I was away yesterday, there was more of it. It seems clear that the government is panicking, as its supporters realize they are going to be kicked out and are cynically packing the Senate trying to cushion the thrashing the people of Canada are going to give them.

It is not only the cynicism that is so revolting; it is the cowardly hypocrisy and the insult to all Canadians in not having the decency to admit what they are doing. They are asking us and all Canadians to believe that the timing of these resignations and appointments is a coincidence. That is the word that Senator Barootes used when speaking to the press. He said, "It is just a coincidence," asking us to believe that it is a coincidence that Senator Barootes, who would be forced constitutionally to resign on November 15 of this year, by a coincidence resigned to make an opening for an appointment.

What a stunning coincidence it must have been to Senator Barootes to hear Senator Poitras resign at almost the same time on the same day. It is miraculous. These people should buy lottery tickets after experiencing such a coincidence.

Then Senator Ross, who, we now know, had been considering resigning, picked exactly the same day out of all the days between now and the year 2013 to resign. Coincidence? Apparently the same coincidence.

While I was away yesterday, I have learned, Senator Molson also resigned.

Senator Lynch-Staunton: Pure coincidence.

Senator Frith: A pure coincidence. I hope someone is drawing all this to the attention of the *Guinness Book of Records*.

Senator Lynch-Staunton: Not in the case of Senator Molson.

Senator Frith: Those resignations happen on one day and then the appointments come trooping along the next. All of a sudden they all resign together; then, again all of a sudden, the appointments are made. That is what is revolting. It is the hypocrisy and the insult in expecting people to believe that it is a coincidence.

Senator Stanbury: They had a choice. Mr. Mulroney, you had a choice.

Senator Frith: No, they had no choice; they had no option, because this coincidence descended upon them. There they were, innocently minding their own business, when this coincidence suddenly descended on them. They said, "We will be all right. We had no option."

I suppose we are to believe that they tried valiantly to talk Senator Barootes out of resigning. Then, of course, all of a sudden there was Senator Poitras and they had to talk him out of it too, and then, all of a sudden, Senator Ross was on his feet. That is what is so hard to stomach.

In fairness to Senator Murray, I have to say that Senator Murray has been as cynical as any of them, but he has not been as hypocritical. He has stated from the beginning in this chamber and to the press that, as soon as there were vacancies, "Yes, I am trying to talk the Prime Minister into packing the Senate with as many Conservatives as possible to give us an absolutely overwhelming control of the Senate."

Senator Stewart: Donald Cameron is now available.

Senator Frith: Yes, having found out what that kind of arrogance brings. I only wish Senator Murray's colleagues, his colleague the Prime Minister and all the rest of them, were decent and honest enough to say, "Yes, that's what we're doing." Please, spare us the hypocrisy! I tell you, honourable senators, this cynicism and hypocrisy will not cool, but fan the flames of the country's eagerness to throw the rascals out.

Some Hon. Senators: Hear, hear!

Hon. Lowell Murray (Leader of the Government): Honourable senators, if I am not mistaken, the standings in this chamber at present are: Progressive Conservatives, 51; Liberals, 41; Independent, 5; Vacancies, 7.

Senator Frith: So far.

Senator Murray: The appointments announced yesterday will simply restore the status quo. This is not what one would consider a huge majority. It does not begin to approach the size of the majority that my friends had at the end of their time in office.

Senator Lynch-Staunton: For 51 years, they had a majority.

Senator Murray: As I recall, in 1984 we were outnumbered by a margin of three to one. That is a majority.

Senator Frith: You intend to tell us when there's enough, do you not?

Senator Murray: Even if the present Prime Minister, or his Progressive Conservative successor, fills all those vacancies with Progressive Conservatives, the margin will not be an overwhelming one. We will be on pretty even terms here in the Senate, which I think makes for good debate —

Senator Frith: When you move over to this side, we will remind you of that.

Senator Murray: — and careful examination of legislation, and keeps us all, government and opposition alike, on our toes.

Even if the worst were to happen and my friends opposite were to move to this side, I do not think the Conservative majority would endure for more than one mandate, under those circumstances.

THE HONOURABLE NORMAND GRIMARD

FELICITATIONS ON APPOINTMENT AS HONORARY LIEUTENANT COLONEL

Hon. Jack Marshall: Honourable senators, it is with great pleasure that I rise to note on the record the deserved recognition of one of our colleagues in the appointment of Senator Normand Grimard as Honorary Lieutenant Colonel of the 9th Field Engineer Squadron, Canadian Armed Forces. The good senator was appointed on May 15 in Rouyn-Noranda, at a ceremony presided over by Colonel Charles Keple, Director of Military Engineering.

At the end of World War II, Senator Grimard was an instructor with the Three Rivers Tank Regiment, holding the rank of sergeant, and fulfilled his duties with dispatch and expertise.

Besides his military background, the senator has participated actively in many areas of community service and has had a distinguished career in the practice of law for the past 45 years.

Lieutenant Colonel Grimard joins with Senators Olson, Molgat and myself in his appointment as a member of the Honorary Colonels Association of Canada.

I am sure all senators join with me in offering our congratulations to Senator Grimard on this occasion of his deserved recognition, and wish him every success during his tour of duty.

Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

THE ESTIMATES 1993-94

TABLING OF SUPPLEMENTARY ESTIMATES (A)

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the Supplementary Estimates (A) for the fiscal year ending March 31, 1994 (Sessional Paper No. 343-1046).

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

REPORT OF COMMITTEE PRESENTED

Hon. H.A. Olson, Chairman of the Standing Senate Committee on National Finance, presented the following report:

THURSDAY, May 27th, 1993

The Standing Senate Committee on National Finance has the honour to present its

TWENTY-FIFTH REPORT

Your Committee, to which was referred Bill C-93, an Act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992, has, in obedience to the Order of Reference of Thursday, May 6th, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

H.A. (Bud) OLSON
Chairman

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

• (1410)

Senator Olson: At the next sitting.

Honourable senators, I wish to add that I have a non-partisan, objective report from the committee to present to the Senate, which may assist one side or the other on the various votes that are likely to be forthcoming. I will not ask to give it now, but I may not be able to be here one or two days next week, and I should like the opportunity to make my remarks for the benefit of honourable senators before they deal with the bill on third reading.

Senator Stanbury: Go ahead. Why not now?

The Hon. the Speaker: If you move third reading now, then you can speak if you wish.

It is moved by the Honourable Senator Olson, seconded by the Honourable Senator Stanbury, that this bill be placed on the Orders of the Day for third reading now. Is it agreed, honourable senators?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Perhaps it could be later this day so that we do not spend too much time during Routine Proceedings on this particular item. The third reading of Bill C-93 could start later this day under the motion by Senator Olson, who wants to make a statement.

Senator Frith: No.

Senator Lynch-Staunton: We have to follow the correct procedure, senator.

Senator Olson: It can proceed next week.

The Hon. the Speaker: Honourable senators, if you wish to have third reading later this day, then Senator Olson may speak.

Senator Frith: No. Later!

Senator Olson: I will try next week.

Senator Lynch-Staunton: Senator Olson asked if he could make a statement on the committee report just presented. Ordinarily third reading would be at the next sitting. Under our rules he cannot make a statement, because the report is without amendment. He has asked us to start third reading now so that he can make a statement, because, as I understand it, next week he will be elsewhere.

Hon. Royce Frith (Leader of the Opposition): If the issue is whether Senator Olson can make a statement, if all senators agree that he should have a chance to make a statement, then we will give him leave to make a statement. But we will not give leave to have third reading debate start later this day. That would be an excessive correction. We certainly will give consent to the statement, but not to third reading.

Senator Olson: Honourable senators, this is the problem. It used to be that, when the chairman of a committee reported, the Speaker would ask, "When shall this report be taken into consideration?" Apparently that is no longer the case. Now, if a report is made from a committee on a bill without amendment, it automatically proceeds to third reading. That is the problem that we are having.

Senator Frith: The report is adopted.

Senator Olson: I am in the hands of the house. I have an objective, non-partisan statement to make to assist senators and I could make it now with their consent. If not, I will try next week.

The Hon. the Speaker: Honourable senators, is leave granted to Senator Olson to make his statement on this report?

Senator Frith: That is what we used to do.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Lynch-Staunton: We will give leave on the assumption that the senator's statement is relatively short — by our definition of "relatively", not his.

Senator Doody: I think it will be short.

Senator Lynch-Staunton: I forgot about the end-of-the-month deadline.

Senator Olson: Honourable senators, your committee has spent several days reviewing Bill C-93, and in the process hearing from over 30 groups of witnesses. These included two ministers, several officials, and spokespersons for numerous academic and cultural organizations. Almost all of the testimony dealt with Part III of the bill which, as you know, seeks amendments to the Canada Council Act that will have the effect of moving the functions of the Social Sciences and Humanities Research Council, or SSHRC, to a new Canada Council for the Arts and for Research in the Social Sciences and Humanities, or CCARSSH, along with the International Academic and Cultural Relations Programs of the Department of External Affairs.

Many of the witnesses were critical of this proposed integration, fearing that the distinct voices of the arts, and of the social sciences and humanities research communities would be muted or lost, and that funding and the awarding of grants by peer review might be imperiled.

The Minister of State (Finance and Privatization) assured the committee that the Estimates for the new council would have four separate votes, one for each of the program areas and one for administration. Although there are no guarantees of the amounts in these votes, and although your committee is frequently asked when reviewing the Estimates to approve transfers between votes, this undertaking goes a considerable way towards ensuring the transparency and the integrity of funding —

Senator Stewart: Yes, about four weeks, the duration of the present government!

Senator Olson: — for the rather disparate programs that will come under the aegis of the new council.

The rationale provided by the government for Part III and the rest of Bill C-93 is that of streamlining of government operations, and economizing by taking advantage of economies of scale, largely in administration. In this regard, the committee was somewhat surprised at the figures provided by officials of Treasury Board, which indicate no savings for the first three years of the new organization, uncertain but probably minimal savings in the fourth year, and a savings of $5 million in the fifth.

Senator Corbin: Impossible.

Senator Olson: Apparently, it is expected that costs associated with reductions in personnel, such as severance packages and other payments under the Work Force Adjustment Policy, will cancel out any savings in the early years. The $5 million is described as "ongoing annual savings from the merger", but some doubt was left in the minds of the members of the committee about the certainty of this amount beyond 1996-97. All but one of the other mergers are projected to yield savings of considerably less than $5 million over five years, and two rationalizations will produce no savings at all.

The committee probed the issue of the membership of the new council, which is to be representative of the functions of the new council but need not consist of experts in the various fields. Regarding the review of the new act in the sixth year, the parameters of this review and the parliamentary committee that will examine it have not been identified at this stage.

Honourable senators will note that social sciences and the humanities research will be treated rather differently from medical research and the research of natural sciences and engineering if this bill is passed. Indeed, the minister drew the committee's attention to the fact that the new council, like the current Canada Council, will be an unscheduled Crown corporation, exempt from the reporting requirement of the Financial Administration Act. Therefore the council will not have to file a corporate plan and, unlike NSERC and the Medical Research Council, will not necessarily prepare a submission for Part III of the Main Estimates.

Since the Canada Council does not have a program evaluation function, it is unclear what will become of the program evaluation activities currently carried out by SSHRC. Nevertheless, your committee is persuaded that funding for the arts and for university research in the social sciences and humanities can probably be administered successfully by a single council, and that some ongoing savings will indeed materialize in the years ahead.

The impact of moving the International Academic and Cultural Relations Programs from the Department of External Affairs to the new council is perhaps more problematic. One witness, retired after many years of senior level experience in External Affairs, declared that the integration would simply not work, and would cause the new council serious problems.

• (1420)

Another witness, a former ambassador who has conducted extensive reviews of the department, felt that costs would probably be increased because of the additional requirements for coordination between the council and the department, and further because of the need for the council, a body that is almost entirely domestic in its orientation, to create a mini-foreign office capability in order to administer its new international programs effectively.

Part VII of the bill combines the functions of the present Copyright Board and the Trademarks Opposition Board into a new Intellectual Properties Tribunal. The witness informed the committee that, because of what he believes is an oversight, the cost of opposing the registration of a trademark is likely to escalate very substantially in view of the new requirement to file all possible evidence before the tribunal at the first and, I might add, generally the only opposition.

Honourable senators may wish to consider this issue further in the course of their deliberations.

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

On motion of Senator Olson, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

THE ESTIMATES, 1993-94

NATIONAL FINANCE COMMITTEE AUTHORIZED TO STUDY SUPPLEMENTARY ESTIMATES (A) FOR YEAR ENDING MARCH 31, 1994

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 59(1)(*f*), 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) for the fiscal year ending March 31, 1994. (Sessional Paper No. 343-1046)

Motion agreed to.

FOREIGN AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY LAMONT-SPENCER CASE

Hon. Louis-J. Robichaud: Honourable senators, I give notice that on Monday next, May 31, 1993, I will move that the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, British Columbia, and David Spencer of Moncton, New Brunswick.

INTER-PARLIAMENTARY UNION

EIGHTY-NINTH CONFERENCE, NEW DELHI, INDIA—NOTICE OF INQUIRY

Hon. Peter Bosa: Honourable senators, I give notice that on Tuesday, June 1, 1993, I will draw the attention of the Senate to the 89th Conference of the Inter-Parliamentary Union, held in New Delhi, India, from April 12 to 17, 1993.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 150 residents of Alberta who oppose the goods and services tax.

These petitions are mainly from St. Albert, Edmonton and Calgary. Needless to say, these good people are counting the days until the blessed moment when they can vote against the GST and put back in opposition the government that designed this bad and regressive tax.

[*English*]

QUESTION PERIOD

GENERAL AGREEMENT ON TARIFFS AND TRADE

INTERNATIONAL GRAIN MARKET—STATUS OF NEGOTIATIONS

Hon. H. A. Olson: Honourable senators, I should like to inquire of the Leader of the Government about the status of the GATT negotiations with respect to the international grain market and the serious problems that market is experiencing because of the export enhancement policies of the European Economic Community and the United States.

My question is not very complicated. Have the negotiations been completely suspended? I do not mean in the formal sense, but we have heard nothing about them. Have they come to a halt? If so, could the leader explain what the problem is and whether or not there is any hope that we will get some resolution to these severely depressed grain prices reasonably soon?

Hon. Lowell Murray (Leader of the Government): Honourable senators, no, the talks have not broken down. There was a meeting of some of the trade ministers in Toronto on May 14 and there will be another meeting in Paris on June 2. These meetings are being held with a view to re-energizing, as they say, the Uruguay Round.

The honourable senator will be aware that prior to and following the recent French elections the leaders of the victorious parties, Mr. Chirac and Mr. Giscard d'Estaing, both condemned the Blair House Agreement on agriculture and agricultural subsidies. Since that time the new prime minister, Mr. Balladur, has issued a formal statement on this matter, objecting to the proposed reduction in subsidized agricultural exports that was part of the Blair House Agreement. France will not be a signatory. It is the EEC that signs, as I understand it.

These are problems that have to be worked out within the European Community and between the community and its other partners. All I can say is that these meetings are being held with a view to trying to achieve a breakthrough at the Tokyo summit in mid-July. But, then, as the honourable senator will probably remind me, we have heard that before.

Senator Olson: Honourable senators, I could, but I will not. I have heard that for the past seven years now. Could the leader give me this information: Has there been any progress with respect to reconciling what the EEC is doing with what the United States of America is doing? That gets to the crux of the matter.

I understand the problems the new French government is having, or has expressed; perhaps France will have some influence on the EEC. Do we know what the new administration in the United States is prepared to do to find some common ground to resolve this problem with the EEC?

Senator Murray: Honourable senators, that is the purpose of the meetings of trade ministers to which I referred. There have been bilateral meetings between the United States and the European Community at which, according to the participants, some progress has been made. The so-called "quad" meetings involving the EEC, Japan, the United States and Canada, so it is said, built upon that progress, and participants are continuing to work with a view to having a package ready that will enable the G-7 heads of government in Tokyo to reach an agreement.

Senator Olson: Honourable senators, one final question: With respect to the "some progress" referred to, do you have any knowledge of what that progress specifically involves?

Senator Murray: No, honourable senators. My only information is that there have been encouraging signs in those discussions and the participants are still working towards a breakthrough and the resolution of the main problems at the Tokyo summit.

Senator Olson: I hope we are encouraged later on, too.

THE SENATE

APPOINTMENT OF NEW SENATORS—NUMBER AND TIMING

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a two-part question for the Leader of the Government in the Senate. Earlier today, we were talking about the government's taking advantage of the

extraordinary coincidence of three resignations in one day and one the next day; when will the new senators who are the result of that remarkable coincidence be sworn in, or welcomed here, if that is the right word?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I spoke to the four new senators yesterday afternoon. I hope that most, if not all of them, will be here on Monday and that most, if not all of them, will take their seats when we meet on Monday night.

Senator Frith: The second part of the question is: Can the honourable senator tell us whether there are any other Canadian citizens over 30 who, as Irving Berlin put it, are "all alone by the telephone waiting for a ring, a ding-a-ling" that might bring them here Monday also?

Senator Murray: Honourable senators, I am sure there are many of those Canadian citizens. I hope that the telephones of seven of them will ring within the next few days.

Senator Frith: Party membership having been checked beforehand, I am sure.

Senator Murray: Verified.

FOREIGN AFFAIRS

REPORT OF COMMITTEE ENTITLED "MACRO-ECONOMIC IMPACT OF THE CANADA-UNITED STATES FREE TRADE AGREEMENT"—STATUS OF ACTION ON RECOMMENDATIONS—GOVERNMENT RESPONSE

Hon. Allan J. MacEachen: Honourable senators, I wish to draw to the attention of the Leader of the Government once more the report of the Foreign Affairs Committee, submitted to the Senate in February of this year, entitled, "Macro-economic Impact of the Canada-United States Free Trade Agreement".

In brief, the committee in its unanimous report concluded that with the present methods and data available to the committee it was not possible to reach any conclusions, one way or the other, as to the impact of the free trade agreement on the Canadian economy. All of this is analyzed in the report and in turn is based upon the testimony of expert witnesses, including the Assistant Chief Statistician of Statistics Canada.

In any event, faced with that situation, the committee concluded that it would be in the public interest if steps were taken to remedy the present difficulties; accordingly it made a number of recommendations, the intention being that, if at some future time the proper data and methods were established, it would be possible to determine with some certainty what the impact has been on the overall economy.

With that in mind the committee made two recommendations. The first was that the Department of External Affairs and International Trade should commission a private sector research organization to pilot a study of the FTA effects on a limited number of sectors. In assessing proposals for such a study, the department should take into account issues raised in the report and, in particular, a number of points that the committee lists as important for their consideration.

The second recommendation is to the Government of Canada:

> THAT the Government of Canada promote efforts by Statistics Canada to develop both the Canadian statistical system as well as concordances with U.S. data, so as to facilitate analysis of the impact of future changes in trading regimes.

• (1440)

Honourable senators, I am highlighting the report, drawing it once again to the attention of the government, and asking whether the Department of External Affairs has given any consideration to the unanimous recommendation of the committee, whether it made any efforts to launch a private-sector pilot study of the FTA, and also whether the government has taken any notice of the need to improve generally the statistical data.

Unless these steps are taken, it will not be possible to reach any conclusions that will be convincing in the future. As honourable senators know, there are two sides now, one saying that the impact has been very bad and the other saying it has been very good. We have concluded that neither position is tenable, based upon the data.

Therefore, I would ask whether this matter could be considered, and whether the minister could give us an answer at some future time.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would want to do justice to that important question, and indeed to that important report. If I am to do so, I will want to ask the Department of External Affairs for some comments on the question put by the honourable senator and, if possible, for an appreciation of some of the important recommendations in that report.

ENERGY

SCOTIA SYNFUELS STUDY—GOVERNMENT POSITION

Hon. Allan J. MacEachen: Honourable senators, as the honourable minister will remember, I have also been curious about the response of the government to the report of the Energy committee on Synfuels. In preparing an answer to my previous question, and in addition, will the government attempt to give a specific answer to each of the specific recommendations of that committee report? There were a number of them.

If I may say, this report, like the one to which I have previously referred, was a unanimous report and based upon very intensive examination by the committee. It may be that the government will not find it possible to accept all the recommendations, but at least it would be useful to have a response on each of the points as to what the government position is.

Hon. Lowell Murray (Leader of the Government): Yes. I agree with the honourable senator on that matter. I have a note indicating that he asked a question about it on May 5, and that indeed a request went forward to the department on May 6. We are, as is he, still waiting for a response, and I will jog their memories on this matter.

FISHERIES

CANADIAN LOBSTER—INTERNATIONAL AWARENESS OF ATLANTIC CANADA

Hon. M. Lorne Bonnell: Honourable senators, I have a question for the Leader of the Government in the Senate.

Yesterday, I was pleased to see an announcement by the Minister of Industry, Science and Technology, Mr. Tom Hockin, that, over the next six weeks, several thousand kilos of fresh Canadian lobster will be served at some of France's top restaurants in a two-pronged initiative to expand the market for the Canadian delicacy and increase international awareness of Atlantic Canada.

In my opinion, that would be a good initiative if it stopped there. However, he then went on to say:

> It has long been recognized that the best lobster in the world is caught in New Brunswick.

What is wrong with either Prince Edward Island lobster or Nova Scotia lobster? They are just as good as New Brunswick lobster. Why would the minister try to tear Atlantic Canada apart by speaking of New Brunswick alone? Why did he not stick to talking about Atlantic Canada?

Second, why did the minister find it necessary to handle all of this promotion through the province of Quebec, which is not part of Atlantic Canada at all? He goes on further to say that the whole enterprise is controlled by Medina Foods Inc. of Montreal. It seems that Montreal is now charged with the promotion of Atlantic Canada.

Promoting Atlantic Canada is an admirable thing to do, and I agree with it, but for goodness sake, if not for the government's sake and the people's sake, do it through Atlantic Canada and do not try to set us apart from one another, New Brunswick against Prince Edward Island, and Prince Edward Island against Nova Scotia. We are Atlantic Canada, and we have the best lobster in the world, but they do not necessarily all swim to the waters of New Brunswick. I say to the minister, therefore, promote the four provinces by all means, but promote them through one of the fish processors in Atlantic Canada, rather than through the province of Quebec. Must Central Canada again control the whole East Coast?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the points made by my honourable friend. Last night, thanks to the efforts of Senator Phillips and his staff, I personally ate not one, not two, but three Prince Edward Island lobsters, and I have never tasted better.

Senator Lynch-Staunton: And some of us weren't invited.

Senator Bonnell: I can also tell you that Senator Phillips is very good with his lobsters, but he is careful who he gives them to. I was not invited either, but I am sure they were good. I wish you would tell your minister about those Prince Edward Island lobsters.

HEALTH AND WELFARE

PHARMACEUTICAL MANUFACTURERS ASSOCIATION OF CANADA—PROPOSED DONATION TO MEDICAL RESEARCH

Hon. M. Lorne Bonnell: Honourable senators, on another subject, it was reported in the press yesterday that Judy Erola —

Senator Murray: Who?

Senator Bonnell: Judy Erola. Do you know her?

Senator Murray: She's one of yours.

Senator Bonnell: Not one of mine. She is the president of the PMAC, the Pharmaceutical Manufacturers Association of Canada, and she is reported in the press as saying that the passage earlier this year of Bill C-91 and other amendments to patent legislation created —

> ...an improved environment for pharmaceutical research in Canada.

PMAC are now proposing to donate $200 million over five years to medical research and training as a way of showing their gratitude for legislation that makes their industry more profitable.

Honourable senators, we have maintained all along that this industry is making its profits at the expense of the poor, the sick, the disabled, and the aged. Perhaps some of this $200 million that the pharmaceutical association is proposing to contribute might trickle down to the people of Prince Edward Island through their new science building at the University of PEI, and thus could assist research and development in that province. Thereby some of this money might come back to the people of Prince Edward Island, who are paying a high price for drugs.

Hon. Lowell Murray (Leader of the Government): Honourable senators, these are the kinds of representations that my friend might wish to make to the Honourable Judy Erola, who, as he knows, was a former Minister of Consumer and Corporate Affairs in the Trudeau government.

Senator Bonnell: Would you write a letter in support of that measure, sir? If you do, so will I.

Senator Murray: I will be glad to draw my friend's representations to her attention.

[*Translation*]

FISHERIES

NEWFOUNDLAND AND NEW BRUNSWICK—DIFFERENCE IN FEDERAL COMPENSATION PROGRAMS

Hon. Jean-Maurice Simard: Honourable senators, I have a question for the Leader of the Government in the Senate. It is a matter of some concern to me, and especially to members of the Gulf cod-fishers' coalition.

At issue is the compensation package offered to Newfoundland fishermen last year, and the fact that ten days ago, the federal Minister of Fisheries and Oceans announced a compensation package that was different from the one offered to Newfoundland fishermen.

My first question is this: Why did the government offer a different package to the Gulf fishermen, and especially to fishermen from New Brunswick?

My second question is this: Why did the Department of Fisheries and Oceans and the minister decide to open the fishery for groundfish to boats under 65 feet in the southern Gulf, against the wishes of the majority of the fleet's fishermen in New Brunswick?

Hon. Lowell Murray (Leader of the Government): Honourable senators, regarding the latter part of this question, I will have to ask the Minister of Fisheries and Oceans for clarification.

The government's decision to offer the Maritime provinces a package that differs from the one offered in Newfoundland is based on the fact that conditions vary from region to region.

Senator Simard: I am willing to accept the government leader's explanation, but I would appreciate a written reply explaining where the difference lies between the two situations. Perhaps the Minister of Fisheries and Oceans would like to indicate as well whether he is willing to review this compensation plan, considering the arguments and new information submitted by the coalition fishermen.

Senator Murray: Honourable senators, first of all, the federal government had to impose a complete moratorium on the northern cod fishery in Newfoundland. That was not the case in the Maritime provinces or in the Gulf. In these areas, the government did, of course, set catch limits for the fishermen.

Second, it seems that most communities in the Maritimes do not depend 100 per cent on the fisheries. In most of these communities the economy is more diversified than it is in Newfoundland.

My friend asked me to obtain a written reply to these questions about the situation in the Maritimes, and I would be happy to oblige.

[*English*]

• (1450)

AGRICULTURE

SASKATCHEWAN—REQUEST FOR IMMEDIATE THIRD-LINE-OF-DEFENCE ASSISTANCE— STATUS OF RESPONSE

Hon. H.A. Olson: Honourable senators, the Leader of the Government gave an undertaking about two weeks ago to bring in a report on the progress of the so-called third line of defence. Is any action likely to be announced reasonably soon on the third line of defence?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am virtually certain that the Deputy Leader of the Government brought in a written reply to that question yesterday or the day before.

ORDERS OF THE DAY

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY BILL

SECOND READING—DEBATE ADJOURNED

Hon. Gerald R. Ottenheimer moved the second reading of Bill C-72, to establish the National Round Table on the Environment and the Economy.

He said: Honourable senators, it is with pleasure that I propose passage of Bill C-72 to establish the National Round Table on the Environment and the Economy. As the legislation specifies, the purpose of the round table is to play the role of catalyst in identifying, explaining and promoting, in all sectors of Canadian society and in all regions of Canada, principles and practices of sustainable development. It does this by conducting research and analysis, advising governments and other sectors on sustainable development issues and promoting greater public awareness of the economic, social and cultural changes required to move toward sustainable development.

Its membership is diverse, with representation from business, labour, the academic community, aboriginal peoples and environmental groups. Federal and provincial ministers regularly participate in their plenary or board meetings. Many of these groups are typically in conflict with each other, but the national round table has proven to be an indispensable device in bridging the gaps that exist.

The origins of the round table are found in the landmark report of the World Commission on Environment and Development, popularly known as the Brundtland Commission, and a subsequent follow-up report in 1987 by the multistakeholder task force set up by the then existing Canadian Council of Resource and Environment Ministers. Round tables now operate in all provinces and dozens are active at the local level as well.

While diverse in form and function, these round tables share certain common features. They work to promote sustainable development. They do this by consensus decision making, and they do it through multistakeholder processes. Canada has been truly innovative in having encouraged their development, and many countries have been following our experience with great interest. The Americans, for instance, have recently indicated that they will establish their version of a round table to advise the president in the near future.

In its report, the Brundtland Commission pointed out, "the real world of interlocked economic and ecological systems will not change; the policies and institutions concerned must". Progress toward sustainability requires new kinds of lateral thinking and moving away from the narrow, compartmentalization of knowledge, expertise and opinion that traditionally is applied to decision making.

The national round table is a significant attempt to overcome many of these and other obstacles to sustainable development. For example, it has been an extremely useful forum for the discussion of contentious issues such as forest practices, the relationship between the environment and industrial competitiveness, and trade policy.

Bill C-72 formally ratifies the importance and continuing existence of the national round table and it has had the concurrence of all parties in the other place. By being legislated, the organization will have greater autonomy to build partnerships independent of government direction involving broad sectoral representation from Canadian society. Also, the ad hoc, temporary nature of the round table's existence will be eliminated and it will be able to play more effectively its catalytic role in stimulating the new kinds of thinking that I have described. Very important as well, the round table will be in a position to organize itself administratively and to conduct its operations in a more efficient manner.

[*Translation*]

Environmental protection is an important concern for the great majority of Canadians. In fact, the environment is Canadians' No. 3 concern, after the economy and employment.

Economic development and environmental protection are closely related and it is difficult to act on one without having an effect on the other. This close interdependence of economic development and environmental conservation was on the agenda of many national and international debates on economic issues in recent years. In fact, it has almost become a cliché since the report of the Brundtland Commission to say that development from now on must be considered in terms of environmental viability.

It should be said that we are on the threshold of fundamental upheavals in the way development is considered and these upheavals will affect the rules of competition in domestic and international trade and more generally change the nature of trade worldwide. In this race, Canada cannot allow itself to be outdone by its industrial competitors. Not to follow our industrialized partners in making progress on sustainable development would be to risk putting our industries on the road to obsolescence and economic decline.

What we need in Canada is a powerful agent of change, an organization that is independent of government and big private interests. What we need is an official body whose authority and prestige are commensurate with its important mission of promoting sustainable development.

The first objective of the National Round Table is to promote sustainable development as a new way to pursue Canada's economic and social development. It is a long-term objective involving thorough changes of perception and attitude among the public as well as fundamental changes in the decision-making processes of the major stakeholders in Canadian society.

[*English*]

• (1500)

Honourable senators, I am pleased to have the opportunity to introduce this important measure, Bill C-72, to establish the National Round Table on the Environment and the Economy. I hope that honourable senators, in realizing its importance to Canada and the Canadian people, and the involved sectors of our society, will give it their support.

On motion of Senator Hébert, for Senator Kenny, debate adjourned.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-118, to amend the Export Development Act.

Motion agreed to and bill read third time and passed.

CRIMINAL CODE
CROWN LIABILITY AND PROCEEDINGS ACT
RADIOCOMMUNICATION ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doyle, seconded by the Honourable Senator Barootes, for the second reading of Bill C-109, to amend the Criminal Code, the Crown Liability and Proceedings Act and the Radiocommunication Act.

Hon. Joan Neiman: Honourable senators, I regret to admit that I was not in the chamber when Senator Doyle moved the second reading of Bill C-109 on May 6 last; nor had I had the opportunity at that point to consider carefully the legal implications of its provisions. During our recent absence from the Senate, I tried to remedy both those deficiencies by reading Senator Doyle's speech as well as those given in the other place as the bill passed through its various stages there, and also the testimony of the witnesses whom the legislative committee called.

My tentative conclusion is that in his own inimitable fashion Senator Doyle gave us only tantalizing hints of what this proposed legislation is all about. Since it is rather technical and complex, I do not want to burden you with detailed explanations of why I have reservations about certain of its provisions, because I believe the bill needs to be carefully studied in our Legal and Constitutional Affairs Committee, where I hope expert witnesses will be able to put to rest my concerns and perhaps those of other senators.

Bill C-109 has two quite distinct objectives. The first is to amend the Criminal Code and the Crown Liability and Proceedings Act in order to give law enforcement personnel and agencies wider powers of technical and electronic surveillance to assist them in the detection, capture and successful prosecution of criminals. The second is to amend the Radiocommunication Act in order to afford the users of cellular telephones some additional privacy in making their calls.

The first objective, and larger portion of this bill, resulted directly from four decisions handed down in the Supreme Court of Canada within the past three years. Based principally on the application of sections 8 and 24(2) of the Charter of Rights and Freedoms to existing laws, these decisions severely curtailed the ability of law enforcement officers, in using various types of electronic devices, to carry out their duties.

In some of those cases, the Supreme Court pointed out that it was Parliament's right and indeed its responsibility to change existing laws, if it so wished, in order to give the police wider latitude and powers in their detection procedures, provided always those methods remained within the bounds of the Charter. The government has attempted to do that in Bill C-109 and the Canadian Association of Chiefs of Police and the Canadian Police Association both told the legislative committee in the other place that they were happy with its provisions. Other witnesses from the Criminal Justice Branch of the Canadian Bar Association have some concerns which we shall have to review thoroughly in the Legal and Constitutional Affairs committee.

The important question is this: Are these provisions framed, as I am sure the government wants them to be, so as to be secure from future Charter challenges, or are some of them still liable to be struck down because they violate rights to privacy and to security of the person of our citizens? Some of them still seem to be questionable. I believe personally that the police should have as wide power as possible and desirable to carry out their responsibilities in protecting the public; but at the same time they should be fully responsible and accountable for all actions they take against or on behalf of any of our citizens, since every surveillance action, no matter what the circumstances, is a potential violation of the public's right to privacy.

An important trend these days in criminal proceedings is to share evidence in order to get at the truth of matters at issue. Therefore, the committee will want to look carefully at the clause that would allow the police to destroy electronic evidence as soon as practicable, provided, as the section states, "that nothing in the private communications suggests attempted, threatened or actual bodily harm."

The provisions regarding the editing of evidence on tapes gathered by electronic surveillance also give me some difficulty. Obviously the rights of innocent persons and informants who might be identified on the tapes must be protected. The right of an accused to know the evidence that will be adduced against him must also be protected, so that he can prepare a full and fair defence. Because of the fact that a tape can be easily altered and spliced, everyone affected by its use in a criminal proceeding needs to be assured, perhaps by some kind of timing device, that the entire period over which the events recorded on the tape are alleged to have taken place is, in fact, accounted for.

• (1510)

There are several other significant proposals in this part of the bill that require careful study, such as the clauses covering the inadmissibility of "stumbled-upon evidence", and interception procedures that would be allowed in so-called "exceptional circumstances", most particularly those which would permit interception without prior authorization. I hope the witnesses whom the committee calls will be able to answer to our satisfaction the questions that these provisions raise.

The other branch of Bill C-109 provides for sanctions in the Criminal Code for the unauthorized interception of encrypted communications made through a cellular telephone, even though these sanctions exist in almost identical form in the Radiocommunication Act. The incentive for what I consider to be this latest piece of criminal law overkill obviously must have been two highly publicized events, one in the province of British Columbia and the other in the province of Quebec, where the conversations on cellular telephones of some persons of public significance were intercepted and reported with great relish and at great length by the media across Canada.

Even after knowing about those particular cases, I blush to confess that it was only after reading the testimony of the telecommunications witnesses in the other place that I realized I was using a radio device when I spoke on a cellular telephone. At least I was not alone, since there are apparently thousands of other users who are equally unaware that their conversations in plain language are being broadcast for anyone to hear.

At the moment, almost all cellular telephones are analog, and it is quite a simple matter for anyone to intercept calls made on such devices. There are scrambling devices that may be attached to them in order to make interception more difficult, at least for amateur snoops. Unfortunately, there are also decoding devices that the dedicated would-be interceptors can use. Bill C-109 is directed against the latter group.

However, digital cellular phones are now available and are expected rapidly to replace and make obsolete the present analog phones. The conversation on digital cellular phones is a series of unintelligible beeps except to the parties making the call. It is certainly within the realm of possibility, however, that sometime in the future, some technical genius will find a way to translate the beeps back into plain language.

The discussions in the other place regarding the proposed more severe sanctions in the Criminal Code were very interesting because there appeared to be a consensus, at least among the various witnesses, that the sanctions contained in the Radiocommunication Act were sufficient to inhibit the flagrant misuse of intercepted material and the abuse of an individual's right to privacy. There were alternative suggestions made, such as banning the manufacture and/or the importation of scanners and decoding devices.

[Senator Neiman]

The most sensible suggestion, as far as I was concerned, was to forget the criminal sanctions, with all the ensuing public expenditure of time and money that will be entailed in detecting and successfully prosecuting offenders. Instead, a more reasonable option would be to make a modest expenditure of time and effort to warn present users and future buyers of cellular phones that they are dealing with a radio device, and therefore should take proper precautions not to broadcast anything they wish to be kept private.

I suspect Senator Doyle has some ideas of his own as to what should be done with these particular provisions. Regrettably, I do not imagine the government would consent to withdrawing them. However, I would like the committee to examine the possibility of making this a hybrid offence so that the Crown has the option of pursuing either the criminal or the civil route, according to the actual facts and impact of a particular case.

Bill C-109 gives us a great deal of food for thought and study. The committee should find it interesting and, I hope, worthwhile.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have some reservations about this bill that I want to consider. I also want to have a look at Senator Neiman's comments before I intervene. Therefore, I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

[*Translation*]

EXCISE TAX ACT
ACCESS TO INFORMATION ACT
CANADA PENSION PLAN
CUSTOMS ACT
FEDERAL COURT ACT
INCOME TAX ACT
TAX COURT OF CANADA ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Jean-Maurice Simard moved the second reading of Bill C-112, an Act to amend the Excise Tax Act, the Access to Information Act, the Canada Pension Plan, the Customs Act, the Federal Court Act, the Income Tax Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and a related Act.

He said: Honourable senators, I am pleased to be able to speak today in the debate on Bill C-112, which makes technical changes to the goods and services tax.

You remember that when the government took power in 1984, it launched an important series of measures for long-term economic growth and prosperity.

It was obvious in 1984 that our country had to adjust to the reality of global competition to ensure its future economic prosperity.

We had to help our economy meet the challenges of the 1990s and the 21st century.

The measures taken included a wide-ranging tax reform of which the goods and services tax was a part.

Let me explain briefly why the government brought in the GST and how this tax makes the Canadian economy stronger and more competitive, whatever the Liberal opposition in this house and in the other place may say.

Until two years ago, Canada applied a hidden, economically destructive federal sales tax which had been in effect since 1924 and was clearly outdated.

Indeed, all other countries which had adopted a similar tax had abolished it.

The former federal sales tax was imposed at the manufacturer's level, as we recall. Four different rates applied and it covered barely a third of our manufacturing sector. It clearly made Canadian industry less competitive and less able to create jobs. It was subject to large-scale evasion, which made it an unreliable source of revenue. It penalized our exporters and made imports more attractive than Canadian-made products.

When this tax was in force, Canadian companies tried to meet the needs of a very competitive world market with their hands tied.

Canada needed a modern efficient tax system that could again put it on an equal footing with the rest of the industrialized world. This system is the GST.

Two years after it took effect, the GST is meeting its key objectives. Consider the following:

All economic sectors now benefit from more equitable treatment than under the old system because the GST has a much broader base and a uniform lower rate.

Canadian businesses become more efficient because the GST has relieved them of a heavy tax burden.

The GST has reduced operating costs for companies producing taxable goods and services.

Thanks to the GST, Canadian products are on an equal footing with their competitors, both in Canada and abroad.

Finally, the GST encourages investment, which in turn increases competitiveness, leading to more production in Canada and higher real incomes for Canadians.

The GST has already had direct and concrete economic benefits.

More specifically, replacing the old tax with the GST makes our exporters and manufacturers more competitive.

The Canadian Exporters' Association points out that the proportion of tax in the price of exports has dropped 1.6 per cent, thus making Canadian exporters more competitive internationally. Let us not forget that our exports are what is mainly driving the economic recovery.

As we all agree, capital investment is a key source of future productivity gains, which we want. With the GST, the cost of capital investment has gone down by about 4 per cent. According to the Canadian Manufacturers' Association, Canadian manufacturers could save $3.5 billion in investment costs.

Replacing the old tax with the GST should also increase our real production by $9 billion and thus create about 60,000 full-time jobs.

[*English*]

• (1520)

Another issue I want to discuss is the misconception that the GST is a tax grab and is bringing in more money than the government predicted. This is simply not true. Contrary to early criticism, the GST did not turn out to be a "cash cow".

I remember vividly the debates, the arguments, and the doom and gloom predictions coming from the other side to the effect that, yes, the GST would be a tax grab and a great "cash cow". The figures show differently today.

The GST was forecast to bring in $16.4 billion in 1991-92, after allowing for a GST credit and a one-time transitional credit for small businesses. Due to the slowdown in the economy, the GST collected about $15 billion in 1991-92. In comparison, the old federal sales tax, with a general rate of 13.5 per cent, collected $17.7 billion in 1989-90, its last full year of operation. Thus, clearly, the GST is not a tax grab. Nor is Bill C-112 a tax grab.

Senator Frith: It is humour time. Listen to the standup comic!

Senator Simard: I repeat, it is not a tax grab. This legislation is the result of more than two years of consultations with representatives of all sectors. The practical changes that are proposed in Bill C-112 are tailored to the realities of today's marketplace.

I see Senator Kenny listening religiously, and I appreciate that. I am sure that he will take that message and those figures back to his people and to his colleagues in this house.

Senator Kenny: I am listening, but it is hard to keep a straight face.

Senator Simard: You do not have to keep a straight face; just use my figures and you will do all right.

Together, government and business have witnessed the GST in action. This experience has enabled them to make the tax operate more smoothly in specific industries. For example, following consultation with the Canadian taxicab industry, the government proposed changes to the GST that allowed taxi operators across Canada to use a consistent pricing structure.

For retailers, this bill simplifies the operation of the tax for a wide variety of special types of transactions, ranging from the treatment of discount coupons to the treatment of returnable beverage containers. In addition, simplified rules have been designed specifically for situations where retailers make purchases through buying groups. These special rules will significantly reduce the amount of paperwork that would otherwise be required under the normal rules of the tax. These changes have been supported by associations representing manufacturers and distributors of grocery products.

This bill is typical of the Mulroney government, which listens to the people of Canada. When proven wrong, or when it is demonstrated that improvements to the tax structure — or anything else, for that matter — are warranted, this government is sensitive, listens to people and acts promptly.

This legislation also responds to the concerns of the oil and gas industry that is so important to Western Canada and to Newfoundland. In particular, it includes changes that simplify the operation of the tax in areas where activities are often undertaken by joint ventures.

This bill also helps the agricultural sector, of which Senator Olson is such a good advocate. The government has consulted with farmers and is now proposing a relieving amendment that will bring the GST treatment of livestock feedlots into line with that of feedmills and other suppliers of tax-free livestock feed. This is good news for Western Canada. The bill also provides farmers with broader cash flow relief on their purchases of bagged fertilizer.

[*Translation*]

Honourable senators, the improvements to the tax system in this bill will make Canadian industry more competitive, both on foreign and on domestic markets, as I have already said.For example, a proposal would improve the competitiveness of service exporters by letting them import products to provide their services without paying tax.

Moreover, the bill gives significant relief through the rebate program for foreign tourists and conventions; this program is unparalleled in the other countries with similar tax systems. This measure would make our tourism and convention industry more competitive by keeping Canada attractive for foreign visitors, and this is good news for tourists and those in the industry like merchants and hotel operators who employ Canadians in their establishments.

The government received representations from auto parts manufacturers who asked for changes to the GST which would make it easier to export products and services to their foreign customers. Again, this bill makes improvements in that direction.

[*English*]

Bill C-112 also contains benefits for consumers, especially consumers in need. Senator Bosa will be interested in hearing that, because he is a devoted senator who constantly reminds us of the plight of the consumers and the ordinary taxpayers. Senator Bosa, you will be pleased with that improvement. For example, there are additions to the list of tax-free medical devices and prescription drugs. The government is also proposing a special credit for some 700 certified institutions that employ mentally or physically disabled individuals in the manufacturing of goods. This credit was designed in recognition of the unusually high cost faced by these institutions during the transition to the GST.

• (1530)

This bill also contains proposals to allow Canadians who live year-around in travel trailers to rent sites in trailer parks on a tax-exempt basis. This measure will ensure that people who rent these residential trailer sites are treated fairly and equitably, relative to other residential tenants. This legislation also provides a simpler and more generous GST housing rebate to individuals who build their own homes.

In summary, the measures included in this bill will help the retail and farming sectors. As I indicated before, these measures will also help the oil and gas industry, and will benefit the export sector. They will help the tourism industry. These measures also respond to the needs of the charitable and non-profit sectors. This bill also helps consumers in need, and makes the tax fairer for tenants and homeowners alike.

Honourable senators, in the course of the consultations that led to these proposals, much was learned about the practical and unique needs of all of these sectors and groups. From the measures that are included in Bill C-112, it is evident that the government has been both fair and flexible in adapting the GST to the complexities of the real world in which it operates.

For example, the bill contains a provision that will give GST registrants greater latitude with respect to their reporting requirements. In particular, these measures include a plan that would make it easier for up to 1 million Canadian businesses to file GST returns only once per year. Again, the government has been listening, and has acted promptly.

Another proposed amendment provides the Minister of National Revenue the discretion to waive penalty and interest in cases where a person is unable to file a return or make a remittance on time, due to circumstances beyond that person's control.

I remember the time prior to 1984 when Perrin Beatty, among other PC members, travelled this country listening to the taxpayers who were being pressured, pressed and almost bulldozed by civil servants. They made these journeys because Canadians felt they were getting rough and unfair treatment. There were cases where legislation did not provide for relief. This government again has responded to this need, and has shown much courage, generosity and fairness.

[*Translation*]

Fairness is a basic taxation principle and, in light of the examples I have given, it is obvious that this principle applies to every provision of the bill. In a broader context, I must add though that fairness and accountability go hand in hand.

During the debate on the bill, the government was taken to task about that with regard to a proposed amendment to the Access to Information Act. Opponents maintained wrongly that it would allow the government to conceal any information having to do with the GST.

Honourable senators, nothing is further from the truth. The government wants the public to be as well informed as possible about the tax and it is accounting to all Canadians for the revenues derived from the GST as well as for the cost of administering the tax and the number of registrants.

I therefore urge my colleagues not to lead the public down the garden path by misconstruing the purpose of such changes.

The proposed changes to the Access to Information Act are designed to preserve under the GST the confidentiality already afforded taxpayers under the income tax system.

According to a basic principle of the Canadian taxation system, information obtained from taxpayers is confidential and cannot be disclosed without their consent. Taxpayers must always be able to disclose freely all the information required for income tax purposes, knowing that it will remain confidential. Out of fairness, the Income Tax Act and the GST legislation both contain provisions to protect personal information provided by taxpayers. Trust has long been at the very heart of the self-assessment principle in our income tax system and it will now apply to the GST as well.

Out of fairness also, both the Income Tax Act and the GST legislation contain provisions to protect personal information concerning taxpayers. As regards income tax, the government has reinforced these provisions by listing them under the section of the Access to Information Act that prohibits the disclosure of certain types of information.

On the other hand, when the GST legislation was passed, the corresponding provisions on the protection of personal information were unintentionally omitted. Through this amendment, the government simply wants to correct this omission by making the personal information protection provisions of the GST legislation and the Income Tax Act match.

I must point out that this provision does not restrict in any way the communication of general information on the GST. In fact, the government is also proposing a change to limit the application of the GST legislation provisions dealing with personal information to specific information that could give away the identity of taxpayers. In other words, honourable senators, the bill makes it clear that general information on the GST which does not relate to a particular taxpayer is fully accessible.

[*English*]

Honourable senators, I wish to take this opportunity to comment on one other issue that was raised during the recent debate on Bill C-112; namely, the GST treatment of cooperatives. I am referring, of course, to the recent debate in the other place. From the prairies to the Maritimes, co-ops play an important role in the nation's economic and social development. The design of the GST already accounts for some of the unique characteristics of the co-op sector. Indeed, there are special rules in this bill that ensure favourable treatment for sales of cooperative shares.

In the debate on the bill in the other place, the question arose as to whether all sales between co-ops could be tax free. However, paying tax on purchases and claiming it back in the form of input tax credits is fundamental to the way in which a value-added tax works. Any exception to this rule, I am sure you will all agree, would make the GST more costly and difficult to administer, not only for the government but also for businesses, because there would be some items that would not include taxes and others that would include taxes.

Over the last couple of years, many similar requests have been received by various groups of businesses, but the government has seen fit to provide relief only in a very narrow range of circumstances; namely, where a parent corporation makes sales to its wholly-owned subsidiary. This recognizes that a wholly-owned subsidiary is really like a division of the parent company.

During the debate on Bill C-112, the government was taken to task for not showing more flexibility for sales between co-ops. But we must hold the line. Canadians know the government must hold the line. If relief were provided for sales between co-ops, the essential structure of the GST would unravel. The door would then be open to countless other requests for the same kind of treatment for any groups of companies that are, in some manner, related to one another.

The government has been flexible in adapting the GST to the complexities of the marketplace, and the government must continue to be flexible. However, there are cases where a hard-line approach is needed to preserve the integrity of the tax, and this is one of them.

[*Translation*]

• (1540)

Honourable senators, I would now like to touch upon a matter that is of some concern to many Canadians: the underground economy. Many people assume that a substantial number of salesmen settle for cash without collecting the tax, or if they do, they do not pass it on to the government. By the way, I must admit I am often tempted to make the same assumption, and I am sure some of you are as well. When we shop in smaller stores or pay for taxable services, we often get one of those tiny receipts I remember my father used in his own store, in 1930. Often, we suspect the tax we paid will go straight into the merchant's pocket. We know that is a possibility. I will explain how the government is going to ensure that when Canadians pay the GST and, in most cases, provincial tax, this tax revenue goes into the federal Treasury.

Canadians should be able to count on all businesses complying with the GST procedure and all other fiscal measures. Even in these difficult times, our resources must be sufficient to ensure that tax revenues are collected and passed on to the government. This is important, both from a financial point of view and out of fairness to the majority of businesses and individual Canadians who take the trouble to play by the rules. Since 1985, the number of public servants responsible for collection of taxes and customs duty has increased by 16 per cent, which means an additional 8,600 employees.

I found these figures in yesterday's *Citizen*, where one reporter, probably ready to launch one more attack against the Mulroney government, advised readers that, although since 1984, the ministers in the Mulroney government had repeatedly said their objective was to reduce the total number of public servants, the number had not really gone down.

I must admit that the overall size of the civil service did not really diminish. We must bear in mind, however, that as the number of Canadians who pay taxes increases, more employees are required to collect and administer these taxes. But the total number of employees did not increase.

One sector where there has been an increase happens to be that of tax collection and administration. Contrary to what this reporter who was attacking the Mulroney administration said—and I think that many of those who read his article will agree—if there is one place where we must make sure we have enough employees, it is precisely in ensuring that the tax law is adhered to and that the money owed to the federal government is paid up.

So that should not give me, the press or any Canadian cause to criticize but rather to commend the Mulroney government for once again ensuring that money intended for the public purse actually gets there instead of staying in the hands of the small or large business people who would simply pocket what was intended for the federal coffers.

I wish the reporter from the *Ottawa Citizen* would reconsider his position and stop criticizing the government for increasing the civil service by hiring 8,600 new employees to collect taxes and administer tax laws.

The government has had some success in that area. Listen to this: making a special effort, the government has managed to collect $400 million in outstanding taxes and accrued interests over the past four months. That was made possible by hiring extra people.

Harsh measures are admittedly not enough to ensure compliance with the GST. A commitment to simplify compliance rules for businesses is also required. The government has made such a commitment and is carrying it out.

For instance, in December the Minister of Finance announced measures to simplify the input tax credit claim, which makes the tax easier to administer for over a million small businesses.

Honourable senators, efficient enforcement measures and reasonable provisions such as these are indeed required to increase the rate of compliance with the taxation system. Therefore this twofold approach will be further reinforced through the provisions of Bill C-112.

The rules proposed in the bill for door-to-door sellers, who, like Avon, sell consumer goods directly to the consumers through self-employed entrepreneurs, is probably the most eloquent example of this. Following consultations the government has had with these companies, Bill C-112 proposes new rules which will exempt hundreds of thousands of these self-employed entrepreneurs from having to register and produce GST returns.

The new rules concerning door-to-door sales will prevent many headaches and substantially reduce the paperwork. On the other hand, GST revenues remain completely untouched because the rules were designed to ensure the collection of the tax and its proper payment by door-to-door sales companies that deal through self-employed entrepreneurs.

These are the changes proposed in Bill C-112. These are reasonable measures which were developed in collaboration with the people they will affect.

Industry officials and tax experts have said that these proposals are solid. Businesses, small and large, have indicated their support for the measures contained in the bill.

I therefore urge honourable senators to fully support Bill C-112.

On motion of Senator Frith, for Senator Perrault, debate adjourned.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-FOURTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the forty-fourth report of the Standing Committee on Internal Economy, Budgets and Administration (Budget-Special Joint Committee on Conflict of Interest), presented in the Senate on May 6, 1993.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, on behalf of Senator Lavoie-Roux, I would point out that this item has been before us for some time. It is to approve our share of the budget of the Special Joint Committee on Conflict of Interest. I do not believe there is any question remaining on this matter, and on behalf of Senator Lavoie-Roux, I wish to move the adoption of the report.

• (1550)

Hon. Royce Frith (Leader of the Opposition): I have a question. This is the committee of which Senator Stanbury is joint chairman. Has there not been some contretemps about the committee's report, whether the government had ensured that the content of that report was reflected in the bill, that sort of thing? I take it that has nothing to do with the question of the budget. Can you say that Senator Stanbury supports this motion?

Senator Lynch-Staunton: Actually, Senator Stanbury brought the budget before the Internal Economy committee.

Senator Frith: In spite of the events that took place later, does he want it approved?

Senator Lynch-Staunton: Yes.

Senator Frith: On that basis, then, I can see no reason to oppose it.

Motion agreed to and report adopted.

THIRTY-FOURTH REPORT OF COMMITTEE ADOPTED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Spivak, for the adoption of the Thirty-Fourth Report of the Standing Committee on Internal Economy, Budgets and Administration (supplementary budget-Standing Senate Committee on Banking, Trade and Commerce-financial institutions), presented in the Senate on April 29, 1993,
>
> And on the motion in amendment by the Honourable Senator Kenny, seconded by the Honourable Senator Hastings, that the Report be not now adopted, but that it be amended by deleting the sum of $5,250.00 from Transport and Communications, and substituting therefor the sum of $1,000.—(*Honourable Senator Lynch-Staunton*).

Hon. C. William Doody: Honourable senators, with Senator Lynch-Staunton's leave, I should like to speak briefly to this item. As honourable senators may be aware, I have been selected by the members of the Banking, Trade and Commerce committee to act as their chairman, at least for the next little while. Before the committee can continue its work, it has to have its budget approved.

Senator Frith: Always after money.

Senator Doody: It comes from those years of indenture to the Internal Economy committee, so I am breaking loose now.

With regard to the budget put forward by the committee, I understand that a motion in amendment has been moved by Senator Kenny asking that the amount of money intended to pay for telecommunications, or some sort of audio visual link with Europe, be deleted. While this debate was going on, events have overtaken it, and that money is no longer necessary. Communication has been received from the gentleman in Europe that supplies the information the committee requested, so the amount of money requested by the committee to cover that matter is no longer necessary.

I suggest the best way to deal with the problem is to agree to Senator Kenny's motion, and then adopt the report as amended by Senator Kenny's motion.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure that the report, as amended, be adopted?

Hon. Senators: Agreed.

Motion agreed to and report, as amended, adopted.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, last time we took some time to explain the views of the newly elected parliamentarian, Brian Mulroney, on the deficit, the economy and the Constitution. It is tempting at this point in the narrative to race ahead directly to the general election campaign of 1984. However, we will avoid that temptation, because the period between the by-election and the general election was important in helping many Canadians form their first impressions of this new member of the House of Commons. Let us start with Mr. Mulroney in his new role of parliamentarian.

Canadians wondered how this businessman, for whom politics was but a recreation, would perform when thrown to the lions in the other place. He took his seat on September 12, 1983. The following day, during Question Period, he took a shot at the Minister of Health. Unable to civilize his natural meanness, he asked her when she was expecting to give birth, knowing that she was not pregnant, and then less than two weeks later —

Senator MacEachen: And not married.

Senator Frith: Yes, and not married. Less than two weeks later, he was in Pictou County telling his constituents that his biggest surprise in the House of Commons was the "total lack of civility" of the Liberals — as reported in the *Chronicle-Herald*, September 26, 1983. Back in the House of Commons, when a parliamentary secretary rose in the absence of the minister to respond to his question, Mr. Mulroney, the new parliamentarian said, "I want to hear it from the organ grinder and not the monkey." That is as reported in Hansard, November 21, 1983. I presume he was still trying apparently to set a higher standard of civility.

These incidents, admittedly minor, are nevertheless instructive because they provide an early indication of something that turned out to be more important; namely, what Mr. Mulroney really thought about Parliament. They also provide the beginnings of an explanation for the poisonous atmosphere that has existed in the House of Commons throughout his administration.

Though Mr. Mulroney was more than willing to smear Liberals at every opportunity, he himself was very sensitive to any criticism or scrutiny. In fact, his thin skin lead to one of the more bizarre episodes in Canadian politics.

On February 15, 1984, the *Globe and Mail* ran a story alleging that staff in the PMO were engaged in a covert intelligence-gathering mission designed to uncover incriminating material on Mr. Mulroney while he was president of the Iron Ore Company of Canada. Question Period of that day was dominated by that story. There were charges of law breaking, improper use of public funds, Watergate-type spying, and requests for an independent inquiry. But when all was said and done, the story that quickly emerged was that of a summer student working away at the University of Ottawa library, researching the layoffs in Schefferville. There was also a staff member of the PMO who, while in Washington, dropped into the offices of the Security and Exchange Commission to get a copy of Iron Ore Company's annual report. The report, of course, was a public document.

Media representatives were invited into Prime Minister Trudeau's office to look at the dossier compiled on Mr. Mulroney, which, according to the *Toronto Star* of February 16, 1984, consisted of 10 file folders of newspaper clippings — all of which were public — and one binder of public documents on the Iron Ore Company.

When reporters asked to see the files that Mulroney's office kept on Trudeau, they were first refused and then only reluctantly shown, not ten file folders of clippings but 10 filing drawers of material, which included, according to the *Toronto Star* of February 17, 1984, "claims that Trudeau is everything from a communist to a capitalist lackey". There were also files on John Turner, who was then not even a Member of Parliament but, according to the same article in the *Toronto Star* of that day:

> Fred Doucet, Mulroney's Chief of Staff, refused to allow reporters to review the Turner material, saying the media had been allowed into Tory research offices only to see the Trudeau files.

This example of what became characteristic hypocrisy of the Conservative's staged outrage did not bear full fruit until some years later. When this issue was before the House of Commons, not only did it dominate Question Period, it was the subject of a question of privilege raised by Mr. Mulroney's house leader, Eric Nielsen. On February 15, 1983, Mr. Nielsen alleged that the incident —

> ...is a very grave and probably the most serious matter to have come before the House, certainly in my experience...Surely this is one of the most serious revelations ever to come before a House of Commons in any parliamentary democracy.

That is a quote from Hansard, at pages 1415 and 1416. He went on to say:

> Individual members of the House should not be subject to...invasion of privacy simply because the Government finds it expedient to engage in such practices.

That is from Hansard, at page 1419.

Let us remember that, as Mr. Nielsen was on his feet delivering this indictment — which had no basis in fact — he knew that previously he had spent countless hours eavesdropping on the private deliberations of the national Liberal caucus.

• (1600)

This was not known to Canadians and would not be revealed until some years after the election. In early 1984, Canadians could only see the righteous Mr. Nielsen — not the eavesdropper — the right-hand man of Mr. Mulroney, condemning the Liberal government for collecting newspaper clippings on his boss. They saw him claim this was not only one of the most serious revelations ever to come before the House of Commons in Canada, but one of the most serious to ever come before any House of Commons in any parliamentary democracy anywhere in the world. They saw him charge that Liberals invaded the privacy of individual members of the House of Commons.

What Canadians did not see was Mr. Nielsen hunched over in some darkened room eavesdropping on the private meetings of the Liberal caucus, eavesdropping on the private meetings of his fellow parliamentarians.

That is some hypocrisy! What did Mr. Mulroney do and say when his deputy's activities were revealed some years later? Patience. That will unfold in the chronology in due course.

I want to conclude this chapter of the chronology fairly quickly because there is so much rich material in the 1984 general election impatiently waiting for a visit. Just a few select Mulroneyisms from this period —

Senator Simard: Select?

Senator Frith: I could have a lot more, and you would not like them any better than you like these. If you want some more, I will send them you to.

In Part 5 of our chronology we had Mr. Mulroney donning the cloak of Liberalism. As we saw, he in fact donned it much earlier, and, as we will see, he discarded it following the general election.

As a new member of the House of Commons, Mr. Mulroney again spoke of tenderness. Yes. Try a little tenderness.

> There is...the obligation to show tenderness towards underprivileged Canadians. It is an altogether sacrosanct obligation towards the poor, the underprivileged and the elderly. It is also an absolutely essential aspect of our national character.

That is from Hansard of December 9, 1983.

He again spoke of the sanctity of medicare.

> As far as the Conservative Party is concerned, medicare is a sacred trust which we will always preserve...There must be certain things that are above politics — there are certain things in Canada which must be safeguarded against any partisan attack — Medicare has to be one of them at all times.

That is quoted from Hansard, December 9, 1983, at page 44.

Perhaps he could round up the contenders for his job and read these words back to them. Perhaps he could follow the advice he gave Prime Minister Trudeau when he perceived differences between government policy and the announcements of Liberal leadership contenders. In 1984, he thundered:

> We want to know how much disintegration can Trudeau tolerate before he has to respond by dismissing ministers who repudiate government policy...They (the Liberal leadership contenders) are desperately trying to repudiate the government they served so loyally...Basic honour calls for resignations.

That is from the *Montreal Gazette* of April 9, 1984.

In 1984, the policy issue which so incensed Mr. Mulroney was the future of gas stations — Petro-Canada gas stations. In 1993, the policy issue for him is the future of medicare.

No one ever described gas stations as "a sacred trust which we will always preserve". However, Mr. Mulroney used these very words to describe medicare. His would-be successors, including his own cabinet ministers Campbell and Charest, are all saying they would end universality for medicare. If that is not government policy, are not Mr. Mulroney's words of 1984 appropriate:

> Basic honour calls for resignations.

That was in 1984, and what was at stake was our sacred gas stations. Today it is only our health care system, so no calls for resignations there.

Speaking of gas stations, this is a good time to recall what Mr. Mulroney had in mind for Petro-Canada. Would a conservative government dismantle or sell the Crown corporation? A good way to answer this question is to begin by looking at the situation today. Is Petro-Canada for sale? The answer is yes. Legislation to privatize Petro-Canada has been passed, and the government is now waiting for an opportunity to enter the stock market with Petro-Canada shares. They are for sale. If we have learned anything, however, about this Mulroney band, that must mean Mr. Mulroney promised not to sell Petro-Canada. That would be a reasonable inference from everything we have seen. If it is now for sale, he must at some time have said that it would not be for sale. Is that true?

Let's us start with *La Presse* of April 9, 1984.

[*Translation*]

> The Tory leader, Brian Mulroney, believes Petro-Canada is useful as a national institution and he has no intention to dismantle this Crown corporation if his party become the next government. ..."Petro-Canada is a national institution I will keep intact" he said when answering several questions from journalists on that matter.

[*English*]

The *Toronto Star* of that same date reported:

> ...Mulroney angrily dodged reporters' questions yesterday about what a Tory government would do with the crown-owned oil company.
>
> ...The Tory leader reacted testily to persistent questioning about what his party's policy is on Petro-Canada, a major issue in the 1980 election when the Conservatives vowed to privatize the company.
>
> "We don't propose to dismantle it," Mulroney said, adding: "I don't propose to comment on silly and self-serving comments, which change every day, by Liberal leadership candidates."

A few days later, when he was on the CBC radio program *The House*, he was asked:

> CBC: Would you sell part of Petro-Canada?
>
> Mulroney: Look, I, you know, that's the silliest thing that has come up.

Our hypothesis was correct. We found a plethora of statements by Mr. Mulroney, all promising not to sell Petro-Canada. In retrospect, one would have thought the oil company was safe, because not once did Mr. Mulroney call it a sacred trust. Well, one would have been wrong. What he had characterized as that silly idea has become government policy. Petro-Canada is on the block for privatization.

Will this hypothesis work in other cases? Will it work for Air Canada? We know that the Mulroney government sold off Air Canada. It is now a private company, which, incidentally, is losing money. Our hypothesis therefore predicts that Mr. Mulroney must have promised not to sell it. If it is for sale, he must at some time have promised not to sell it. Would that be true? Once again, research confirms the validity of that hypothesis. In an interview given to the *Financial Post*, published March 24, 1984, he made it clear that the company was not for sale.

> Air Canada is being well run now, it's being run according to private-sector economics and criteria to the extent humanly possible. It pays down its debt, it has productivity enhancement programs, it shows from time to time a small profit, it has management that seems to be concerned about the bottom line, so I'm reasonably impressed.

He was so impressed that he sold it.

This hypothesis we have developed has great value because of its unerring accuracy. You look at something today, see what the government policy is today, and you can make a prediction that at some point this government promised the exact opposite. We have already seen many examples apart from Petro-Canada and Air Canada.

Today we have free trade. Would we be able to say that he promised no free trade? Yes, as we saw in Part 3, that is exactly what happened.

Today we have soaring unemployment. Well, that must mean he must have promised jobs. Sure enough, he promised jobs, jobs, jobs.

Today we have a soaring deficit. That would mean that a balanced budget was promised. Was it? Yes.

Today we have an economy on the ropes. That must mean a dynamic and surging economy was promised. Sure enough, it was.

Today we have wholly inadequate expenditures on research and development. That must mean there was a promise to double our R&D expenditures. We saw that is exactly what was promised.

Our social programs have been either eliminated or eroded. That must mean there was a commitment from Mr. Mulroney to treat them as a sacred trust. Right.

Over the years, Mr. Mulroney has, in an orgy of patronage, appointed his friends to virtually every government body in the country. That must mean he had promised appointments to total strangers on the street.

It is uncanny. We have a hypothesis that so far is 100 per cent accurate. The man and his team, the very team who are still presenting themselves to the people of Canada and will be soon asking for a renewal of this same activity, have a record of complete reliability that they will do the opposite of what they say they will do. This is something to remember in the 1993 campaign.

Let us go on with our examination of Mr. Mulroney and see if he can maintain his unblemished record of promise breaking.

• (1610)

While Leader of the Opposition, Mr. Mulroney, promised that a Conservative government would usher in a new era for the women of Canada. In an article in the *Globe and Mail* of March 5, 1984, he is reported as having said:

> "A Progressive Conservative Government will ensure that all companies seeking to provide services to the Government of Canada hire increasing numbers of women to perform those services as a condition of getting the job," Mr. Mulroney said. "We will ask those firms to show us, as part of their tendering responsibilities, how many women will be hired to fulfil those contracts."

This statement, was made to the Progressive Conservative Women's National Caucus. According to the Ottawa *Citizen*, of March 5, 1984 —

> Mulroney also promised the women's caucus pensions for homemakers.

Though then Mrs. Janis Johnson, the director of the Conservative Party, declared that Mulroney had delivered "a profound speech" and that the party was "moving forward in a tremendous direction," as reported in the *Toronto Star* of March 5, 1984, we know that these promises were not met. Senator Janis Johnson knows there is no homemakers pension. Senator Johnson knows there is no requirement in the tendering process for any indication of how many women would be hired to fulfil a contract. That does not matter. What counts is that Mr. Mulroney made a profound speech on the eve of the election call.

Note, incidentally, our hypothesis "rely on the opposite", still holds true. Whatever the Conservatives tell you, rely on the opposite.

In his Liberal garb, Mr. Mulroney also promised housing assistance to those in need.

[*Translation*]

> We must ensure that our tax system is fair and equitable and that our tax expenditures and our programs in areas such as housing assistance are carefully tailored to benefit those who really need them.

[*English*]

There must no longer be any Canadians in need of housing assistance or any homeless people, because on April 26, 1993, Finance Minister Mazankowski announced:

> CMHC will no longer fund housing through 35-year subsidy commitments.

That announcement, on page 10 of his budget, was the culmination of five years of slashing federal spending on social housing.

So, our hypothesis scores again. Say "X", do "Y"; for which read, "Y" is the opposite of "X".

Moving along, Mr. Mulroney promised a new responsibility for parliamentarians. According to the *Toronto Star* of February 24, 1984, he spoke approvingly about the

> — creation of a joint Senate and House of Commons standing committee on crown corporations, with the mandate and resources to undertake effective cyclical reviews of individual corporations.

We are still waiting, just like we are waiting for our first opportunity to examine newly appointed heads of crown corporations. We were not told of how very little likelihood there was of such scrutiny by the Senate because he had other plans in mind for this chamber.

A week after promising a new role for the Senate, he was unveiling a somewhat different notion in Nova Scotia. A *Chronicle-Herald* story dated March 3, 1984, reads:

> A Conservative government might abolish the Upper Chamber of Parliament, Tory leader Brian Mulroney told an audience of high school students here Friday. "We're going to change it (the Senate) dramatically or we're going to get rid of it," Mr. Mulroney said... "As things stand now, the Upper Chamber is little more than a 'retirement home' for a bunch of Grits."

Did Mr. Mulroney get rid of the Senate? Obviously not. In fact, since 1984 he has invited 50 new senators to march down the aisle, including, the four we have been informed will come marching in on Monday.

Did he change the Senate dramatically? Perhaps here we have a promise that was kept. First, in 1990 he sent an urgent message to Her Majesty Queen Elizabeth asking for Tory reinforcements to secure passage of his GST in the Senate. Her Majesty acceded to the request, though I am sure only reluctantly because she must have been told how Canadians detested the new tax and how the overwhelming majority of those giving evidence before committees wanted the Senate to defeat it. Eight new senators were stuffed into an already packed chamber.

When that failed to secure passage of the GST, a new strategy was devised to change the Senate. Senators were made to sign a letter addressed to his old friend and fund raiser, Speaker Guy Charbonneau, asking for an immediate vote on the GST. Never mind that that would mean breaking the rules and traditions of the Senate stretching back more than a century; these were the changes he had in mind for the Senate. The Speaker agreed, the vote was held, and Canadians were presented the Mulroney team's GST for Christmas, just in time for the home-made recession.

Finally, to put the Senate's neck totally under the government's boot —

Senator MacEachen: Under the Gucci shoes.

Senator Frith: Yes, under the Gucci shoes — government supporters rewrote the Senate rules unilaterally to eliminate any possibility of effective opposition.

Senator Lynch-Staunton: You were invited. Senator Olson attended and you told him to leave.

Senator Frith: This is interesting. Speaking of this hypocrisy, at the time of the Speech from the Throne, normally a routine matter, a motion was made giving the government a majority on the Committee of Selection although the representation in the Senate did not justify such control. Using their majority on the Committee of Selection,

they gave themselves control of the Rules Committee, which control was not reflected in the balance in the chamber. They brought in a whole bunch of new rules and then, with that majority, as Senator Lynch-Staunton says, invited us to the execution. "Why didn't you come? You could have come and stuck your head in the guillotine." The hypocrisy lives on.

To that extent, the Mulroney team did change the Senate. It changed it dramatically. They ran to England for help, broke the rules and rewrote the rule book. That is not what the people were told were the plans that this new leader had for the people of Canada and for the Senate.

We close with just another word about patronage. While campaigning for the leadership of the party and for election in Central Nova, we saw how Mr. Mulroney promised pink slips for Liberals and bonbons for Conservatives. However, now, as a parliamentarian, a more dignified approach was called for. No more Senate seats for strangers on the street. From now on, if it was talked about at all, patronage would only be mentioned in the most dignified and lofty tones.

On CTV's *Question Period* on June 24, 1984, Mr. Mulroney said:

> I will acknowledge that the vulgarity of the Liberal patronage machine is such that we're all going to have to take a second look at our partisanship. I think there is going to have to be coming from us, from a new government, an effort — not only an effort, a determination — to get away from it once and for all, and that is going to require some dramatic moves by me to cut down on that.

• (1620)

I think I am going to have to read that again, because it is given an extra little cachet this week.

> I will acknowledge that the vulgarity of the Liberal patronage machine is such that we're all going to have to take a second look at our partisanship. I think there is going to have to be coming from us, from a new government, an effort — not only an effort, a determination — to get away from it once and for all, and that is going to require some dramatic moves by me to cut down on that.

Senator Lynch-Staunton: He succeeded.

Senator Frith: He changed the patronage all right. A good curtain line that will be for Part 6, because on July 9, 1984, Parliament was prorogued and an election was called for September 4. He was off and running, promising, hoping to talk Canadians into electing him Prime Minister of Canada.

That is where we will catch up with him next time.

On motion of Senator Frith, debate adjourned.

[Senator Frith]

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET OUTSIDE THE PRECINCTS OF PARLIAMENT—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Poitras, seconded by the Honourable Senator Marshall:
>
> That, notwithstanding the usual practices of Senate Committees, the Senate authorize the Standing Senate Committee on Banking, Trade and Commerce to meet outside the precincts of Parliament for the purpose of hearing a witness through the technology of teleconference calls pursuant to its special study on the draft regulations ensuing from the new legislation on Canadian financial institutions.—(*Honourable Senator Molgat*).

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I believe there is agreement to drop this motion since the budget of the Standing Senate Committee on Banking, Trade and Commerce was amended accordingly. This is a request by Senator Poitras, the former chairman, for a special dispensation. Since that is no longer needed, according to Senator Doody, the item can be dropped.

The Hon. the Acting Speaker: Honourable senators, is it agreed?

Hon. Eymard G. Corbin: The earlier motion dealt with money. This deals with the principle of hearing witnesses off the hill through new technology.

Senator Frith: The suggestion is not for approval, but leave to withdraw.

Senator Corbin: Perhaps the motion could remain on the Order Paper for another day, for my comfort.

Order stands.

VETERANS AFFAIRS

OMISSIONS IN PENSIONS AND ALLOWANCES LEGISLATION AND REGULATIONS

Hon. Jack Marshall rose pursuant to notice of Thursday, April 1, 1993:

> THAT he will call the attention of the Senate to omissions in Bill C-84, An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof, and in related regulations which restrict the intent, meaning and interpretations of such documents as they apply to the recognition of

Merchant Navy Veterans, including those who were Prisoners of War, and particularly to the urgency of speeding up the process of adjudication of claims and entitlements to awards; and, further, to examine the inconsistencies in the responsibilities of the Departments of Veterans Affairs Canada, Transport Canada, National Defence, and Government House, as they relate to the above.

He said: Honourable senators, having used up my time during Senators' Statements, I should like to take advantage of Order No. 73 to place on the record a few comments recognizing the 50th anniversary of the Battle of the Atlantic. Commemoration ceremonies began yesterday in Britain.

The Battle of the Atlantic was the longest continuous campaign of the Second World War. Nowhere else were British and allied seamen, including Canadians, exposed for so long to such great danger, day in, day out, from the day war was declared until the return of peace in Europe was imminent.

No task was more vital, for on their success, whether ferrying cargoes or defending convoys, depended not only the survival of Great Britain but also the success of the Allies' war effort.

Honourable senators, at that historic ceremony Canadian merchant seamen are participating with great pride and honour and with fond memories. Their memories, not only of the fear, hardship and danger they endured, but more so of the camaraderie and triumph they shared, were, I am sure, rekindled as they met with their friends from other countries yesterday to renew acquaintances and to share experiences that occurred during the past half century.

We, in this chamber, can feel a sense of accomplishment and share a bit of the victory in that the Senate was able to initiate a process through Parliament that brought about a recognition of these still remaining merchant seamen, putting them on a level with all members of the armed forces.

It is significant, honourable senators, and Canadians should feel proud, that another commitment, although belatedly, has been fulfilled to another group of gallant and deserving veterans who served their country in a time of war. I am sure all senators join with me in saluting Canada's merchant navy veterans.

Hon. Senators: Hear, hear!

The Hon. the Acting Speaker: Honourable senators, if no other honourable senator wishes to speak on this matter, this inquiry is considered debated.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—INQUIRY—DEBATE ADJOURNED

Hon. Jack Marshall rose pursuant to notice of April 28, 1993:

THAT he will call the attention of the Senate to the Fourteenth Report of the Standing Senate Committee on Social Affairs, Science and Technology (*The Valour and the Horror*), tabled in the Senate on 25th January 1993.

He said: Honourable senators, I yield to Senator Phillips.

Hon. Orville H. Phillips: Honourable senators, my thanks to Senator Marshall for yielding to me on this item. My first remarks must be those of disappointment, indeed disgust, at the attitude of the Liberal senators when they refused to participate in the hearing of the Subcommittee on Veterans Affairs dealing with the documentary *The Valour and the Horror*. Nothing Senator Frith ever does really surprises me. He has become such a thespian that I expect to see him waving his arms in true Shakespearean fashion.

Senator Frith: You might use a little of that yourself.

Senator Phillips: I could describe the characters in Shakespeare that he represents, but unfortunately I have limited time.

However, I was particularly surprised by the Deputy Leader of the Opposition, Honourable Senator Molgat, who is very proud, justifiably proud, of his contribution to the war effort and of Canada's contribution to the war effort. Someone must have muzzled the Honourable Senator Molgat. I find it difficult to understand who has the authority, the power, and indeed the willpower, to muzzle someone of Senator Molgat's ability. Of course, I come back to my thespian friend, Senator Frith, and that gives me an indication of the freedom in that caucus.

• (1630)

However, I must be fair to several members of the opposition who did participate in the committee hearings. Before her illness, the Honourable Senator Neiman attended, and I must say that we wished she could have been present throughout the entire hearings.

The Honourable Senator Bonnell also attended. I hope all honourable senators will read the brief remarks Senator Gigantès made at the last hearing. When I say "brief", I must say that Senator Gigantès accepted the restrictions of the time limit imposed by the committee.

Before the Senate subcommittee began its hearings, a great propaganda exercise was going on. I was amazed by the number of articles written by unknown journalists, which

articles were always accompanied by a photograph and a headline. I did not read them all, but the ones I did left me with the impression that they most obviously were prepared by the CBC and the McKennas. There was a common theme throughout: First, attack the committee for having the hearings; second, question the constitutionality of the hearings; and, third, end up by complaining about censorship.

While all these howls about censorship were going on, certain items were forgotten. They forgot about truth and balance in a documentary. Certainly, none of them attempted to be fair and give the point of view of the other side of the debate.

At the first hearing, Patrick Watson, the Chairman of the CBC, led all the rats into the hearing as if he were the Pied Piper of Hamelin. He sat with Terrence McKenna. They nudged one another, giggled throughout the hearings, including throughout the evidence of the three most prominent military historians in Canada.

Then the Pied Piper led the rats out of the hearing to hold a press conference. Naturally, all the CBC crew followed to get Patrick Watson's point of view.

I was amazed when I saw on TV in the evening Mr. Watson allege that the committee bought the three most prominent military historians in Canada. Honourable senators, that was impossible to do. It was an absolutely false statement made by Mr. Watson.

One would wonder why the McKennas were selected. I will leave that for later.

I must say that they approached this subject in a state of ignorant bliss and, to ensure they remained blissfully ignorant, they engaged Professor Bliss. Throughout the hearings of the committee, numerous veterans groups appeared, as well as many individual veterans.

There was amazement at the anger expressed by the veterans groups, as well as those individuals who had paid their own expenses to come to testify before the committee. They felt betrayed and maligned. Above all, they resented the smearing of the reputations of those who gave their lives.

The military historians who appeared before the committee described the documentary as "substandard". In that respect, I think they were being complimentary.

Three social historians appeared before the committee. I emphasize that they were "social" historians; they were not military historians. They supported the film. I doubt very much, honourable senators, if any of them had even read a military history. They spent their time attacking the committee. They demonstrated that they were as ignorant of the history of World War II as they were of Canada's Constitution and the position of the Senate in the Constitution.

One of the individuals, Professor Decarie, insisted that, after 50 years, it was time to revise the history of World War II. Honourable senators, I find it very strange to try to understand how one can revise history.

Today, the Senate met. Fifty years from now, how will one revise that? I fail to understand the attitude that history has to be revised. I have had a lot of fun envisioning a history of military campaigns written by Professor Decarie. He would probably say that Alexander the Great was really doing surveys for a route for the Orient Express. He would say that Caesar, when he finished conquering Gaul and then invaded what is now the British Isles, really did not invade the British Isles, he began the idea of the cross-channel swim, which still attracts many people. He would have Attila the Hun instituting the Boy Scout movement.

The documentary was most critical of the contribution of Bomber Command during World War II. I think I can safely say that there were more witnesses appearing on behalf of Bomber Command than any other group. If I may, honourable senators, I would like to take a moment to place the bomber offensive in perspective.

The Germans were on the verge of conquering Russia. Russia was demanding that the Allies open a second front. The Allies were in no position to open a second front such as the Normandy landing. Yet, they were aware of the danger of the collapse of Russia. Russia may well have gone the way of Poland, France, Holland and other European countries. It was decided that they would open a second front to the Bomber Command. The targets for Bomber Command were selected by a joint committee of economists and military people. Bomber Harris was not the criminal portrayed in the film.

• (1640)

The McKennas spent about 20 seconds showing the German bomber offensive on England. The rest of the time was spent on the Allied Bomber Command offensive on Germany. They came to the conclusion that the bomber offensive was a failure. That is something I cannot accept, and I do not know of any other veteran of Bomber Command who can accept it.

After all the years of research that they boasted about, one would have thought that they could have come up with a balanced bit of evidence. They began with the so-called Dam Raids, and said that it was a publicity stunt.

Herr Speer, honourable senators will remember, was sort of the genius of the Nazi organization in their military production. I should like to quote from Herr Speer. Here he is referring to the Dam Raids. He says:

> The report that reached me early in the morning was most alarming. The largest of the dams, the Möhne dam, had shattered and the reservoir emptied. A torrent of water had flooded the Ruhr valley. The electrical stations

were soaked and muddied, and the water supply of the population imperiled, and industry was brought to a halt. A few days later, 7,000 men were ordered from the Atlantic wall to repair this one dam.

The McKennas, in the documentary which is being placed in our schools across Canada, described this as "a public relations effort". In August, 1943, Herr Speer had this to say:

> We are approaching the point of total collapse in our supply industry. Soon we will have airplanes, tanks and trucks lacking key parts. If this goes on for another few months, we will be washed up. Armaments production will come to a standstill.

He goes on to say:

> Our heaviest expense was in fact the elaborate defence measures. In the Reich and western theatres of war, the barrels of 10,000 anti-aircraft guns were pointed towards the sky. The same guns could well have been employed in Russia against tanks and other ground targets. Had it not been for this new front over Germany, our defensive strength against tanks would have been doubled, as far as equipment was concerned.
>
> Moreover, the anti-aircraft force tied down hundreds of thousands of young soldiers. A third of our optical industry was busy producing gun sights for the flak batteries. About half of the electronics industry was engaged in producing radar and communications networks for defence against bombing. Simply because of this, in spite of the high level of German optical and electronics industries, the supply of our front line troops with modern equipment remained far behind that of the western armies. There is a serious shortage of army communications equipment...

Herr Goebbels describes the first heavy raid on Essen in March, 1943. He said:

> Essen suffered a severe raid. The city of Kropps has been hard hit. The dangerous thing about this matter, looking at it psychologically, is the fact that the population can see no way of doing anything about it —

The Hon. the Acting Speaker: Honourable senators, I wish to advise the honourable senator that his time has expired. However, if it is the wish of senators to prolong the time, this can be done. Is it agreed?

Senator Petten: Agreed.

Senator Stewart: The rule is so bad, we do not care.

Hon. Senators: Agreed.

Senator Phillips: Honourable senators, I attempted to abbreviate my notes.

Senator Frith: No, go on. It is a crazy rule. We do not want to enforce it against you or anyone.

Senator Phillips: Fine. Thank you very much.

Herr Goebbels said:

> Essen suffered a severe raid. The city of Kropps has been hard hit. The dangerous thing about this matter, looking at it psychologically, is the fact that the population can see no way of doing anything about it. Our antiaircraft guns are inadequate.

On March 13, Herr Goebbels again reports in his diary:

> There has been another heavy raid at Essen. The Krupp plant has been hard hit. Twenty-five fires are raging at the plant. Air warfare is at present our greatest worry...things simply cannot go on like this.
>
> Now that the air raids on German cities are increasingly frequent, we are naturally becoming shorter and shorter on artisans and materials for even partly repairing the damage.

• (1650)

> We are already being forced to transfer to Essen or Munich companies of skilled workers whom we had sent, for example, to Duisberg. We should by no means believe that the worst is over. The worst is yet to come.

In an attempt to abbreviate, I will say that Göering, when he visited the Krupps plant, expressed his amazement to find the damage extending over hundreds of acres of the plant.

I will attempt, briefly, to refer to the effect of Bomber Command. First of all, it tied up 900,000 well-trained German troops to man antiaircraft guns. Millions of rounds of ammunition were fired at the aircraft attacking Germany. Two hundred and fifty thousand people who would normally have been in the armed forces were involved in repairing factories, and another 200,000 were involved in repairing transportation.

I would ask honourable senators to consider, for a minute, the effect of freeing up these ten thousand .88 guns. When they appeared before the committee, I asked the representatives of the Royal 22nd what would have been the effect if the ten thousand .88s had been freed up to serve against the Canadian Army in Normandy, the British Army, the rest of the Commonwealth, and the American Army. The brigadier replied that on Verrières Ridge there were thirty .88 guns and, he added, "Thank God, there were no more." I think that is worth mentioning. Somehow, all this evidence was neglected and deliberately ignored in the production *The Valour and the Horror.*

Prior to Remembrance Day, the long-awaited CBC ombudsman's report appeared. It was a condensed report because Patrick Watson, chairman of the CBC board of directors, the directors of the CBC, and the president, as well as the vice-president, forced the ombudsman — who incidentally is a paid employee of the CBC — to revise the report from 60 pages down to 13 to reduce the criticism of the film and of the CBC. In one of the biggest lies ever perpetrated by the CBC, that organization blamed the subcommittee on Veterans Affairs for putting pressure on the CBC ombudsman. Honourable senators, I do not have to tell you, that statement is 100-per-cent false. There is no way the Senate subcommittee, even if it wished, could have placed pressure on the CBC ombudsman. I have great respect for the ombudsman for resisting the officials and the board of directors of the CBC to the extent that he did. John Crispo, in a belated interview, admits that the directors and the officials exerted pressure and tried to prevent the Senate hearings. This action on the behalf of the CBC was the only attempt at censorship that occurred during the hearings.

Following the ombudsman's report, the CBC employees signed a petition to have the ombudsman's report withdrawn and rewritten. Great emphasis was placed on the fact that Pamela Wallin, who recently returned to the CBC, and Peter Mansbridge both signed the petition. Honourable senators, if these two overpaid and overrated newscasters on the CBC *Prime Time News* are unable to recognize fairness, balance and accuracy in a newscast, it is no wonder their ratings are sagging badly.

Don Elliot, Q.C., who is one of the most prominent attorneys in Ontario and a former POW who was shot down over Germany, appeared at a meeting organized by the CBC employees to protest the ombudsman's report. There were about 350 reporters present, including 175 attached to the parliamentary press corps. Mr. Elliot asked how many of them had read the ombudsman's report. Honourable senators, seven of them raised their hands, yet they all signed the petition without having read the report.

I would point out that Canadian taxpayers subsidize the CBC to the tune of $1 billion a year. In addition, the CBC receives advertising revenues. They have a campaign to raise money by friends of the CBC.

The government is continually talking about looking for new ways to reduce the deficit. May I suggest and recommend, honourable senators, that the CBC and the National Film Board both be looked at in that regard.

• (1500)

The CRTC was requested to make a report. They did, and I consider it a national disgrace. Briefly, the report said that there are inaccuracies and distortions in the film *The Valour and the Horror*, but why worry about that? There have been plenty of accurate films produced.

Honourable senators, at a time of restraint, I ask you, why would the CBC and the National Film Board pour millions of dollars into this production if the CRTC says that there are plenty of accurate films produced? Why, then, spend millions of dollars producing an inaccurate and distorted film?

One of the witnesses before the committee was a former CBC employee who had 20 years' experience in producing documentaries. He stated that he could produce 16 hours of the same type of film for $100,000. Yet the Minister of Communications, Mr. Beatty, the CBC, and the National Film Board wasted millions of dollars on the film produced by the McKennas. Thank God we were in a time of restraint when they did that.

Honourable senators, I will now turn to the costs of the film and raise certain questions about that. However, I can do that now or at a later time, whichever is convenient. I realize I have gone over my time, and I will be approximately 10 minutes longer. I also know that Senator Graham is waiting for the floor.

Senator Graham: Please continue. You are setting a great precedent.

Senator Phillips: I can remember being very exasperated with Senator Graham one evening when he was reporting on the elections. He wanted five minutes, and he went on for about half an hour, so perhaps this is my chance to get even.

One of the difficulties we experienced during the hearings was to arrive at the true cost of producing *The Valour and the Horror*. The first estimate made by the National Film Board was a contribution of $200,000. That figure was further increased by $578,000, for a total of $778,000: over three-quarters of a million dollars.

Here comes the interesting part: Ms Pennefather, the Commissioner of the National Film Board, then put on another hat and moved over to Telefilm and approved approximately another $1 million for these poor McKenna boys. It is said that at least part of the loan made by Telefilm is to be repaid. Honourable senators, I will bet you any amount of money you care to name that not one cent of that million dollars will be repaid.

I find it strange that if a student gets a $10,000 loan, we hound the hell out of him to repay that loan, but the McKennas can pocket a million and walk away and laugh about it. Indeed, I wonder if we have the true cost, the true contributions of Telefilm to *The Valour and the Horror*.

The CBC was supposed to have contributed $2.5 million. Again we run into the same dark curtain of secrecy. We cannot tell. But honourable senators, this is public money. It is taxpayers' money we are dealing with. Why should there be such secrecy? I cannot understand it.

Earlier, I said I would refer to the question of why the McKennas were chosen. It certainly was not for their ability. They were not military historians. They had no experience in that field. I would point out that Terry Copp, who is a Canadian professor and recognized as the outstanding Canadian historian on the Normandy campaign, particularly the Verrière Ridge, has attempted for years to get some assistance in producing a film. He has been refused repeatedly, tried every aspect that he could think of, and gave evidence before the committee. He has, finally, at his own expense, produced a video for $30,000. He is hoping to recover a small portion of that by renting the film out. Yet the blissfully ignorant McKennas received millions.

Honourable senators, I think it is evident that there is a small, incestuous group within the CBC and National Film Board who are looking after themselves on taxpayers' money. I raise the question, and I raise it very seriously: How many millions of dollars did the McKennas receive from the CBC last year?

The substandard documentary, *The Valour and the Horror,* received millions. The McKennas have prepared a documentary series on former Prime Minister Trudeau which has not been released. Perhaps the reason is that the living can sue for libel; the dead cannot. I wonder why the CBC, after paying millions and millions of dollars to the McKennas, have not broadcast that series. The first excuse I heard is that it must not be aired during the constitutional debate. Honourable senators, the constitutional debate and the referendum have been over for some time now, and even the hockey series is drawing to a close. I think they can release that series soon.

Then it was rumoured that the McKennas were negotiating to produce a series on the FLQ murder of Pierre Laporte. I find that to be a bit strange.

• (1710)

Honourable senators, if in any other aspect of government relations there were contracts let without public tender, without consideration, the CBC would be the first to complain. If, without public tender, the Department of Public Works let a contract for $12 million to $14 million, which is what I estimate the McKenna's received from the CBC last year, the CBC would be raising hell. Yet they expect to be exempt from any public scrutiny.

Many Canadians will recall a Sunday evening program entitled *This Hour Has Seven Days*, featuring Patrick Watson and Laurier LaPierre. Many of you may not have been aware, or have forgotten, that the producers of that program were the McKennas. This fact suggests collusion. If I were a revisionist I would state it as fact, but I am not. I will not do that without further investigation. In fact I would love to see the RCMP fraud squad take a look at the way those films have been negotiated.

Again, I emphasize that the government, if it is searching for ways to cut back on the deficit, should look at organizations like the CBC, on which we have squandered $1 billion, the National Film Board, Telefilm and numerous other corporations. I am not so sure it is our security programs that are to blame for all the deficit. We do not supervise and audit enough of these corporations that are operating independently.

I am sure all honourable senators are aware that veterans groups are preparing a class action suit against the CBC. I hope they are able to include the directors, the chairman of the board of directors, film directors and the officials of the CBC and the National Film Board and all those responsible for that travesty, *The Valour and the Horror.*

Honourable senators, you will be glad to know that I have been condensing my notes and am about to close. Throughout the committee hearings the most common recommendation the committee received was for a disclaimer pointing to the inaccuracies and the untruths.

I find it strange that the CBC supports the view expressed in the documentary that Bomber Command allowed the Germans to take the high road. Do honourable senators consider Auschwitz, Buchenwald, forced labour, or the starvation of Holland to have been the high road? Is that what you want sent out to our schools, to tell our students, particularly our future students, about World War II?

Instead, I should like to make a personal suggestion. David L. Wolper, an American producer, produced a series on World War II in which he and the Americans give praise to Canada's contribution, including Bomber Command's and the Normandy campaign. I suggest that we supply our schools with this accurate history produced by an American, because the CBC and the National Film Board refuse to do that. In fact I question their ability to do so. It seems they would prefer to continue in their attitude, established particularly by the National Film Board, of belittling our heroes and those who sacrificed their lives and those who served.

Honourable senators, I apologize for taking so long. Had I had the option, I should have taken much longer and said a great deal more.

Hon. Jacques Hébert: Honourable senators, I fully understand the feelings of Senator Phillips and it may well be that each one of his words reflects the truth. I am quite ready to take that for granted, except of course the insinuations and personal attacks on many respectable citizens. That is not the point at all. The point is that censorship of any kind is not the business of the Senate.

Senator Phillips: Honourable senators, I would just say that the chairman of the subcommittee made every effort to be fair and at no time did the committee get involved in censorship. If Senator Hébert had taken the time to read the

minutes of the committee he would not have made the remark that we were involved in censorship. We were not. We attempted to give a fair hearing to both sides of the question, and there were those who criticized the Bomber Command, those who criticized the leadership of the Canadian troops in Normandy. They were all given an opportunity to appear.

Hon. Royce Frith (Leader of the Opposition): And as part of that fairness you included the possibility of the correctness of opinions that are to the contrary.

Senator Phillips: I think I said that both sides were represented before the committee. Is that difficult for you to understand?

Senator Frith: As a matter of fact now that I think about who said it, it is not difficult at all.

On motion of Senator Neiman, debate adjourned.

[*Translation*]

CANADA-FRANCE INTER-PARLIAMENTARY ASSOCIATION

MISSION TO FRANCE—REPORT OF CANADIAN DELEGATION

Hon. Gérald-A. Beaudoin rose pursuant to notice of Tuesday, May 25, 1993:

> THAT he will call the attention of the Senate to the Report of the Canadian Section of the Canada-France Inter-Parliamentary Association on its mission to France, from 27th March to 4th April, 1993.

He said: Honourable senators, I would like to briefly call your attention to the Report of the Canada-France Inter-Parliamentary Association tabled in the Senate last Tuesday. The Canadian delegation composed of Senators Pierre De Bané, Normand Grimard and myself as well as Jean-Guy Guilbault, head of the delegation, Gilles Bernier, Jean-Robert Gauthier, André Harvey, Sergio Marchi and Ian Waddell, from the other place, spent seven days in France, from March 27 to April 4, 1993.

When we arrived in France, we were invited to the studios of Europe 1 and France 2 to familiarize ourselves with the French electoral system and see the results of the second round of voting in the legislative election.

The next day, Monday, I delivered a speech to members of the Paris Bar. This speech, entitled "The Canadian Charter of Rights and Freedoms — The Role of the Supreme Court of Canada and Parliament", was followed by an open discussion.

The members of the delegation participated in several work sessions during the week, including one at UNESCO. We once again noted Canada's ongoing leadership in that international organization. We also attended a working session of the General Delegation on the French Language in Paris. This delegation's mandate is to promote and co-ordinate the activities of public and private organizations involved in promoting the propagation and good usage of the French language.

I for one have expressed the wish that formal exchanges between France and Canada in the field of legal terminology become a reality.

We had other working sessions on the Organization for Economic Cooperation and Development (OECD), on the cultural and technical co-operation agency, and on the France-Canada chamber of commerce.

The director of the delegation for judicial and legal co-operation, Mrs. Christine Desouches, mentioned, among other things, the close links between the delegation and the International Association of French-speaking Parliamentarians, as well as the International Institute of Law of French-speaking Countries, of which I am the vice-president for Canada.

In Brittany, the Canadian delegation visited the algae development study centre, the international telecommunications museum, and the national telecommunications study centre. We also met a group of French fishermen and Senator De Bané discussed the issue of fisheries in Canada.

During our mission, we had the opportunity to meet, in the French Senate, several French senators who are members of the Canada-France Inter-Parliamentary Association, and of the France-Canada Friendship Group, as well as officials from the French department of foreign affairs, and also several staff members of the Canadian embassy in Paris.

This mission in France enabled us to reaffirm our friendship with several French parliamentarians. We will also have to develop the same kind of friendship with the new members elected to the French National Assembly.

This, honourable senators, is a brief outline of our activities in France. The report of the committee provides a detailed account of all our activities in France and I urge the honourable senators to read it.

Hon. Eymard G. Corbin: Would the honourable senator be willing to answer a question?

Senator Beaudoin: Yes, Senator Corbin.

Senator Corbin: You travelled in France, of course. You left Paris to go to Brittany?

Senator Beaudoin: To Saint-Brieuc-sur-Mer.

Senator Corbin: What transportation means did you use? You said nothing about that. It would be interesting to know.

Senator Beaudoin: We used the most popular transportation means in France, which is the TGV, for the round-trip Paris-Brittany.

Senator Corbin: What do you think of France's TGV and rail network, since in Canada the present government is dismantling our railroads? I had the opportunity to speak on the issue of our transportation policy in Canada just yesterday or the day before.

You were able to see for yourself the enormous gap between France's rail network, where tremendous progress has been achieved, and our railroads which are desperately primitive compared to France's network.

Senator Beaudoin: Mind you, Senator Corbin, it was not the first time I had the opportunity to use the high speed train. In fact, I have taken it several times. If you want my opinion, I think it is an excellent mode of transportation, particularly in a country like France and in Europe in general, a densely populated area no larger than Canada. Yes, it is truly a remarkable mode of transportation. I have always been in favour of this type of transportation. I am talking about high speed trains, of course.

Senator Corbin: You seem to be implying that it is fine for France, but not so much for Canada. What about Canada?

Senator Beaudoin: Personally, I have always wanted people to seriously consider its use in some areas in Canada, yes. I have made no secret about it.

Hon. Jacques Hébert: You could have a word with the government.

Senator Beaudoin: I will certainly do so.

Senator Hébert: Sure!

The Hon. the Acting Speaker: Honourable senators, if no other senator wishes to speak, this inquiry is considered debated.

[*English*]

EXTERNAL AFFAIRS

SIGNIFICANCE OF INTERNATIONAL ELECTION OBSERVING—INQUIRY—DEBATE ADJOURNED

Hon. B. Alasdair Graham rose pursuant to notice of May 25, 1993:

> THAT he will call attention of the Senate to the important significance of international election observing.

He said: Honourable senators, I understand that I am perhaps the last speaker on this particular Order Paper, and that we are awaiting the results of the vote from the other place. Because of the broad nature of the subject I am about to discuss, I may go just a little over the allotted time period, and I would therefore ask in advance for the indulgence of honourable senators.

Hon. Senators: Agreed.

Senator Graham: Honourable senators, I rise today to bring to your attention an issue which I believe has become critical to the sustained economic development and the stability of the domestic security of many countries across the globe, and, by extention, to the larger question of international peace. That issue concerns democratic development and democratic elections in states on the other side of the world, and the significant role played by those who assist with the process and observe it. As an observer of many elections in other countries, I wish to speak about the significance of international assistance for democratic elections and election observers and, indeed, the challenges posed by this whole question to the western liberal democracies in general, and to our own country in particular.

• (1730)

We all know that elections cannot in themselves be equated with democracy. Though a fundamental aspect of the democratic process, they are by no means in themselves a sufficient condition for democracy. We need only review our own imperfect rhythm in the democratic dance to understand this. In the West, our steps have faltered somewhat over an approximately 300-year experimentation with the words and the music. In fact, elections have only become part of the chorus, so to speak, for the last 150 years. Even in our own country the election chorus has sometimes been off key.

So when I tell you that I am a believer in the process of international election observing for free and democratic elections, including election assistance, I do so with the fullest understanding that our own struggle is an unfinished struggle. Too often we forget this. Democracy is less demanding in this gentler, more prosperous place.

However, on the other side of the world, in lands consumed by hatred, the struggle for democracy is sustained by ordinary people with conviction, with will and with courage. The headlines this week speak to us of Cambodians who have rebuked the men of violence in their country with that same conviction, with that same will, and with that same courage. Eighty-five per cent of the registered voters have turned out, against all odds, to reinforce the credibility of this expensive, frustrating and dangerous United Nations exercise.

I witnessed a similar process in Namibia in 1989. The men and women in that arid land knew how to grow sorghum in the dust. Like the Cambodians, victimized by brutal geopolitical realities, Namibians had become accustomed to lives of terror.

Yet the seeds of sorghum grew and were harvested in Namibia. So too were the seeds of freedom — they were hybrid seeds. The messengers proved to be the forces of the blue berets whose massive presence contributed substantially to a reduction in the level of violence and intimidation which continually threatened the electoral process of 1989 in Namibia, as it has in the Cambodia of today. In this regard, Canadians must not forget the important contribution of the Royal Canadian Mounted Police and its training program in human rights, for it was these kinds of contributions which made the process work.

It worked too in Nicaragua in that same year, 1989, as the UN and the OAS, along with many private observer groups, brokered the political and fundamental will to elections in which the Sandinista government became the first "revolutionary government" to give up its power freely in a peaceful transition.

In spite of the ebb and flow of the forces of democratization, I remain convinced that there is a struggle for democracy and that the consequences of the outcome are of great importance for us all. I remain convinced that the seeds of freedom, planted in so many transition states, under attack by the forces of hypernationalism, poverty and terror, demand continued nurturing, and that assisting in establishing or building popular confidence in this consultation process by watching the people of other countries vote is a means of nurturing those seeds.

Our role is as nurturer and, as such, it is a peripheral role. Those seeds will root and grow and flourish only through the conviction on the part of Namibians, Angolans, Bulgarians and Paraguayans that there is a better way to live by, for example, respecting minority opinions and rights, and accepting that ordinary people have a right to play a role in the construction of a fair polity.

My friend, Chris Edley, Jr., a Harvard law professor who was part of a delegation I led to the magnificent transition exercise in Namibia, once wrote of the "marvellous devotion to democracy" that he saw in that country. In that arid land, in part of one of the most bitter power struggles of this century, people of conviction and courage actually willed the transition to take place. All of us who played a role in the monitoring of that election understood that the real victory lay with the Namibian people themselves; that as their spirit and will forced sorghum to grow from the dust, so did their spirit and will force the seeds of freedom to grow from a terrain noted for repression and fear. Voting, in a word, is a means of their empowerment.

In spite of all the frustrations experienced by the people resident in transition states — in many cases long walks to polls, administrative bungling, deliberate fraud and institutional chaos, compounded by often overt intimidation of ruthless governments, too much illiteracy, and conditions of soul-searing poverty — and in spite of all or many of the obstacles to casting a ballot in countries on the other side of the world, I have seen a growing sense of entitlement; an entitlement to cast a ballot, and that ballot was secret.

Watching other people vote is a means of strengthening that sense of entitlement. Election observers may not in themselves guarantee that the seeds of freedom will be harvested, but they do serve to embolden large numbers of people to surmount the often incredible obstacles associated with elections inside republics of fear.

I have seen a growing sense of entitlement in a number of countries whose elections I have monitored. When my observer team left Paraguay after observing the gravely flawed elections of 1989, we had limited expectations of future democratization. That election was held shortly after the 34-year-old dictatorship of Alfredo Stroessner was overthrown in a military coup.

To the surprise of many, the new government of President General Rodriguez held historic "first time" municipal elections in 1991. The delegation I led recorded the victory of many opposition candidates and signified what might be described as a "subtle levelling of the playing field" in that country, a realignment which resists tangible measurement. It exists in the hearts and minds of Paraguayans.

If anyone is associated in the public mind with sowing the seeds of freedom, it is President Jimmy Carter. Indeed, if the cardinal sin in the conduct of international relations is idealism, then there is no doubt that President Carter has sinned many times over.

Two weeks ago I had the privilege of co-chairing an international delegation with President Carter and former President Rodrigo Carazo of Costa Rica to the latest presidential elections in Paraguay. Many improvements have been noted. Indeed the difference was like night and day when compared to the mass confusion in the early hours of election day, 1991.

Honourable senators will recall the magnitude of the vote fraud and intimidation inherent in the 1986 Philippine elections held under the auspices of the Marcos regime. The very magnitude of the abuse and intimidation led to the courageous, people-power uprising which toppled the dictator shortly thereafter. The sheer terror perpetrated by armed gunmen in villages throughout the Philippines was legendary.

For example, when members of my delegation entered the mountainous village of Pagalungan in 1986, early on election day, we saw a ghost town where the walls of the school buildings had been sprayed by bullets. That sad, vacant, silent village, had, we later learned, voted for Marcos.

However, as I reported in this chamber on June 22nd, 1987, the differences between the elections of 1986 and those I returned to observe in 1987, were also like "night and day".

The "silent village" of Pagalungan returned to noisy electoral festivity in 1987. The automatic rifles were conspicuously mute. Filipinos of all walks of life celebrated the democratic transition. They had journeyed long hours together. They had risked much to secure it.

• (1740)

In May 1992, presidential elections in that country were responded to with great enthusiasm, and with much less graft and violence than have marked previous voting procedures in that country. Mrs. Aquino's legacy has been highly debated. However, one part of that legacy is not debated: Even though allegations of fraud persisted into the final hours of the race, it was clear that the 'habit of democracy' had taken residence in a country which many had thought immune.

I believe that western democracies are presently witness to a re-alignment of playing fields across the globe. Elections are part of that re-alignment. We do not know whether that levelling process will endure for an hour, a decade or a century in time. All we can really say is that, in many places, the unexpected has occurred.

It is in the best interests of all democratic states to help ensure that the sweeping transitions we see around us not only take root but hold. Even though many of these elections may be flawed, as in the recent Kenyan elections, we must also remember that the seeds of freedom have been planted in that country, and that a process — a process of emboldenment — will ensure their germination.

Some might say that there is only a "little democracy" in Kenya. I would say that in both the relatively low plurality that gave President Arap Moi his personal victory and in the defeat of so many government candidates, Kenyans have served the world notice of a sense of entitlement — of their right to cast a ballot.

Therefore while Daniel Arap Moi went only half way — largely, I agree, in response to western pressures — one might validly argue that the Kenyan people themselves went much further. The real transition was rooted in a conviction that ordinary people have a right to shape the foundations of a fair polity. That is why the people went much farther, borne aloft by conviction and, again, supported and encouraged by observers.

While many might tend to view election monitoring as a passive operation, it is surely time to correct that view; for observers operate in a complex world of democratic development. Transition states are like glass prisms. As someone said, democracy in these iridescent worlds crystallizes with breathtaking rapidity and — as the light darts furtively into other places — disappears. Its measurement is a time-consuming and frustrating task which is complicated by the fact that many of our assumptions about liberal democracy are, to a certain extent, illusory on the other side of the world.

This is the measurement, I must remind honourable senators, of a process, of a living organism, of the growth of a conviction, of a habit of democracy. The assessment of free and fair elections is then only part of the task of observer missions. More important, perhaps, observers must measure the nature and extent of progress towards democratic development. That includes ascertaining degrees of political repression, evaluating the plurality of political parties, assessing the inequities of the playing field, distinguishing between premeditated fraud and chaos due to institutional weakness, and sizing up the political will of the authorities in question to move towards democratic practices instead of simply going through the motions.

Many people have been involved in exercising forms of leverage, which influence the parameters of the electoral playing field. They have been called upon to advise on the drafting of electoral legislation; they have been asked to assist in the provision of electoral materials; they have been called upon to advise on the details of election administration; they have been involved in quick counts in high-risk races in efforts to defuse the political instability associated with potentially explosive results.

Electoral teams employ a variety of confidence-building measures such as these. They must be prepared to serve as mediators and facilitators in easing suspicions and distrust, being careful all the while to ensure their actions are not construed as interference in the domestic affairs of the host country. Such actions can range from small scale, yet critical, acts of reassurance. The more dramatic cases of personal intervention, exercised by well known observers, like President Carter as he intervened in Nicaragua, are generally the exception.

Honourable senators, I believe that the actions of observers have kept many elections on track in countries where fear, distrust and intimidation threaten to usurp the process. Elections are a means of allocating power peacefully, so when they fail, not only domestic peace but the larger peace of the global community is also threatened. Perhaps this may best explain to you why the act of watching other people vote has implications for all of us. Therefore, when I tell you that I believe strongly that Canada must constructively support international election assistance as a vital component of democratic development, you will know I do so with the deepest commitment.

I might add that I have witnessed too many cases of poorly mandated missions with self-appointed agendas which, distressingly enough, have often been taken seriously by local governments and election officials. I have heard too many cases of conversations between representatives of NGOs and/or other private groups and those of local governments,

reminiscent of the lecture given by the self-important March Hare to Alice at the tea party in Wonderland. The subject was tea, but could just as easily go this way:

> "Take some more democracy," the March Hare said to Alice very earnestly. "But I've had nothing yet," Alice replied in an offended tone, "so I can't take more."

Much damage can be done to the whole cause of democratic development when missions are poorly selected and poorly briefed. There is no room in delicate transition processes, where the struggle for democracy has begun, for self-appointed agendas, no matter how intrinsically noble the "cause" may seem to be. The mandates for our observer teams must be clearly elaborated as, increasingly, the demands for democratisation on a global scale — and the demands on Canada for a sustained, experienced and active observer presence, before, throughout, and after the election — snowball. As our peacekeeping capacity abroad begins to assume the dimensions of peacemaking, the challenges on us multiply.

My own experience has taught me that the seeds of freedom have taken root in many countries known to be republics of fear. I have watched people of courage and conviction, in spite of appalling adversity, but through the strength of their own will, go further than their governments, as the Kenyan people did recently; go much further than their governments in cultivating those seeds, emboldened by a belief that ordinary people have a stake in the creation of a just polity, of a fair polity.

Therefore it disturbs me greatly that we have, in this country, established a theoretical policy linkage between a foreign government's claim to office and the subsequent benefits of commercial ties, without ensuring that the principal means of attesting to the legitimacy of that government are in place. I speak here of distinctive Canadian initiatives of observer missions serving as instruments of national policy; missions soundly conceived and solidly linked both to our bilateral relations with Third World states and, perhaps even more important, to the whole process of democratic development.

Perhaps we can gain a little more insight if we return briefly to the tea party beyond the Looking Glass. We might again think of Alice being asked to "Say what you mean". "I do," Alice hastily replied, "At least — at least I mean what I say. That's the same thing, you know." "Not the same thing a bit", said the Mad Hatter. Of course, he was right!

• (1750)

Canada must say what it means to repressive governments when they carry out openly fraudulent elections of the kind I observed recently in Cameroon. The delegation I co-chaired for the National Democratic Institute based in Washington, D.C., whose chairman is former U.S. Vice-President Walter Mondale, issued a report concluding that the irregularities were so widespread that we believed President Biya designed the elections to fail. It is important to note that the United States has reduced its aid program in response to our report.

Germany, the IMF and the World Bank have also taken into consideration President Biya's lack of legitimacy in determining levels of assistance. This factor, among others, has led Canada to reduce its bilateral aid program in Cameroon by approximately 50 per cent.

. Canada is also using every appropriate international occasion to exert diplomatic pressure on Cameroon with the idea of encouraging appropriate economic and political development. I believe this kind of signal takes us in the right direction. However, the signal must be applied fairly, squarely and across the board.

I invite honourable senators to give their views. I hope others will participate in this debate as a prelude to a possible inquiry into the subject, which I believe is long overdue.

I should like to conclude by telling honourable senators about the press conference that took place in Sofia the day after the October 1991 elections in Bulgaria, in which one of the many international reporters — there were about 400 in the room — asked the question, "When will you no longer consider it necessary to interfere?" As the co-leader of the delegation, I responded, "When we are no longer invited."

It was emphasized that the 75 observers from 23 countries were present at the invitation of the Bulgarian government, the Commission on Elections, the Bulgarian Association for Free Elections and Civil Rights — BAFCER — and the opposition parties.

I pointed out that we were not intruders, that we were interested in the cause of human rights and the promotion of free and fair elections. I emphasized that no one has yet found the perfect electoral system, but the evolving democracies seem to be paying more attention to fair election laws than many of the developed countries.

For it may be that Bulgarians, fresh from the frontier, along with Guatemalans, Paraguayans, Hungarians and Cameroonians, may one day be visited from afar, as the United States of America was in 1835, when Alexis de Tocqueville wrote his classic, highly romanticized account known as *Democracy in America*. Even with hindsight it is worth reflecting on some of what de Tocqueville said about a model citizenry:

> I can conceive of a society in which all men would feel an equal love and respect for the laws of which they consider themselves the authors...with every individual in the possession of rights which he is sure to retain.

These beautiful words remind us of a time with which we have only a vague and uncertain acquaintance. Most election observers will tell you that that time and frontier of which so many of us have only a bleary recollection — the frontier that de Tocqueville saw — is evolving in a host of countries around the globe.

Watching other people vote is a means of defending that frontier. It is not only right. It is in our national interest to do this.

Hon. Senators: Hear, hear!

On motion of Senator Corbin, debate adjourned.

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

FIRST READING

The Hon. the Acting Speaker informed the Senate that a message had been received from the House of Commons with Bill C-115, to implement the North American Free Trade Agreement.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, May 31, 1993.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT, when the Senate adjourns today, it do stand adjourned until Monday, May 31, 1993, at eight o'clock in the evening.

Motion agreed to.

The Senate adjourned until Monday, May 31, 1993 at 8 p.m.

THE SENATE

Monday, May 31, 1993

The Senate met at 8:00 p.m., the Speaker *pro tempore* in the Chair.

Prayers.

NEW SENATORS

The Hon. the Speaker *pro tempore*: 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:

Fernand Roberge

Duncan James Jessiman

Leonard J. Gustafson

INTRODUCTION

The Hon. the Speaker *pro tempore* 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; took the oath prescribed by law, which was administered by the Clerk; and were seated:

Hon. Fernand Roberge, of Montreal, Quebec, introduced between Honourable Lowell Murray and Honourable Mario Beaulieu.

Hon. Duncan James Jessiman, of Winnipeg, Manitoba, introduced between Honourable Lowell Murray and Honourable Mira Spivak.

Hon. Leonard J. Gustafson, of Macoun, Saskatchewan, introduced between Honourable Lowell Murray and Honourable R. James Balfour.

The Hon. the Speaker *pro tempore* informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

[*Translation*]

Hon. Lowell Murray (Leader of the Government): Honourable senators, just a word of welcome to the three senators who have taken their seats in this chamber for the first time.

All three have distinguished themselves in their professional careers and their generous contribution to various community organizations.

Senator Fernand Roberge comes to us from a career in hotel management in Montreal, where for over a decade he has been a key man in the volunteer movement.

[*English*]

Senator Jessiman, a veteran of the Second World War, is a lawyer and a past bencher of the Manitoba Law Society. In recognition of his reputation in his profession, in the business community and in community service, the University of Winnipeg has conferred upon him an honorary degree of Doctor of Laws.

Senator Gustafson is well known in Parliament as a highly regarded member since 1979 for the Saskatchewan constituency of Souris-Moose Mountain. He has served as a municipal councillor and has been most active and prominent in the affairs of his church and in cooperative circles. In 1984 and until his appointment to this place a few days ago, he was parliamentary secretary to the Prime Minister.

I welcome these new colleagues to the Senate. They bring to this place a wealth of experience that, I am confident, will prove to be a great asset to Parliament and to the country.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I should like each senator to consider said what they would say if they were in my position.

SENATORS' STATEMENTS

WORLD HEALTH ORGANIZATION

SIXTH ANNUAL WORLD NO TOBACCO DAY

Hon. Stanley Haidasz: Honourable senators, I wish to bring to the attention of this house that today, May 31, 1993, is set aside by the World Health Organization to observe the Sixth Annual World No Tobacco Day. In promoting observance of this day, the World Health Organization seeks to heighten the responsiveness of societies worldwide to the harmful effects of the tobacco smoking habit.

In Canada, the Canadian Council of Smoking and Health has joined the Canadian Society for International Health in calling for greater commitment to the goal of eliminating the use of tobacco, which causes an addiction equal to that of heroin. This event presents a unique opportunity for tobacco smokers to begin today, or to renew today their efforts to overcome a harmful habit.

On this occasion we should all be mindful of the tremendous toll of tobacco-induced diseases. As well as the great personal and economic losses to our country in treating these diseases, the current tragedy of 40,000 Canadians losing their lives annually to tobacco-induced diseases is entirely preventable. Any other substance causing so much illness, death and economic loss would be absolutely banned by a responsible government.

Figures from the Department of National Health and Welfare, Statistics Canada and the Public Accounts indicate an estimated economic burden of tobacco-induced illnesses and their dire consequences in an amount exceeding $7 billion this year and forecast to be $10 billion next year. As the critical problem of increasing health care costs in Canada is contributing to Canada's national debt, more than ever before we legislators must take more effective measures to curb the use of tobacco, and especially to discourage vigorously young Canadians from taking up this harmful habit.

Bill C-111, given Royal Assent in this chamber on March 25 last, is just a small step in dealing with this serious problem. Together with many other Canadians, I am disappointed that successive federal budgets have failed to assist those who are trying to quit the scourge of nicotine addiction and cope with the high costs of tobacco cessation therapies. It is high time, honourable senators, that pharmacies and other health care dispensaries eliminate the sale of tobacco, and that provincial governments bring in legislation to license all tobacco wholesalers and retailers in their provinces.

In conclusion, honourable senators, what is needed is action without delay, and a truly comprehensive, effective and enforceable national strategy in dealing with this deadly and costly addiction to tobacco.

ROUTINE PROCEEDINGS

LIBRARY OF PARLIAMENT

ANNUAL REPORT OF PARLIAMENTARY LIBRARIAN TABLED

The Hon. the Speaker *pro tempore*: Honourable senators, I have the honour to table the annual report of the Parliamentary Librarian for the 1991-92 fiscal year.

INTER-PARLIAMENTARY UNION

EIGHTY-NINTH CONFERENCE, NEW DELHI, INDIA—REPORT TABLED

Hon. Peter Bosa: Honourable senators, I have the honour to table the 89th Report of the Inter-Parliamentary Union, in English and French, held in New Delhi, India from April 12 to April 17, 1993.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 125 residents of British Columbia who oppose the goods and services tax.

These petitions come mainly from Richmond, Vancouver, Delta, Langley and Sorrento.

These 125 citizens remind us that never since Confederation has a government dared to impose a tax on books and periodicals like the GST. Never since Confederation has a government shown such contempt for culture. Without any doubt, history will judge this government harshly. The first chapter in this judgment will be written at the next election when hundreds of thousands of citizens who signed petitions against the GST in the past two and a half years will finally cast their vote.

[*English*]

QUESTION PERIOD

THE ENVIRONMENT

PRINCE EDWARD ISLAND—MONITORING OF POLLUTION FROM SUNKEN VESSEL, IRVING WHALE—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, may I ask the Leader of the Government in the Senate if he has yet found the answer to what is going to happen to the *Irving Whale*, which sank off the coast of Prince Edward Island, and what action the government is going to take regarding that ship?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the other day my friend the Deputy Leader of the Government tabled a reply to an earlier question asked by Senator Bonnell on that subject.

Senator Bonnell: Honourable senators, I thought it was the rule of this place that when a question was asked by a senator, the Leader of the Government, or those tabling the answer in reply, would send a copy of that answer to the senator who asked the question and then another copy would to go to the Table to be recorded in the record. Is that no longer the rule or the procedure?

Senator Murray: Honourable senators, all this was done. There is, unfortunately, no rule to oblige the honourable senator to read what is sent to him.

Senator Bonnell: Honourable senators, that is kind of a snide remark.

Senator Frith: No, it is not "kind of" a snide remark; it is a snide remark.

Senator Bonnell: And it comes from a man of the calibre of Senator Murray, someone I always regarded as a man of high principles.

Perhaps we could have a policy in the future whereby a courtesy would be extended to the senator who asked the question. The messenger could take one copy to the senator, and another copy could be tabled for the record. I do not see any great difficulty in doing that. It is a courtesy that the government could extend to someone asking a question and would be preferable to a snide remark.

Senator Murray: Honourable senators, the delayed answers that are tabled by the Deputy Leader of the Government contain a copy for the Table and a copy for the honourable senator who first asked the question. My friend should have a copy of the answer that was tabled last week. He should have received one. For greater certainty, and to prevent any errors, let me read into the record my latest notes on this subject.

Final draft reports on the salvage operation and on the environmental issues have been received and are being translated. The reason we are delaying release is that we want to be able to have full public debate so that everybody can look at the costs and benefits. A date for a public forum meeting in Charlottetown will be set as soon as possible once we have translated the report.

The Coast Guard is preparing its assessment so they can add it to the discussion. The Coast Guard also has to look at ways we can find the necessary funds.

In the short-term, the Coast Guard is keeping a close eye on the wreck. It is their opinion that there is little risk of any change in the present state of the ship. The Coast Guard will continue to monitor the Cavendish Beach/North Shore area of Prince Edward Island and the ocean surface at the *Irving Whale* site.

There is some further background material, which I will be glad to place on the record. The *Irving Whale* oil barge sank on September 7, 1970, in 70 meters of water, approximately 60 kilometres northeast of North Point, P.E.I.

A complete diving inspection of the *Irving Whale* was undertaken in August of 1990. The survey concluded that a detailed study should be carried out to determine the cost, feasibility and environmental risks associated with recovery of the barge and/or its contents.

A salvage contract was awarded to MAREX of Dartmouth, Nova Scotia, and an environmental study to CEF Consultants of Halifax, Nova Scotia.

That is the information I have on the matter as of May 26. Much of that information and quite of lot of other information was tabled on May 25 by the Deputy Leader of the Government and is to be found at page 3246 of the *Debates of the Senate*, May 25. I invite my honourable friend to read it.

Senator Bonnell: Thank you, honourable senator, for that very clear answer. I do not know why you did not do that the first time. I do not know why you wanted to be so rude about your answer. I thank you very much, and I would appreciate answers like that in the future.

• (2020)

ORDERS OF THE DAY

INCOME TAX ACT
CANADA PENSION PLAN
INCOME TAX CONVENTIONS
INTERPRETATION ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—THIRD READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Di Nino, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-92, to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, Bill C-92 was given second reading and referred to the Standing Senate Committee on Banking, Trade and Commerce on Thursday, May 6. The committee held its one and only meeting on the legislation on Wednesday, May 12.

Honourable senators, I am holding up the piece of legislation that took only one meeting. I do not know how many pounds it weighs, but it has 276 pages.

The witnesses who appeared before the committee were the Honourable John McDermid, Minister of State for Finance and Privatization, One Voice — The Canadian Seniors Network, the Public Service Alliance of Canada and departmental officials. All of the evidence on Bill C-92, a complicated, technical income tax and tax-amending body of legislation, was concluded in not much more than one hour.

When I spoke at second reading, my primary concern was with the changes to the 21-year trust rules. Unfortunately, Mr. McDermid said nothing whatsoever in committee to alleviate the concerns raised here at second reading. In fact, his comments only confirmed them. At page 36A:3, he states:

> The 21-year rule was flawed, however. Trusts were able to defeat the intent of the 21-year rule by transferring property from one trust to a newly created trust with a new 21-year period. Further, the legislation at the time failed to recognize that the terms of some trust arrangements did not allow the trust property to be distributed to beneficiaries before the 21-year period expired.

He missed the point entirely, either deliberately or ignorantly. The intent of the rule was to require that trusts either distributed their assets or paid capital gains tax at the end of 21 years. The minister said that the rule was flawed because, first, the intent could be defeated by transferring the assets to another trust and, second, because it did not recognize that some trusts did not allow distribution before 21 years.

With respect to the first complaint, if there is such a loophole, why not close it? The defence the minister gives to the existence of a loophole is to say there is a loophole. He speaks for the government. It is his responsibility to close the loophole. To argue otherwise is breathtakingly illogical.

Why did he not bring in legislation to prevent the circumvention of the rule? Instead, Bill C-92 destroys the clear intent of the rule by allowing everyone to get around it. Instead of closing a loophole, it opens one wider than ever.

As for the second complaint, is the minister suggesting that in 1972 there was no understanding of how trusts operated and that parliamentarians — yes, some who were here then, and some of whom may have been in the other place — and officials of the Department of Finance had no idea what they were doing, and that this omniscient government will fix up their mistakes? That is too foolish to believe.

• (2030)

In his testimony, Mr. McDermid said:

> Some have suggested that wealthy individuals are able to avoid taxes by setting up trusts.

It is hard not to laugh, really.

> This is just not the case. When property is transferred to a trust, any capital gains which have accrued on property must be recognized at that time.

That is a misleading statement in the context of Bill C-92. It is a red herring. We are dealing with trusts that reached the age of 21 on January 1, 1993. The property transferred into those trusts was transferred before the imposition of a capital gains tax. Consequently, there was no capital gains tax that accrued on the property until that time, and the property was therefore transferred tax-free.

Mr. McDermid also said:

> Simply stated, trusts are not designed to be vehicles for tax avoidance.

Yes, that is what he said. I do not know what he means by "simply stated", unless it is the statement of a simpleton. That will be a revelation to all estate and tax lawyers and a great revelation to the clients who paid a fortune in fees to those tax lawyers only to find Mr. McDermid reassuring them that trusts are not designed to be vehicles for tax avoidance. The advantages of a trust arrangement are the tax advantages. I would like to see a real-life example of a trust that was established without consideration of the beneficial tax implications. I seriously doubt that there is such a trust. Anyone who sets up such a trust without considering the tax consequences is a fool who richly deserves to be soon parted from his money.

Honourable senators, what we have is a flawed bill. That fact was disclosed at second reading and would have been disclosed at the committee, had the committee looked at it. We have a bill that ought not to pass, certainly not on this kind of report.

Look at the report of the committee which we received the other day. The report makes no mention of the 21-year-trust rule. There is nothing in the committee report about it at all. Yet that was what attracted all the attention at second reading and has attracted all the attention in the press and attracted all the attention in magazines and in books. The change to the 21-year trust rule is a giant gift to the wealthy. That is the main focus of attention on Bill C-92, and the committee does not say a word about it. The committee only spent approximately one hour on the examination of all the legislation.

I think it is embarrassing. It is very embarrassing for us as a Senate that the proceedings of the committee should be so open to valid criticism.

This bill contains 276 pages of complicated income tax legislation, including an important provision that saves rich taxpayers billions of dollars — that is a professional estimate — at a time when we are supposed to be trying to cut the deficit. A bill with 276 pages of complicated income tax legislation and that important feature, and the committee disposes of it in an hour? Senators on either side should be embarrassed, and I hope are embarrassed some day, if they support this. One hour, 276 pages; that comes out to four or five pages a minute. You would be hard pressed even to read four or five pages of this bill in a minute, let alone understand them.

If the Senate has any widely held, positive reputation in Canada, it is for its committee work. If we keep doing this sort of thing, senators, we will lose that reputation as well. That is a disgrace. It is an absolute disgrace. We are blowing

the fine reputation of our committees with this kind of behaviour. Our committee should do its work and should be seen to do its work. What does that leave us? The reputation of being rubber stamps? Is there a senator here who has not at some time, either before or after coming into the Senate, been told that some friend or friend of a friend had appeared before a Senate committee and was impressed with the fine work the committee did?

In this instance, we may have caused some jaded perceptions among the public of how the Senate performs its role of sober second thought and careful committee study. If we have caused such a jaded perception among the public, we certainly deserve it.

We have a chance here to do what is right, and the committee should be given another chance.

I move, seconded by Senator Hébert:

> That Bill C-92 be not now read the third time, but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce for further and proper consideration.

The Hon. the Speaker *pro tempore*: Honourable senators, it has been moved by the Honourable Senator Di Nino, seconded by the Honourable Senator Grimard, that Bill C-92 be read the third time.

In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Bosa:

> That Bill C-92 be not now read the third time, but that it be referred back to the Standing Senate Committee on Banking, Trade and Commerce for further and proper consideration.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say yea?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the nays have it.

And two honourable senators having risen.

The Hon. the Speaker *pro tempore*: Honourable senators, is it agreed that the vote will be taken at 9:05 p.m.?

Hon. Senators: Agreed.

The Hon. the Speaker *pro tempore*: Please call in the senators.

Motion in amendment of Senator Frith negatived on the following division:

YEAS
THE HONOURABLE SENATORS

Adams	Hastings
Bonnell	Hébert
Bosa	Kenny
Cools	LeBlanc
Corbin	MacEachen
De Bané	Neiman
Fairbairn	Petten
Frith	Robichaud
Graham	Stewart
Haidasz	Watt—20

NAYS
THE HONOURABLE SENATORS

Andreychuk	Johnson
Atkins	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Lavoie-Roux
Bolduc	Lynch-Staunton
Cochrane	Macdonald (*Cape Breton*)
Comeau	MacDonald (*Halifax*)
DeWare	Muir
Doody	Murray
Doyle	Oliver
Grimard	Phillips
Gustafson	Roberge
Jessiman	Spivak—28

ABSTENTIONS
THE HONOURABLE SENATORS

Nil

The Hon. the Speaker *pro tempore*: Honourable senators, it was moved by the Honourable Senator Di Nino, seconded by the Honourable Senator Grimard, that this bill be read the third time. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion the "yeas" have it.

Hon. Royce Frith (Leader of the Opposition): I suggest that we apply the same division, but in the reverse.

The Hon. the Speaker *pro tempore*: Is that agreed, honourable senators?

Hon. Senators: Agreed.

Motion agreed to and bill read third time and passed, on division.

• (2050)

TRANSPORT AND COMMUNICATIONS

NOTICE OF MOTION TO STUDY SUBJECT MATTER AND STATUS OF CANADA-UNITED STATES AIR TRANSPORT AGREEMENT NEGOTIATIONS

Leave having been given to revert to Notices of Motions:

Hon. Donald H. Oliver: Honourable senators, I give notice that on Tuesday next, June 1, 1993, I will move:

> THAT the Standing Senate Committee on Transport and Communications be authorized to hear representatives of the Department of Transport and the Department of External Affairs and International Trade this Wednesday, June 2, 1993, in order to review the subject matter and status of the ongoing Canada-United States Air Transport Agreement negotiations.

CRIMINAL CODE
CROWN LIABILITY AND PROCEEDINGS ACT
RADIOCOMMUNICATION ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Doyle, seconded by the Honourable Senator Barootes, for the second reading of Bill C-109, to amend the Criminal Code, the Crown Liability and Proceedings Act and the Radiocommunication Act.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the present government has too often steamrollered bills through Parliament without proper study. We had an example of that just a moment ago. I am afraid Bill C-109 may be a current example of this phenomenon, if I can say something that nice about it.

Let us look at Bill C-109 in the context of three useful questions. First, what is the wrong that this bill seeks to remedy? Second, what remedy does the bill provide and, third, is that remedy appropriate?

With respect to the wrongs to be remedied, there are two: The first is police use of electronic surveillance methods; the second is abuse of cellular phone technology.

Problem number one arises from the difficulty police officers have in keeping up with criminals who use increasingly sophisticated technology to further their criminal activities. Police complain they do not know exactly how they can and cannot use electronic tracking in their work. Currently they work through Crown attorneys and the federal Solicitor General to obtain warrants allowing them the use of wiretap technology. Police officers then, they complain, cannot know what support they will get from the judicial system.

An example is the police use of the body pack. That is what it is called, a "body pack". We checked with the Canadian Association of Police Chiefs about body packs. A body pack is wiretap technology which is worn under clothes. It is used to record conversations between the person wearing it and those nearby. It also maintains an auditory surveillance on the wearer. If a policeman has a body pack on, it records a conversation between the police officer and the people around him or her. It also sends a signal that allows that person to be kept under surveillance. There is a protective side to the issue. That is what they mean by maintaining auditory surveillance on the wearer.

Sergeant Marc Logar of the Edmonton Police Service explained the value of the body pack to the legislative committee in the other place. He said body packs inevitably serve two valuable purposes. One is the protection of the operative, and they produced excellent evidence. The other is that the person who made some damning confessions could later hear himself in court.

Sergeant Logar then said this about how the use of body packs would make an otherwise inadmissible taping admissible and how material obtained using body packs could help the public:

> For example, if you had a wife who was abused and persistently followed and harassed by a husband who just did not want to let go, the police could not tell the wife to record the conversations that she has with her husband while he is phoning her and giving her all these threats, because that would make the evidence inadmissible.

I take it what he means is that the evidence would be inadmissible because there would have been no warrant permitting the recording.

Perhaps if the harassed spouse could legally provide such evidence, she would receive better protection. That is an issue to examine when Bill C-126, the anti-stalking legislation is heard by the committee.

Should someone be taped during such investigations without their knowledge or permission? The Supreme Court has an opinion on that. Recent decisions from that court have supported the individual's right to privacy over the police force's authority to use wiretap technologies in their investigations. Sergeant Logar, again, referred to the *Wong* decision in his evidence. He said:

> ...the Supreme Court of Canada, especially in the *Wong* decision, said that even if the police wanted to have an authorization to videotape certain things, they couldn't because there was nothing in the Criminal Code.

I assume what he means is that there was nothing in the Criminal Code to permit videotaping.

Therefore, the first wrong the bill seems to treat is police dissatisfaction with their surveillance powers.

The second objective of the bill looks at the problem from the opposite perspective — that of the person being kept under surveillance and the escalating abuse of cellular telephone technology resulting in loss of privacy.

Cellular phones are to today's businesses what the beeper was to the business people of the seventies. People cannot seem to do business without them. There are approximately one million of them in use across the country today, and many people have realized the hard way that cellular phones are not phones at all, not as we usually understand that term. They are radios which use public radio waves to transmit and which also lack privacy for the user. Ask some members of the Royal Family if you are in any doubt about that. Canadians also have plenty of experience from credit card fraud to government scandal. Remember the Charlottetown debate last fall? Diane Wilhemy, Deputy Minister of Intergovernmental Affairs in the Quebec government, discussed her disappointment with Robert Bourassa's pro-federal position to an associate. How? Over a cellular phone. Someone using appropriate technology overheard and documented their conversation. Then two Montreal radio stations broadcast it.

I suppose neither the Royal Family nor Ms Wilhemy realized how easily these phone calls could be intercepted.

Many Canadians are uneasy about their privacy as technology races ahead of the familiar. They are using technology they do not fully understand. They certainly do not understand how it affects their privacy.

Sheila Finestone, MP in the other place, had this to say:

> ...and what is government responsibility for public airwaves and what is the manufacturer's responsibility for protection of airwaves and what in reality can be done in a practical sense.

Now our second question: What remedies to these two problems does Bill C-109 provide? First, the bill authorizes — I should like you to listen to this phrase — an "agent of the state" to intercept private communications without a warrant. He or she would be authorized to wiretap a private communication only if one of the parties of the communication had consented to be recorded and only if the person was in danger of bodily harm. The agent of the state, in this case, would not require judicial authorization.

"Agent of the state" is the term used in the bill. In the bill, it is defined as:

> (*a*) a peace officer; and
>
> (*b*) a person acting under the authority of, or in cooperation with, a peace officer.

Agents of the state could also intercept communications without a warrant if they believed that they could not obtain one in time to prevent an illegal act which would cause serious injury to one of the parties of a private communication.

The problem with these provisions is who decides and who is accountable? Not a judge. This agent of the state will be as accountable as the KGB or the Gestapo. If I remember my high school German, "Gestapo" stands for *Geheime-Staats-Polizei*, or secret state police. They did not use the phrase "agent of the state", but they were agents of the state. I find what is proposed and the instrumentality for it a bit "scary".

So much for allowing agents of the state to invade privacy on their own decision.

The second wrong addressed is the invasion of privacy of a cellular phone user. The bill makes it an offence to intercept, either maliciously or for gain, any communications over cellular phones. The offence carries a maximum penalty of five years. Intercepted communications over cellular phones

would be admissible as evidence in judicial proceedings where the accused had been given notice of the intention to use such evidence — not notice of intention to intercept — together with a transcript and details as to the place and date of the interception.

We therefore have two problems: First, police complain that they must go to judges to receive the authority to do some of the things they want to do to invade people's privacy; second, we have the interception of cellular phone conversations, which are really cellular radio conversations.

Now, are the remedies proposed by this bill appropriate to solve these problems? Remember what this bill is trying to accomplish. The purpose of Bill C-109 is (1), to provide law enforcers with adequate authority to use technology in their fight against crime; and (2), to ensure the privacy of cellular phone users.

Michelle Fuerst of the Canadian Bar Association pointed out in committee that clause 4 of the bill may be subject to Charter challenge. She said:

> ...we know from the Supreme Court of Canada that a warrantless search, one that has no previous authorization, is *prima facie* unreasonable. The wiretapping authorized by proposed section 184.4 falls into that category. The question then becomes whether or not it can be justified, and if it cannot be justified, then it cannot be preserved from Charter challenge.

Should we, as legislators, be concerned about whether provisions in a bill will be secure from Charter challenge?

Some of you may remember that Senator Godfrey, shortly after the Charter was enacted, suggested that should be the primary concern; that every bill should be sent to legal and constitutional affairs to check whether it met the Charter requirements. I think that is an unsettled question: Just how far should we as legislators go in attempting to anticipate what the courts might decide about legislation and its correctness under the Charter? However, I do think that we, as legislators, should be concerned about why it might be so challenged; that is, the principle behind the words of the Charter.

This bill provides even greater power to the police to decide what is and is not reasonable and whether a basic civil liberty can be infringed. That decision is being moved out of the courts and into the hands of the police, with no process to ensure accountability on the part of police officers. As Ms Fuerst notes:

> ...there is no mechanism for supervision of the use of the provision, it opens the door for officers acting of their own accord without any real control over the process.

She used the example of a new constable who would be authorized to use a wiretap in a minor investigation, as well as a senior officer in a serious investigation.

I am not criticizing the police. The police have their job. It is their task to do everything they can to make that job effective. However, our system requires a certain balance and it requires safeguards.

In the May 29th edition of the *Citizen*, there is a story in section C, pages C1 to C6, entitled "Search warrant flawed, judge says". "Officers showed 'disregard' for rights". A box at the side of the article reads as follows:

> **The issue:** The balance between police investigators' need to gather and Canadians' right to privacy.
>
> **Background:** Jimmy Wise is on trial for mischief after a Bell Canada tower was toppled in August 1987. Once a suspect in the killings of several Ottawa Valley men, Wise has never been charged with the deaths, despite searches of his car and home.
>
> **What's new:** A judge Friday ruled that police deliberately misled a court to obtain a search warrant to gather evidence against Wise, now on trial for destroying the tower. The ruling means all physical evidence gathered against Wise as a result of the flawed warrant is inadmissible as part of the prosecution's case.

Mr. Wise was suspected by the police of being a serial killer. The search was a "flagrant" violation of Wise's rights, according to the judge.

> He said that information McCaslin gave to the justice of the peace contained at least two inaccuracies: that Wise was positively identified by another officer as being the driver of a car seen leaving a field near the tower; and that there were clear tracks from the felled tower to Wise's car.

Both wrong. But if I understand this legislation, that problem will not arise. Police will not have to tell the judge, just go ahead on their own decision.

• (2120)

The recommendation from the Canadian Bar Association was not to enact this provision of the bill unless some mechanism for control and documentation is also enacted. The committee should examine adding such a provision to the bill. My own instinct is to support the need for such safeguards and not to support the bill unless there are such safeguards.

Perhaps the police should have independent, unilateral access to warrants in specific situations. Some would argue that they should. But any such access worries me. Those situations should be studied and enacted only when they are clear, justified, and protected against abuse. We all know — in fact, it too often happens — that basic civil liberties are

destroyed under the cloak of a just cause. You chip away at civil liberties by saying, "You want everyone to be protected against this kind of harassment? We need this bill." Everyone says, "Yes, that seems right." "Do you mind if we forget about civil liberties in this case and allow the breach of privacy?" "That seems like a good cause," the government says, but it is another chink in or crumbling of the foundations of civil liberties. We will get it with the child pornography and the dangerous offenders legislation.

Honourable senators, this bill is supposed to be in the name of law and order. Well, there was a lot of law and order in the Soviet Union under the KGB, and the Gestapo certainly kept law and order.

We have to be careful, honourable senators. If there is ever a job for us as senators, it is to look at legislation like this and consider the larger dimensions. Constitutionally, it is the job of the Senate to keep an eye out for faulty legislation and to protect the public from it. There must be some way that is less absolute to help the police without destroying basic civil liberties and the right to privacy.

It is the old problem — and we are criticized for this in some parts of the world; namely, always giving the edge to the criminals in the name of civil liberties. Many parts of the world do not support our system at all: For example, the presumption of innocence, or of forcing the Crown or the state to prove something beyond a reasonable doubt. That presumption of innocence does not apply all around the world. People are not presumed innocent until proven guilty. We in Canada take it for granted. When we are asked to justify it, we often do not remember that it is deliberate. It is a deliberate decision to have guilty people go free rather than have innocent people wrongly convicted. We make a calculated decision to favour the criminal in order to reduce the chances of wrongful conviction of innocents.

That is the same principle that I hope the committee will take into account in trying to find some way to amend this legislation so that the police can be helped without — to use that corny expression — throwing the baby out with the bath water.

On the second point concerning the cellular phones, perhaps the committee could also examine the banning of scanners which intercept communications over cellular phones. I am told that the United States has banned scanners capable of receiving or decoding domestic cellular phone calls. They cannot be exported or imported into the country. What about placing the onus on cellular telephone companies to provide those who use their products with access to scrambling machines at a reasonable cost? They use public air waves. Do they have some responsibility when it comes to protecting privacy?

Until there is complete privacy for cellular phone users, companies should educate their phone users about the privacy risks involved in using cellular phones.

I will be asking my colleagues to support this bill at second reading, but I want to make it clear that this is done only in order to get the bill into committee, where it merits careful thought and study before we can make a responsible decision at third reading. I beg the committee to help us make that decision and not to bounce this bill back to us with a report recommending that it be adopted without amendment after some cursory discussion. I hope the committee will take plenty of time to hear from the police, and to hear from anyone else who wants to come and speak about the problems that will be created and the serious threat to civil liberties that could result from an ill-considered and quick-fix remedy to an admitted problem. The committee might also consider the resultant damage to very important principles of Canadian justice.

The Hon. the Speaker *pro tempore*: Honourable senators, it has been moved by the Honourable Senator Doyle, seconded by the Honourable Senator MacDonald, that this bill be read the second time now. Is it your pleasure, honourable senators, to adopt the motion?

Senator Frith: Yes, on division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Doyle, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

• (2140)

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

SECOND READING—DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-115, to implement the North American Free Trade Agreement.

He said: Honourable senators, the North American Free Trade Agreement was signed by Canada, the United States and Mexico on December 17, 1992, the culmination of a long process of negotiations and drafting of the text which began in February, 1991, when Prime Minister Mulroney, President Bush and President Salinas announced their intentions to pursue the NAFTA. The agreement is to enter into effect on January 1, 1994, and Bill C-115, which is before us now, entitled An Act to implement the North American Free Trade Agreement, gives effect to the agreement.

I do not intend to go into the details of the bill, limiting myself to some very general observations on it at the end of these remarks, as this will be done by the Standing Senate Committee on Foreign Affairs which has been holding hearings on North American free trade since early 1992, following an order of reference of the Senate, and more recently has been doing a pre-study of Bill C-115 itself.

Protectionism, national policy, free trade, reciprocity — these terms and others similar to them have been in Canada's political and economic vocabulary since Confederation. They express a concern of a country which, dependant on trade as few others for its well-being, continues to remain sensitive to the future of certain sectors of its industrial and manufacturing base when faced with demands to open up its own markets to others.

The current free trade debate began in 1986 when the government announced its intentions to enter into an agreement with the United States and reached a peak during the 1988 general election following the Senate's refusal to bring the implementing legislation to a vote, indicating again how the issue continues to preoccupy Canadians.

The beginning of the world-wide recession coincided with the start of the Canada-United States Free Trade Agreement and has made difficult a proper appreciation of its impact on this country over four years later. Its opponents blame the FTA for any and every plant closure and other negative economic news, without assessing, in too many cases, the real reasons behind these events. One of the most ludicrous examples of this Pavlovian reflex can be found in the closing of a radiator plant in the Maritimes some months ago. "It's the free trade agreement that's responsible," cried its opponents, until they realized that the owners were consolidating operations in Quebec.

Both proponents and opponents, in their efforts to state their case, tend too often to forget that. I quote from the interim report of the Standing Senate Committee on Foreign Affairs:

> The FTA does not affect all aspects of the Canadian economy equally. Some sectors are not directly influenced by the changes in the trading regime resulting from the agreement. Tariff reductions, by far the most important consequence of the FTA, do no have an impact on significant areas of the economy, including the public sector, many services, much of agriculture and mining, even in the manufacturing sector, and industries previously without tariff protection from the United States, including the automotive industry.

Overall, however, the benefits far outweigh the disadvantages. Global direct investment in Canada doubled between 1989 and 1992. More startling, direct investment from the United States in Canada during the same period went from a negative position of $261 million to $2.9 billion. The Royal Bank of Canada, for one, has concluded that this result "suggests that overseas investors see Canada as an increasingly attractive base for their North American operations since the implementation of the free trade agreement."

No one has ever denied that the FTA would cause dislocations in the Canadian economy. Its most ardent proponents at the outset warned of this as a short-term price to pay for lasting long-term benefits. We are finally seeing the reality of this, which will only be emphasized with the implementation of the NAFTA.

The reasons for Canada's interests in the NAFTA are not difficult to see. Who can ignore the huge advantage in placing Canada within what will be the largest integrated market in the world? That market totals 350 million people, with a total economic output of $6 trillion U.S. compared with $320 million and an economic output of some $5.5 trillion U.S. in the European Community.

Our view of our place in this larger North American market is inextricably linked to our understanding of the nature of the global economy. A North American free trade area will not only stimulate the continental market, it will provide the solid foundation from which Canadian firms can implement global trading strategies.

The Canadian government first approached the 1990 decision by Mexico and the United States to negotiate a free trade agreement with some amount of caution. As the government's analysis of the situation developed, it became more confident that Canada's interests would be best served by a trilateral, rather than a bilateral — U.S.-Mexico — based negotiation.

The timing for the negotiations was difficult from a Canadian point of view. The country was facing a severe downturn in economic activity, a situation that existed the world over. In addition, Canadians were dealing with difficult and ongoing constitutional issues, as well as taking the steps necessary to adjust to the free trade agreement with the United States.

Nevertheless, large segments of the Canadian population, in particular, the Canadian business community, recognized the importance of Canadian involvement in the negotiations. The business community expressed its view that Canada should seek to play a full role in the talks, and that by so doing, new opportunities would be opened in markets that had traditionally been difficult to penetrate.

One of the very real results of negotiations, therefore, has been a heightened level of awareness of the importance of the Mexican market and the potential for developing business and commercial links between Mexico and Canada.

Canada's trade with Mexico has traditionally been small. Two-way trade with that country hovers around the $3-billion mark, and Mexico represents well under 1 per cent of Canada's total trade. However, this reality is changing,

particularly due to the trade liberalization that has taken place in the region. The NAFTA has brought home the message that Mexico is an important potential market for Canada, and that Canadian and Mexican companies can work together to win access to markets in the United States and elsewhere.

One reason that Canada's trade relationship with Mexico has been weak is that Mexico has in the past been a difficult market to penetrate. For decades, Mexico pursued an economic development strategy that relied on restrictive rules for imports and for foreign investment. Much of the Mexican economy was directed by the state or state-controlled agencies and companies. These factors, along with the debt crisis that existed in the early 1980s, limited the development of international commercial relations with Mexico. This has changed rapidly in the past few years. Mexico's decision to join the General Agreement on Tariffs and Trade in 1986 heralded a new beginning in its attitude to foreign investment and trade. However, equally important have been the wide-ranging set of domestic reforms, undertaken to liberalize the Mexican economy.

The NAFTA is a major step in the process of attracting foreign investors by placing Mexico on the fast-track path to economic development. These reforms have made the commercial relationship with Mexico simpler and more productive for Canadian companies. The NAFTA will produce a heightened interest in the Mexican market for Canadian firms. It is a ground-breaking agreement that includes important new rules in a wide variety of different sectors. Understanding where Canadian firms are most likely to see new opportunities for developing a commercial relationship with Mexico requires understanding how the NAFTA changes the commercial reality.

Let me briefly review some of most salient features of the NAFTA. It will eliminate tariffs between the three countries either immediately, over five years or over 10 years in almost all products. This will provide companies with one less hurdle to cross in assessing any of the three markets. Canada and Mexico will now be able to attract foreign investment by offering tariff-free access to the United States. The rules of origin in the NAFTA are simple in most cases, open by world standards and will allow firms to achieve tariff-free access while still sourcing some portion of their components offshore.

• (2150)

In the automobile sector, the rules of origin are simpler than those in the FTA, and the use of a net-cost system and tracing will give firms in Canada and Mexico greater security of access to the United States. By opening the Mexican market, the NAFTA balances our benefits with those currently enjoyed by Mexico in its unhindered access to the Canadian market.

The NAFTA liberalizes the rules governing service sector trade within North America. The NAFTA liberalizes trade in almost all services. In addition, the agreement allows for temporary access for business professionals, and there are important new rules in financial services that open up new opportunities for Canadian banks to participate in the economic growth of Mexico. Rules on land transportation are explicitly included in the agreement, and that represents a major improvement over the FTA.

There are specific provisions dealing with telecommunications, and a chapter is devoted to the protection of intellectual property such as copyrights, patents, trademarks, and trade secrets. Companies will be assured a 20-year patent protection period, consistent with international rules.

Investors in NAFTA countries are provided with important new guarantees, particularly with respect to Mexico, including national treatment and most-favoured-nation treatment. There is a general prohibition against performance requirements, including specified export levels, minimum export levels, or domestic content. Improving on the FTA, specific investment-related dispute-settlement procedures are set out to resolve investment disagreements. This set of guarantees should attract investment into the North American market and increase growth in all three parties.

The NAFTA includes enhanced government procurement rules that give NAFTA-located firms the right to bid on a wide range of public sector contracts tendered in any of the signatory countries. These new rules in the NAFTA will provide Canadian and Mexican firms with significant commercial opportunities in each other's markets.

Taken together, these rules will increase the competitiveness of the firms in the two markets and provide both countries with significant new access to the United States. As firms in North America become more competitive due to the NAFTA, new opportunities will also become available in other markets across the world.

As a result of the NAFTA, Mexico will become an increasingly more important market for Canadian exporters and investors. The adjustment to this new competition should not be too difficult for either Canada or Mexico. The simple reason is that, currently, Canadian and Mexican firms generally enjoy comparative advantages in very different industries. As a result, the increased activity in each other's market by Canadian and Mexican firms is likely to produce little pain. However, both Mexican and Canadian firms stand to benefit from improved international competitiveness throughout the world as a result of the improved trade relationship as firms in the two countries build on each other's strengths.

Mexico is expected to be a growing and dynamic market in the 1990s. In 1991, Mexico experienced 3.6 per cent growth while its North American neighbours were struggling with the recession, and the prospects for Mexican growth in the decade ahead are very promising. As a result, increased expenditures on goods will provide for important export possibilities for Canadian manufacturing firms.

As well, half of Mexico's population is under 18, and the country grows by 2 million new citizens a year. That represents a huge and growing market for consumer goods. The youthfulness of the Mexican population creates an important market for companies that produce goods that are consumed by that generation.

For instance, Mexico is expected to experience rapid growth in its automotive sector. This is due to increased export opportunities for the Mexican industry as well as burgeoning domestic demand. Canada is well integrated into the North American automotive industry, is already a major exporter of cars to the United States, and has a major automobile parts base. This provides Canada with an important foothold for benefiting from the expansion of the market.

Canadian firms have been pioneers in responding to the challenges presented by the international recognition of the need for sustainable development. This has created a demand for environmental expertise within the Canadian private sector, and, as a result, Canada boasts a world expertise on environmental issues. This provides Canadian firms in this sector with an important advantage in penetrating the Mexican market. The opportunity in Mexico should be significant. Mexico is committed to cleaning up its environment, and, as a result, will likely spend tens of billions of dollars in the foreseeable future on clean-up efforts and to institute world-class standards on emissions and waste control.

Let me conclude by returning to Bill C-115 itself. Some critics of it have urged that its passage be delayed until current negotiations among the three countries on labour and environmental issues are concluded. This is simply not necessary, as the signing parties have stated repeatedly that the NAFTA will not be reopened, will not be renegotiated, and will not be amended.

I also want to draw honourable senators' attention to Part III of the bill, which provides that, after the bill receives Royal Assent, it will not be brought into force unless the Governor in Council is satisfied that the United States and Mexico "have taken satisfactory steps to implement the agreement".

It is shear coincidence that Canada may be the first of the signatories to give effect to the NAFTA, with the proviso just mentioned. While we may be leaving the starting gate first, we will not cross the finish line until our partners catch up with us so that we can cross together and at the same time.

Senator Frith: We can get some mileage out of that metaphor.

Senator Lynch-Staunton: Canada's trade surplus with the United States was $17.7 billion in 1992, a 27 per cent increase over 1991. Exports to the United States during the first quarter of this year are up 22.9 per cent over the same period last year. As the Minister of International Trade said during his appearance before the Standing Senate Committee on Foreign Affairs last week,

> ...a study by the C.D. Howe Institute shows that in the first three years of the FTA, Canada's exports to the U.S. were strongest in those sectors that were liberalized by the agreement — particularly non-resource based manufacturing.

Not only will the NAFTA permit this trend to continue, but it will open up a large, untapped market that until recently was virtually closed to us. In addition, many countries in Latin America are watching the evolution of the NAFTA with more than passing interest. Columbia, Chile, and Argentina are but three that have officially indicated a strong interest to became part of it.

The success of the FTA and the promise of NAFTA could one day lead to a huge hemispheric common market from one pole to the other. This will be the unique challenge facing our successors in the twenty-first century.

Many opposed to free trade claim that the signing of an international agreement inevitably leads to a partial loss of sovereignty as exclusive jurisdiction over a given area is now shared with others. Even if this were true, the argument obscures the tangible benefits of free trade: a more competitive economy, a more productive work force, massive benefits to the consumer, and an improved standard of living. Those European countries that are fashioning a common market, which goes far beyond the NAFTA in integrating key sectors of their individual economies, are equally sensitive to their sovereignty, yet are moving ahead because they know that in the long run the general well-being of their populations will be vastly improved.

Honourable senators, Bill C-115 allows us to continue positioning Canada to keep up with the pace of global competition, which is intensifying daily. Since 1984 the Government of Canada has deliberately and consistently followed policies to make the country more competitive in an ever more interdependent world economy. The NAFTA is a major step in this direction, and I enthusiastically urge colleagues to endorse it by supporting this implementing legislation.

On motion of Senator MacEachen, debate adjourned.

• (2200)

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

Hon. Finlay MacDonald: Honourable senators, this is all about consultation. A year ago last February, some 15 months ago, the Minister of Finance brought forth a budget that required different bills to cause its implementation. Mercifully, this is the last.

This one, Bill C-93, contains 10 parts, most of them pretty humdrum, but one part, Part III, is the section which has created the greatest controversy. The purpose of this part is to wind up the Social Sciences and Humanities Research Council, whose acronym is SSHRC, and to transfer its function and staff to the Canada Council and to transfer to the Canada Council certain functions and staff of the Department of External Affairs concerned with the promotion of Canadian culture abroad. The Canada Council would be renamed the Canada Council for the Arts and for Research in the Social Sciences and Humanities to reflect its expanded functions. It is this section, this part, to which I wish to address my remarks.

Many of us who have followed the trail of this piece of legislation in the other place, and just recently in our own committee, have been left totally bewildered. We have heard many questions, but we have yet to hear any answers. However, we have not been given any convincing reasons why this merger is being advocated.

As a matter of fact, every witness we heard from was totally opposed to Part III of the bill — every witness. Let me name them: The Association of Universities and Colleges of Canada, the Canadian Association of University Teachers, the Canadian Conference of the Arts, the Canadian Federation for the Humanities, the Canadian Graduate Council, the Committee of Social Science, the Fédération québécoise des professeurs, the International Council for Canadian Studies, the Royal Society of Canada and the Social Science Federation of Canada.

This is not an exhaustive list by any means. It does not include the member associations of these federations, for example, many of which have been extremely active in opposing Part III, nor does it include the range of university representatives who have intervened against this merger. There have been letters from various spokespersons at Acadia, Brandon, Concordia, McGill, McMaster, Mount St. Vincent, Queen's, Ryerson, Trent, Moncton, Laval, Saskatchewan, Victoria, Western Ontario, Wilfrid Laurier and York/Glendon.

Honourable senators, no one has asked for this merger — no one. No one has been critical of the present process. No one has suggested that there had been any malfunction in SSHRC or in the Canada Council. No arts journal has been demanding changes. No columnist, no editorial writer has been critical of the present arrangement. Indeed, it has been quite the opposite; we have been savaged by the media.

There was no consultation. Why was this legislation in a federal budget? You would expect that the reason was that it involved money; what the Finance Department has been calling streamlining. The so-called savings to be achieved were set out with an absence of any hard facts, no arithmetic, and innumerable contradictory estimates.

Suddenly, during the committee hearings, the ground would shift away from streamlining and we would suddenly find ourselves discussing public policy. What in the name of heaven was public policy involving the arts, sciences and humanities doing in a budget? Let's examine that for a moment.

Did the Finance Department not know that that which they now propose is the same sort of council they had 35 years ago that did not work? In 1957, Parliament gave the original Canada Council all the responsibilities in the cultural, academic and diplomatic fields, which this scheme now plans. As it turned out, the Canada Council was superb in encouraging the arts and the letters in Canada, but failed to foster research in the social sciences and humanities in ways that satisfied the Canadian academic community. It never got going at all in cultural relations with foreign countries.

Now we come to consultation. Some honourable senators will remember the Lamontagne Commission, because there are several members in this place who served on that commission. Senator Phillips was one. For two years they laboured, from 1968 to 1970. They heard representations from 53 federal and government departments and agencies. They heard from 44 universities and colleges and 1,000 scientists. They visited eight foreign countries. They held 102 public meetings. They accumulated 12,000 pages of evidence. That was consultation.

The commission concluded that the social sciences and the humanities, and in fact the natural sciences, needed their own autonomous agencies for reasons of visibility and funding. The committee recommended the separation, in part because the social sciences, as a growing science group, were anxious to be treated as a scientific body. As a field of science, it has always been important to the social sciences to establish their legitimacy as opposed to, but not in conflict with, the arts. Who is to disagree with that?

The late twentieth century calls for stronger, not weaker, links among researchers in the sciences, humanities, social sciences, medicine and engineering. Canadian researchers appear to have begun forging these links in ways appropriate to the changing global context. I was under the impression that this is government policy — vital government policy.

Was the prescience of the Lamontagne Commission justified? In that respect, Dr. George Lasker, the Chairman of the Board of the International Institute for Advanced Studies in Systems Research wrote to our committee chairman, Senator Olson, on April 28 stating in his first paragraph:

> Many of my colleagues and myself are greatly concerned about the proposed merger of SSHRC and Canada Council. Several years ago, in 1991, we conducted a comparative study and performance review of various granting agencies from fifty countries. As a result of this review, the SSHRC was judged to be the best of all agencies evaluated. The second one was DAAD from Germany, followed by the British Council and others. Consequently, our Board of Directors of our Institute, representing scholars from about seventy countries, selected SSHRC for a prestigious IISA Award for its outstanding service to the Canadian Scientific community both at the national and international level.

• (2210)

So now, apparently, we cannot stand success. We want to go back, and for what reason?

It is like something out of *Twilight Zone*. But we could not find out who was responsible for this. Who was the author? John F. Kennedy once reminded us that success has many fathers, but failure is an orphan.

Even more puzzling were the statements by two ministers of the Crown who tried to explain that the lack of prior consultation was because of budget secrecy. Colleagues, that simply will not wash.

In 1983, Marc Lalonde established in the Department of Finance a consultation division, which has since been developed by Mr. Wilson and Mr. Mazankowski. It meets whenever a budget is being prepared in order to provide all interested parties, associations, umbrella groups, chambers of commerce, bankers associations, et cetera, with generic documents, a hint, if you will, as to what the government is thinking about in their upcoming budget. They wanted the input of these people and groups.

This consultation division is still very much in existence, but this time it was not used. There was absolutely no consultation. There was none. Everybody was taken by surprise, none more than Dr. Paule Leduc, the distinguished public servant whom the government grasped after the budget as a trophy, to try to make this thing fly. When asked by the committee, she said, "I didn't dream this up."

Part III was drafted by the bureaucrats from the Department of Finance, and from the Privy Council office who obviously had little knowledge of our cultural, diplomatic or academic history. They drafted it in such a hurry, they had no time to talk or any inclination to listen to their colleagues in the Canada Council, External Affairs or SSHRC, and absolutely no time at all to consult the wider academic communities so deeply affected by this insensitive bureaucratic, thoughtless and incredibly puzzling piece of work.

Another minister of the Crown made a point of telling the committee that the original recommendations of the Lamontagne commission were opposed by the members of the Canada Council back in 1978. So what? That was in 1978. This is 1993. Was this brilliant intervention intended to show that the recommendations of two years of outstanding work by 30 parliamentarians was to be suddenly retroactively challenged 15 years later by the brave little band of the Canada Council members?

I prefer to believe the testimony of the Canadian Conference on the Arts, whose submission to us includes the following:

> The success of the Canada Council makes the decision to create a new agency which includes the Social Sciences and Humanities Research Council and the International Cultural Relations Bureau of the Department of External Affairs all the more mysterious. If the popular adage "If it ain't broke, don't fix it" holds any truth, one wonders about the rationale to reconfigure these agencies and programs at this moment in our national life. There is no one within the artistic or academic community who would have called for such a merger, and had anyone within the federal government consulted with these communities in advance of the decision, there is no mistake that this is what they would have heard.

The opposition to this legislation is heartfelt, intelligent and of a very non-partisan stripe. This is by no means frivolous or ideological opposition. The appeals to the government have been extremely reasonable, patient and circumspect. That kind of democratic intervention has to be recognized and applauded, not ignored. We should now simply reflect on the very important questions that have been raised by the people whose work is most directly affected by this proposed legislation, approximately 60,000 to 80,000 Canadians. These are professors, graduate students, artists, foreign affairs officers, all in remarkable unanimity, reflecting the intellectual and cultural soul of this nation. Equally as important, we should capitalize on the public commitments and the suggestions made by these organizations to find ways to effect savings within and between our granting and research councils.

There are other questions which arise, but I know that there are other senators who wish to speak to this bill.

Let us simply agree to pull Part III from this bill. There is no necessity for it. It is bad public policy and it is lousy politics. Let us pray that the government will see the wisdom of concurring with the amendment I am about to propose and which I trust this chamber will pass.

I move, seconded by Senator Atkins:

> THAT the bill be not now read the third time, but that it be amended by striking out clauses 35 to 72 inclusive, and renumbering the subsequent clauses accordingly.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Kelly, seconded by Honourable Senator Cochrane, that the bill be read the third time now.

In amendment, it is moved by the Honourable Senator MacDonald *(Halifax)*, seconded by the Honourable Senator Atkins:

> THAT the bill be not now read the third time, but that it be amended by striking out clauses 35 to 72 inclusive, and renumbering the subsequent clauses accordingly.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I move adjournment of the debate on the amendment. I had some speaking notes prepared, but after listening to Senator MacDonald, I want to have an opportunity to adjust them to what struck me as an excellent intervention. He may have said everything that needs to be said. I would like an opportunity to think about it and compare my notes. I move adjournment of the debate on the amendment.

On motion of Senator Frith, debate adjourned to the next sitting of the Senate.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 1, 1993

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

Prayers.

[*Translation*]

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that Mr. Marcel Prud'homme has been summoned to the Senate.

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law which was administered by the Clerk; and was seated.

Honourable Marcel Prud'homme, of Montreal, Quebec, introduced between Honourable Lowell Murray and Honourable Maurice Riel.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the Honourable Marcel Prud'homme's reputation as an experienced and sensible parliamentarian is so well established that he needs no introduction.

Member of Parliament for the constituency of Saint-Denis since 1964, past chairman of the Standing Committee on External Affairs and National Defence in the House of Commons, Senator Prud'homme follows in the steps of his predecessor and friend, the late Azellus Denis, senator for La Salle.

We all know the interest our new colleague takes in public matters, which often brought him to this place to observe our proceedings. We are pleased to welcome him on this side of the bar, where he will no doubt make a substantial contribution as he has done throughout his career in the other place.

[*English*]

I have great pleasure in welcoming our new colleague, who is well known to just about all of us here. We have known and respected him throughout the past almost 30 years as a valued parliamentary colleague and friend.

[*Translation*]

Hon. Maurice Riel: Honourable senators, I would also like to welcome Senator Prud'homme. I do not think it is necessary for me to elaborate on his qualifications to sit in our chamber. I am convinced he is here with us because of all these great qualities. We will try to benefit from his presence among us.

I am pleased to welcome the successor of Azellus Denis, who was with us for a long time. I will check, but I believe La Salle is in the La Prairie-Napierville region. This is where I come from and where La Salle is located, and it is also where my friend the former Prime Minister, Mr. Pierre Trudeau, comes from.

Senator Prud'homme sat for many years with Mr. Trudeau. I hope that he will remember the spirit and the messages left by Mr. Trudeau and that together we will approve good legislative measures. Good luck, Senator Prud'homme.

[*English*]

Hon. Senators: Hear, hear!

Hon. M. Lorne Bonnell: Honourable senators, let me welcome Senator Prud'homme to the Senate. He was a long-time member of the House of Commons. Certainly, as a good parliamentarian, he has a lot to offer us here in this house and we look forward to his advice and support in many of the things that we do.

SENATORS' STATEMENTS

THE GOVERNMENT

PURCHASE AND REFURBISHING OF AIRCRAFT FOR USE OF PRIME MINISTER

Hon. M. Lorne Bonnell: Honourable senators, I understand we are spending $588 million buying airplanes for the Prime Minister to fly around the country. It is said that one of these aircraft will have a shower, a bathroom, a bedroom, and accommodation for 22 people to accompany him, not to mention the press corps. One plane is not enough; he wants three. In this time of restraint, it seems to me that the

government should reconsider this expenditure. Thank God this Prime Minister has announced that he is leaving. He cannot leave soon enough for me, given the way he is wasting the taxpayers' money.

ROUTINE PROCEEDINGS

[*Translation*]

OFFICIAL LANGUAGES

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the annual report of the Commissioner of Official Languages, under the Privacy Act, for the period ending March 31, 1993.

[*English*]

CUSTOMS TARIFF
EXCISE ACT
EXCISE TAX ACT
CUSTOMS ACT
CRIMINAL CODE

BILL TO AMEND—REPORT OF COMMITTEE

Hon. C. William Doody, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

TUESDAY, June 1, 1993

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

TWENTY-NINTH REPORT

Your Committee, to which was referred Bill C-102, an Act to amend the Customs Tariff, the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and a related Act, has examined the said Bill in obedience to its Order of Reference dated Thursday, April 29, 1993, and now reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[Senator Bonnell]

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 59(1)(*h*), moved:

THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, June 2, 1993, at 1:30 in the afternoon.

Motion agreed to.

BUSINESS OF THE SENATE

STATUS OF INQUIRIES NOS. 73 AND 78

Hon. Jack Marshall: Honourable senators, I notice under Inquiries on today's *Minutes of the Proceedings* that Inquiry No. 73, standing in my name, has been removed. Last Thursday, pursuant to notice, I rose on that inquiry to call the attention of the Senate to the Battle of the Atlantic. Later on, I believe, I asked leave to revert to inquiries and asked that this inquiry stand in my name.

Inquiry No. 78 related to the Fourteenth Report of the Standing Senate Committee on Social Affairs, Science and Technology (*The Valour and the Horror*). Senator Phillips spoke on this inquiry and it was adjourned by Senator Neiman. It is also removed from today's *Minutes of the Proceedings*, and I wonder why.

Perhaps those inquiries could be replaced in the *Minutes of the Proceedings*.

Senator Lynch-Staunton: Inquiry No. 78 is on page v of today's *Minutes of the Proceedings*.

The Hon. the Speaker: Honourable Senator Marshall, Inquiry No. 78 is on the Order Paper for today.

Senator Marshall: It is confusing; sometimes one is not sure what is on the Order Paper.

What about the other inquiry?

The Hon. the Speaker: Senator Marshall, we will check on it and advise you later.

[*Translation*]

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—PRESENTATION OF PETITION

Hon. Gérald-A. Beaudoin: Honourable senators, I have the privilege of presenting a petition on behalf of the Canadian Medical Association, Ottawa, Ontario, which seeks the passage of a bill to amend the name of the Canadian Medical Association.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour of presenting petitions signed by 125 residents of British Columbia who object to the goods and services tax.

Most of the petitions come from Richmond, Vancouver, Surrey, White Rock and Delta.

These residents will not let their government, unlike those of most civilized countries throughout the world, treat books like any other merchandise by making them subject to the GST.

On election day, this foolish decision will prove the undoing of its perpetrators.

[*English*]

BUSINESS OF THE SENATE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I understand that the government house leader intends to call the NAFTA order first under government orders. Senator MacEachen is ready to speak on that order. Therefore, I suggest that we forego Question Period today.

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

Hon. Senators: Agreed.

ORDERS OF THE DAY

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

SECOND READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Cogger, for the second reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. Allan J. MacEachen: Honourable senators, as the Deputy Leader of the Government stated yesterday, this is a complicated measure, and it is simply not my intention to deal with all the important subjects that are suggested in the bill. There will be other opportunities at other stages to comment on those matters that are not dealt with today. In addition, other members on this side who have been following the work of the committee will also want to make their contributions.

One of the first surprises I received when I began to look at the NAFTA is that the NAFTA re-enacts the FTA, and, if the NAFTA is passed, the FTA as such is in suspension because all the provisions of the FTA have been carried forward and are included in the bill. When we are asked to vote or make a decision on the NAFTA, we are also making a decision on the FTA.

The point is made very clearly in this useful booklet entitled *NAFTA — What's it all About?* published by the Government of Canada. It states on page 9:

• (1420)

> Canada and the United States have agreed that the NAFTA, with all of its improvements, will supersede the FTA. The NAFTA either incorporates by reference, replaces with trilaterally agreed improvements or makes generic all the FTA obligations between Canada and the United States. As a result, Canada and the United States were able to agree to suspend the FTA as long as they are both parties to the NAFTA. Essentially, the rights and obligations set out in the FTA remain in effect, but in an updated and improved agreement.

Therefore the NAFTA does incorporate all the obligations of the FTA, and Parliament is again asked directly to confirm the provisions of the FTA itself.

The reason for this approach is that, because it is a trilateral and not a bilateral agreement and because the wish was to create an outward looking appearance or invitation to other countries, the agreement was structured in such a way that it would be open to accession to other countries, and other countries could join the trilateral agreement.

Honourable senators, another interesting aspect of this agreement is that unlike the FTA, which was an agreement between two developed countries, the NAFTA is an agreement between two developed countries and a large developing country with a rapidly growing labour force and a rapidly growing population. Mexico has a very large population of a young age and an addition of at least one million entrants to the labour force each year.

It is a complicated challenge for all the countries to undertake an agreement that will create the same obligations, generally, for countries in differing stages of development. Perhaps this aspect of the arrangement has not been as fully explored as it ought to have been in our committee hearings up to date.

Senator Stollery has repeatedly referred to the fact that the income per capita in Mexico is $2,490, against the United States income per capita of $21,790, "...with the difference

being not only in the income but also the rate of distribution." Senator Stollery made these statements during a hearing of the Foreign Affairs committee on May 11, of this year. He also said "This means 80 per cent of that $2,490 will go to 20 per cent of the people." In any event, some of these points will come to the fore as I continue my remarks.

It is commonly acknowledged, and it has been stated by Senator Lynch-Staunton, that the President of Mexico initiated a request for a free trade arrangement with the United States. This request stems from a fundamental change in attitudes by the Mexicans and stems from clearly articulated objectives on the part of the Mexican government.

As honourable senators know, at one time in its history, Mexico attempted to transform its economy through large earnings from the production of oil. It attempted to transform itself into a world producer on the crest of the oil boom.

• (1430)

Of course, oil prices collapsed, and in 1982 Mexico was in a deep debt crisis which was examined by a committee of this chamber. In order to recover from that debt crisis, the government of Mexico undertook dramatic reforms, attempted to establish a market economy, and the result was impressive gains on trade and industrial development.

As one observer states:

> ...it was clear to Mexican leaders that a yawning investment gap still remained. Because not enough domestic savings were available to fund new enterprises, the only answer was foreign capital...the free-trade agreement was thus conceived by Mexican leaders as a way to give these investors confidence. If the reforms could be enmeshed in a treaty with the United States, and if that treaty would also guarantee duty-free access to the U.S. market in the face of possibly growing protectionist sentiment, then industrialists would overcome their fears and decide to set up shop to take advantage of cheap Mexican labour.

Another commentary on this process in Mexico was made before the U.S. Senate a few weeks ago by Lester Thurow, the Dean of the Sloan School of Management at MIT, who said, as he recounted the driving forces behind the FTA:

> And the third driver is the huge change in Mexican attitudes.
>
> If you said: Why didn't American firms go to Mexico 20 years ago, there is a simple answer. Who invented the phrase, "Go home, Yankee"? The Mexicans. Who has the nastiest word in the world for Americans — gringos? The Mexicans.
>
> The Mexicans believe in socialism. They overtaxed and overregulated foreign business. They would not let foreigners own 51 per cent of a company. You could not bring in foreign managers and they literally threw stones at you, which was the reason why Americans did not go to Mexico — not the relatively low tariffs.

Then he goes on to say:

> If you look at the Maquilladora projects, the Mexicans now say "Come to Mexico, and if you will export 100 per cent back to the United States so you do not compete with Mexican industry, no taxes, no regulations, own 100 per cent, operate in dollars, use American managers. And we will give a parade after it is all over."

That is a very important, different set of attitudes, says Mr. Thurow. One asks why Canadians did not go to Mexico. In the committee, we were rebuked or reproached by a number of witnesses, particularly Professor Weintraub from the University of Texas who told us that, because of NAFTA, we may now have awakened after all these years from our indifference and neglect of Mexico, and that NAFTA gives us an opportunity to learn that which Americans learned earlier.

In describing what happened, I should also like to quote another witness who appeared before our committee, Dr. Cohen, who said as follows:

> I should like to characterize this agreement as an investment agreement, rather than a trade agreement...
>
> Many people felt that you would not get any surge in investment in Mexico without a change in the legal arrangements between the United States and Mexico and the agreement including Canada. That is a major change, namely that the agreement would provide the safety and security for investment that we have not had...there was not the openness in the Mexican market that provided for real integration of Mexico into an entire northern American range of operations. Given the ability to do that at this point under NAFTA, and under the additional security that is offered for investment, not only are there Mexican incentives in terms of loosening up the previous rules of the game, but the ability of investing in Mexico at much lower cost and using a labour force that has changed considerably from the early 1980s. Roughly a third of the workforce in some of the electronics or auto is university-educated. People are fairly sophisticated and can operate the latest state of technology.

As I listened to the witnesses before the committee, there was a convergence of view as to the causation of this North American free trade agreement.

Robert Clark, the deputy chief negotiator of NAFTA, in his extensive testimony, generally supported the process that I have briefly described. It was driven by Mexico. It was driven by the need for foreign investment and, apart from the

political considerations, it was received in the United States because the changes that had taken place in the economy in Mexico would now be consecrated, made permanent and cast in the form of a treaty which could not easily be altered by an incoming nationalist government.

Honourable senators, I have been trying to find out what is the significance of the NAFTA for the United States and for Canada, in economic terms. The Deputy Leader of the Government put the answer in the form of a rhetorical question yesterday when he said, "Who can ignore the huge advantage in placing Canada within what will be the largest integrated market in the world?" That has a sound to it that will inspire acquiescence, if one does not continue a process of analysis.

I think it is easy to go overboard in pumping up the significance of this enactment, if only because, in his speech, Senator Lynch-Staunton has already reminded us that the process of globalization and North American integration is already under way. Quite a number of witnesses would argue that it will be under way with or without NAFTA; that we are destined to reap the benefits of integration no matter what we do, just as we cannot escape its disadvantages no matter what we do.

My own view at the moment is that the test of the usefulness to Canada of NAFTA will not rest in examining the macroeconomic models which register gains overall for the Canadian economy, but in an examination of the specifics in the detailed provisions as they affect various sectors of the Canadian economy.

• (1440)

One witness to the U.S. Senate committee studying NAFTA offered the following perspective of the aggregate effects on the American economy:

> ...let me put some of these numbers in context. First of all, there are not huge gains in Mexico to be gotten. The Mexican economy is 5 per cent of the American economy, and that is one year of good growth in the United States, even if American firms were to sell everything in Mexico, which they will not.

Professor Weintraub, whom I have already quoted, gave us a long list of macroeconomic studies that had been made in the United States. He said:

> The conclusion which almost all of these studies reach is that the effect on jobs in the United States would be negligible. Most of them —

That is, the studies —

> — think it would be slightly positive by about 20,000 or 30,000, and that is negligible in the U.S. economy.

He went on to say:

> In a good year the United States adds two million jobs. Even in bad years we do that. Therefore, these figures get lost in the rounding.

That is the impact that was foreseen on a superficial level, I think, by certain observers.

Mr. Ritchie, the deputy negotiator of the FTA, made equally cooling-out comments. He said that Canada's major trading partners, after the U.S., are Europe and Japan, that 99 per cent of exports under NAFTA will be to the U.S. and therefore, for Canada the trade with Mexico will be negligible.

Honourable senators, I find it difficult to forecast or to find any reliable forecasts on the impact on the Canadian economy. We are told that macroeconomic models in Canada would suggest that the overall effects on the total economy will be negligible. I thought that the witnesses who appeared before the committee were much more comfortable in dealing with the generalities, in dealing with the overall benefits of free trade and in supporting an open economy and the trend to globalization. They seemed to be very comfortable with that. They were less comfortable in dealing with some of the hard questions that arise with respect to the potential effects on certain sectors of the economy. For example, in clothing and automobiles, they were more comfortable dealing with the labour force as a whole than with the impact on affected sectors, particularly low-skilled labour.

In the booklet to which I have referred, the Department of Finance boxed this sentence:

> Canada thus has a competitive edge in the production of high productivity and capital intensive goods, while Mexico has a competitive advantage in the production of goods intensive in low-skilled labour.

The assumption there is that whatever loss we may have in jobs will be the movement of low-skilled, low-paying jobs from the United States and Canada to Mexico. I am not so sure that is the case and I am not so sure that there is the close link between productivity and wages which has been suggested.

In any event, honourable senators, the Standing Senate Committee on Foreign Affairs has reported on its study in an effort to monitor the free trade agreement. What effect has the free trade agreement had on the Canadian economy? We concluded that we could not say. We could not say because the models which suggested the future for the free trade agreement were based on certain assumptions which had not been fulfilled and the efforts made since to determine the impacts, beneficial or otherwise, up to the present have not been successful. That includes the Royal Bank's study which

Senator Lynch-Staunton mentioned last night. It includes the C.D. Howe Institute study which grappled, to some extent, but not totally successfully, with methodological difficulties. We concluded that no one could say at this stage with any certitude, at least from an analytical, statistical point of view. Everyone has his own intuitions and his own anecdotes and the debate rages, but there is no set of data at which one can look which proves conclusively that the benefits have been significant or conclusively that the disadvantages have been significant. Maybe some day we will be able to tell. Some say that the debate will rage forever and there will be no definitive conclusion.

The committee summed up it views as follows:

> Forecasting models that attempt, *ex ante*, to determine the impact of trade liberalization can be constructed assuming all other factors remain unchanged.

We all know that all other factors do not remain unchanged.

> *Ex post* estimates of effect are more problematical, since other changes have occurred at the same time as those induced by the FTA. Weighing the trade liberalization effects against all the others may require arbitrary, subjective judgments. This necessary separation of FTA effects from those caused by non-FTA developments has not been seriously attempted by any of the commentators.

This is in response to the unjustified claims made last night by Senator Lynch-Staunton in favour of the FTA registering huge gains in export trade to the U.S., registering big investment in Canada. That is all true, but it cannot be demonstrated that that is attributable to the FTA because there are a whole host of other factors in operation which no one else has segregated and analyzed. Our committee said, "Let's get to it. Let's get down from generalities to sector-specific studies so that we will get a grip on what the impact is on the Canadian economy."

We have an election coming up and we know what the debate will be like. It will rage on both sides and it will be basically rhetoric, intuition and anecdotes, rather than hard analysis or studies that would meet the test of a Senate committee, which some might regard as not a very rigorous test, but at least it is more rigorous than any that have been employed to date.

I thought some comments made by one of the Canadian witnesses, Dr. Grinspun from York University, ought to be at least examined by people who are interested in NAFTA. He said:

> The balance of economic benefits and costs of the NAFTA...is very much tilted toward benefits toward the transnational corporations and there is not enough effort and mechanisms to spread these benefits to wider sectors of the Canadian population.

• (1450)

> Overall, this kind of agreement, the NAFTA, promotes a model of economic development which is not appropriate for Canada rather than promoting the more qualified, less adversarial working force. We are putting ourselves —

This is the key point...

> — in a situation where corporations that are integrating across North America are using this as a tool to create a very adversarial situation of industrial relations and lower wages and lower costs based on lower cost of labour.

He made a most interesting contribution to our testimony when he referred to a chart from the OECD applying to Mexico, published in 1991-92, which shows that real wages in Mexico have gone down consistently for seven years, from 1982-89, and productivity went up and down and basically remained the same. He says:

> Basically this tells us that wages are not necessarily linked to productivity. Consequently there is the argument that says, "We will not have many job losses in Canada and the United States because low salaries in Mexico mean lower productivity." Consequently, except in very labour-intensive production, there is no incentive for the corporation to move operations to Mexico.

Grinspun concludes:

> What these data show is that the argument is weak.

My own view, and it is based upon intuition and some exact studies and very good reasoning, is that it is not possible to dismiss airily, easily or without concern the implications for the United States and Canada of a huge labour pool in Mexico with unemployment of 20 to 25 per cent — although official figures say 3 per cent, the testimony we have is that it is 20 to 25 per cent — with relatively low wages in comparison to Canada and the United States, and in certain sectors with a highly motivated, educated workforce, whose productivity is as high in certain instances, if not higher, than workers in the United States and Canada. We must remove from our minds the image which says that this is a society with no sophistication, no technological expertise, and little education. There is a lot of that, but there is a lot of the other as well.

Let me refer to a witness, Mr. Harley Shaiken, whom we did not have at our committee and whom I should like to have if we can get him. He is a labour analyst and a visiting professor at the University of California-Berkeley. He has done studies on wages in Mexico. He referred to the fact that American wages have dropped in real terms by 13 per cent since 1969.

That is a trend that other witnesses, in the United States particularly, have pointed out. Real wages are declining and have declined in the United States. In the April 28th, 1993 edition of the *Technology Review*, Mr. Shaiken says:

> Mexico's low wages could add to the significant downward pressure on U.S. wages already occurring as the United States integrates further into the global economy. Given such pressure, it is hardly surprising that U.S. workers have seen real earnings drop by 13 per cent since 1969.

When you touch the question of wages, there are certain automatic responses that almost prevent further examination. One is to say: If that is such a big factor, why did industries not locate in Haiti or Portugal? Why did they not go there if wages are the attraction? Why is it certain surveys have said that labour costs are not in the elements of production? These points have been made by the Minister of International Trade. They must be considered.

There are contrary points or other points which may not be totally contradictory, but must also must be considered. For example, Mr. Shaiken said:

> A 1992 *Wall Street Journal* poll confirmed that NAFTA could reinforce this trend, as one-quarter of 455 leading corporate executives said they are either "very likely" or "likely" to use the treaty as a bargaining chip to hold down wages, and about 40 per cent maintained that they may move at least some production to Mexico within the next several years. Indeed, in the early 1980s, many large unionized U.S. companies sought to downplay their investments in Mexico; in the 1990s, they take union leaders on tours of Mexican facilities.

Whatever we may say about the process of integration taking place, it is clear that the NAFTA will give it a powerful impetus. All are agreed on that point. Witnesses from the government have testified to that. They have said there has been a burgeoning of interest by Canadian business in Mexico. The imprimatur of relocation is now provided for by the government.

On that point, Mr. Shaiken says:

> Only a few plants need to relocate to produce a large demonstration effect. In 1987 Zenith's 1,600 remaining U.S. manufacturing workers in Springfield, Mo., accepted an 8.1 per cent pay cut and a five-year contract, among other concessions, to avoid losing jobs to Mexican workers.

To explode the theory that this is a workforce that is unsophisticated in every sector, I quote the following:

> A new generation of high-tech Mexican plants in industries from computers to automobiles rival the productivity and quality levels of the best Japanese plants.
>
> Mexico has become the third-largest exporter of passenger cars to the United States, trailing only Japan and Canada and shipping close to 360,000 units worldwide in 1991. Mexico's exports of automobile engines — among the most difficult units to manufacture because of close tolerances and the need for sophisticated production technologies — soared from $30 million in 1980 to $1.2 billion in 1991, and they promise to rise higher in the coming decade.

The point of these quotations is to illustrate or demonstrate that there is high productivity in Mexico.

Mr. Prestowitz, the President of the Economic Strategy Institute, in the same issue of the *Technology Review* said the idea behind the NAFTA negotiations was that:

> Any costs of a free-trade movement would be small and primarily entail movement of low-wage, labour-intensive industries south of the border — the high-wage, high-productivity work would stay in the United States.

He goes on to argue that this notion that low wages in developing countries are primarily the result of low productivity is not necessarily true. The argument is that low wages in Mexico will continue despite rising productivity and that there will be some improvement over time from $1.20 an hour. The improvement will be very slow and certainly will not rival wages in Canada and the United States. Honourable senators, I believe that we ought to pay some attention to this particular argument.

I referred to Lester Thurow who, as I said, is a former Dean of the Sloan School of Management. He is well known to people who follow economic matters on television and elsewhere. He has made some comments in testimony before the United States Senate. I would refer you to one or two of these comments. He begins with the assumption that there may be a net gain to the United States as a result of the NAFTA — not a great gain, but there still will be large losses. He goes on to say:

• (1500)

> In truth a lot of jobs will move to Mexico and a lot of Americans will work for lower wages as a result of the integration.

He goes on to add that the arrangement with Mexico:

> "...will speed up a process that is already underway", including the increase in the percentages of American males and young women between 18 and 24, who experience a decrease in earnings over time.

He goes on to say:

> While the top one-third of the labour force is world class, the bottom two-thirds is third world in terms of their skills, and in a global economy, in accordance with the theory of factor price equalization, will make third world wages even though they live in a first world country.

The argument that he is making is clear that the existence of low wages in Mexico is bound to have an impact on the wage situation in the United States and Canada as a result.

Honourable senators, I am tempted to follow up this analysis by referring to another witness who impressed the committee because he descended from the realm of generalities and moved into the concrete world of second sector analysis. He attempted to analyze the impact of the NAFTA on Canada and the United States, as a result of the situation in Mexico. I recommend that honourable senators take a look at the entire testimony of Dr. Robert Cohen, but I take the liberty of quoting a number of extracts to give you the flavour of what his argument concerns. He testified before the Foreign Affairs committee on May 19, 1993, and said as follows:

> According to my conservative estimates, based upon announced patterns of investments in key Mexican export industries, and not allowing for significant surge in investments after NAFTA, the U.S. economy could lose between 32,000 and 222,000 jobs by the eighth year of NAFTA... Once export-oriented production in Mexico gains a full head of steam, adjustments problems in the rest of North America would increase. The losses could easily be double this level if less conservative patterns of investment than the one I assumed actually occur. The adverse impact on Canada could be proportionately greater than in the United States because of the central role of autos, textiles and food processing in the Canadian economy.
>
> I believe that Canada's industrial base will have to face many of the changes that are likely to affect the United States. These include, first, the rapid growth of Mexico's auto and auto parts sector to a size that will most likely make it one of the world's more formidable centres for auto production.
>
> Second, a large increase in Mexico's apparel production, including the export of modern style garments.
>
> Third, a significant increase in Mexico's role as a processed food exporter to the rest of North America.
>
> Fourth, a resurgent Mexican role in electronics, including computers and communications equipment.
>
> I have estimated that 30 to 50 U.S. parts firms will invest in Mexico during the next year...If these investments are successful, they could sound a death knell for much of Canada's auto parts industry. If this base is eroded due to a relocation of many parts operations to Mexico by the U.S. Big Three and Japanese auto firms, much of Canada's and the United States' auto assembly operations might be at risk after the first 10 years of NAFTA, or even earlier.

He then goes on to talk about the emergence of the textile centre in Mexico, the electronics industry, and so on. He concludes by saying:

> These results are derived from a series of careful investigations at an industry-specific level.

At a certain point I asked him to talk again about the impact of this wage situation in Mexico. He said:

> I do not think you have very good analytical research that will give you a handle on those questions, because many of the papers that have been done so far do not address those issues... I think that the industries that are global will increasingly look around the world to the better locations within a specific region. Under this agreement, Mexico becomes much more viable as a centre to serve the North American market.

I wish to conclude this section by referring to the automobile industry, because it attracted my attention. Maybe his interpretation is false, but at least it is worth examining. He says:

> There are special arrangements under the auto part of the NAFTA that provide that any company that does not presently operate a particular model line in North America, the U.S. and Canada, would get exemption from the Mexican content rules and have to meet a 50 per cent level instead of a 56 or 62.5 per cent content level.

He describes these provisions as the "green-field provisions", which will be particularly attractive to producers in Japan and Europe, who can take advantage of the North American market with lower content rules because of this provision for Mexico, and will be able, for example, to

assemble — according to his reasoning, — automobiles and still import engines. If this is true it will become a very important consideration of the impact of the North America Free Trade Agreement.

• (1510)

I have talked at some length on this point of the wage-cost factor in an effort to try and understand it better myself but also to take into account the concerns that are more frequently expressed in the United States than in Canada. I do not think we have done the same close examination of what may happen to us under this agreement as has happened in the United States. Mr. Thurow, to whom I refer again, made an interesting comment in his testimony with respect to Canada. He said:

> I was talking to a large Canadian company recently. They have a facility in Mexico where they pay $1.05 an hour. They make the same product in Toronto where they pay $13 an hour. And their Mexican productivity and quality is exactly the same as their Toronto productivity and quality. And we know what is going to happen to that Toronto facility.

Honourable senators, it seems to me that, when expert individuals are sounding the alarm bells, we ought to be asking more clearly about the impact, not necessarily the overall impact of the free trade agreement, but the adverse impact it may have on particular sectors and what adjustments are necessary in order to cope effectively with the free trade agreement.

Honourable senators, I have quite a number of other comments to make on the NAFTA, but I think I have explored the subject to the tolerance that will be accepted today by members of the Senate.

Hon. John B. Stewart: Honourable senators, I do not know how to interpret Senator MacEachen's last remark. Does he detect that the Senate has had enough for the day on this topic or does he mean that the Senate has had enough from him on this topic?

Senator MacEachen: From me.

Senator Stewart: I see. If honourable senators find that another speech from this side is really too much, perhaps they will send me a signal in some polite way and I will cease and desist and move to adjourn.

By means of Bill C-115 the government is asking the Senate to approve the North American Free Trade Agreement and to take the legislative action necessary to implement that agreement. The government's intention, I understand, is to have the bill pass the Senate within the next two or three weeks, certainly before the end of June. After the bill passes this house, whether or not the agreement will go into force will be a matter to be decided entirely by the cabinet. This is Parliament's last opportunity.

At this very time, however, negotiations are in progress on what are called "side agreements". Without side agreements acceptable to the United States Administration and Congress, the NAFTA will not be approved and implemented by the United States.

We know that Mexico wants the agreement to become effective. It was Mexico that proposed the agreement between itself and the United States. Mexico proposed the agreement as an integral part of its government's new national economic policy.

What was the goal of the Mexican government? Let me quote what Mr. Robert Clark, Canada's Deputy Chief Negotiator, told the Foreign Affairs Committee on May 11, 1993:

> It was Mexico's domestic reforms that lead them to the logical conclusion that they had to secure their access to their largest market, the United States, which purchases over 75 per cent of Mexico's output. It was Mexico's market-oriented reforms, which went back to 1985-86, that brought them to the conclusion that they needed to attract investment in order to create the jobs necessary for the demographic bulge of Mexican youth that was working up through the population....

According to Mr. Clark, in 1990 over 50 per cent of the Mexican population was under the age of 15 and over 1 million persons were entering the labour force annually. To meet this formidable challenge the Mexican government undertook various reforms designed to increase investment, production and the volume of exports. But they foresaw a danger. The danger they foresaw was that the success of their efforts in increasing production and exportation would evoke a protectionist reaction in the United States. Let me quote what Mr. Clark told us:

> Mexican policymakers were concerned that what they had to fear most was success, because the more successful they were in the United States market, the more likely the United States governmental system would be susceptible to protectionist pressures. In order to guarantee that access, they needed to enter some kind of codification with the United States.

When the President of Mexico proposed a free trade agreement between Mexico and the United States, the Bush administration responded favourably. It did so for several reasons. Let me mention three of those reasons.

One reason was political and geostrategic. Those Americans who concern themselves with such considerations saw a free trade agreement with Mexico as likely to foster and sustain a prosperous and friendly society on their southern border.

Another reason related to population migration. There was a need to address the illegal immigration problem in the border states. We were told that during the negotiations the Mexicans again and again publicly said, "You either take our products or you take our people." According to Mr. Clark, the Deputy Chief Negotiator for Canada:

> From the viewpoint of the stability of their southwest and the labour market in the southern United States, the U.S. administration was attracted to the prospects of creating enough economic stimulus in Mexico that jobs would be created in Mexico. The more jobs that where created there, the fewer of their people would be enticed to immigrate illegally into the United States.

• (1520)

Yet another reason was the attraction of a trade agreement for some American companies. Over the years, certain major corporations had developed a great deal of brand name identification and loyalty in the Mexican market. Those companies were attracted by the prospect of a stable and prospering environment in Mexico within which to invest and to do business.

For these and other reasons, the Bush administration responded favourably to the Mexican initiative. So then what was Canada to do? Why did Canada want to become involved? Why did Canada prefer one trilateral agreement to two bilateral agreements? We were told that those who advised the Government of Canada had asked themselves two basic questions: First, how would a bilateral United States-Mexican agreement affect Canada? The conclusion of those who advised the Government of Canada was that the consequences of a bilateral agreement between Mexico and the United States would be strongly adverse for Canada. Second, they asked themselves whether the adjustment burdens imposed on Canada by a trilateral agreement would be heavy. Their answer to that question was in the negative. Canada, they argued, already had undergone the adjustments consequent upon a free trade agreement with the United States. There would be relatively little in the way of adjustment burdens as a consequence of a trilateral agreement.

From this analysis we can draw conclusions as to both the nature of the motivation and the level of the motivation behind the North American Free Trade Agreement in each of the three countries. The level of the motivation in Mexico was very high; the level of the motivation in Mexico remains very high, at least in government circles.

For evidence of that, I suggest honourable senators turn to the *Toronto Star* for last Friday, May 28, and read there a story out of Washington concerning the Mexican lobby in favour of the agreement. That story states, in part:

> Mexico paid for the most expensive lobby campaign by a foreign government in American history on behalf of the Canada-U.S.-Mexico free trade deal, says a new study.

That study was conducted by the Non-Profit Centre for Public Integrity. The centre reported:

> Some of the biggest movers and shakers in the Washington lobby scene have been paid fees up to $5.4 million in this massive effort to influence American political opinion...
>
> To comprehend the sheer dimension of this effort, it should be noted that to date, pro-NAFTA expenditures by Mexican interests, already exceed the combined resources of the three largest, best-known foreign lobbying campaigns waged in Washington during the last quarter-century.

The three include the Kuwaiti operation, relating to the Iraqi invasion; Japanese efforts to influence public opinion after Japan sold electronic equipment to the Soviet Union, and gifts and moneys paid by a south Korean rice broker to members of Congress.

The article also says:

> No similar study has been done to determine how much Mexican government and private interests have spent promoting the North American Free trade Agreement in Canada.

I mention this not to criticize the Mexican government or Mexican interests; if that is the way business is done in Washington, if that is the way one gets what one wants in Washington, presumably the Mexicans, like the Japanese and all the others, have to conform.

We were told by an American witness the other day that American lawyers and lobbyists are more than happy to have this business. My point is that here we have evidence that the motivation of the Mexican government for the NAFTA is extremely high; it really wants this deal.

What is the situation in the United States? I think it is fair to say that in the United States the level of motivation is high among those concerned with the economic and political future of their southern neighbour. For those who are concerned with illegal immigration, the motivation is high. Motivation is high also in the case of some companies. On the other hand, those who fear the competition of a flood of imports from Mexico and the loss of jobs in the United States oppose the agreement. They oppose it strongly.

In contrast, in Canada, much of the motivation in favour of participation in the NAFTA seems to be defensive. If there is to be a United States-Mexico deal, the government wants Canada to be included. The government wants Canada to

avoid being one spoke in the hub-and-spoke system which would be created by separate bilateral agreements between the United States and each of several north and South American countries. In addition, various Canadian companies want to see a stable market-oriented environment in Mexico. They want to invest there, they want to produce there, and they want to export from there.

It was as a result of this multitude of diverse motivations that the North American Free Trade Agreement was signed by the three administrations.

What is the situation today? The Americans now are demanding side agreements, specifically side agreements on labour and on the environment. This demand for side agreements raises important questions for Canada. We should ask ourselves how far we should go in agreeing to let the way Canadians produce goods in Canada be determined by the United States and Mexico. We should ask ourselves how labour standards and environmental standards across the three countries will be harmonized. For example, will there be minimum wage rules? Will there be minimum benefit rules? Will there be a standardization of the type of contribution that companies will make toward medical care and unemployment insurance, either through taxation or by company insurance programs? Will there be a common set of factory safety rules? Will there be a common set of mine safety rules? Will there be a common set of farm safety rules? We should ask ourselves to what extent Canadian exporters will be held responsible for river and ocean pollution caused by the municipalities in which those exporters are located.

The Hon. the Speaker *pro tempore*: Honourable senators, if the honourable senator will permit, I should inform the Senate that his period of 15 minutes has expired. Does the honourable senator have leave to continue?

Hon. Senators: Agreed.

Senator Stewart: The endurance level is higher than Senator MacEachen anticipated.

• (1530)

Let me pose another question that Canadians ought to be asking. If a provincial government, for example, the provincial government of Quebec or the provincial government of Manitoba, proceeds with a hydroelectric project, will the companies that use that electricity in producing goods for export be liable to penalties imposed by the United States at the border by reason of alleged environmental pollution?

Again, how will the supranational bodies that will police the labour and the environmental rules be constituted? What powers will those bodies have to inspect, to enter plants, to go into factories, to look at municipal facilities? What powers will these enforcement agencies have to hold enquiries and to subpoena evidence?

Then there is the great question of enforcement. The United States has made it clear that it wants the side agreements to provide for trade sanctions as a means of enforcing conformity to whatever labour and environment rules or codes are achieved. The argument for the inclusion of the trade sanctions is an attractive one. That argument is that the sanctions will serve as an effective means of protecting companies and workers in the United States from the consequences of low labour and environmental costs in Mexico. There is a parallel Canadian version of that argument, but there is also a strong resistance in Canada to the idea of trade sanctions.

The argument against trade sanctions in the side deals depends on the following analysis: Canada depends far more on production for export than does the United States. Consequently, a trade sanction imposed because of an alleged labour or environmental offence will have a far more serious impact in Canada than in the United States. The consequences of a penalty imposed on Canadian exporters would be far greater than that of the same penalty imposed on the United States exporters.

The Standing Senate Committee on Foreign Affairs, at its meeting on May 25 last, heard from Mr. Thomas d'Aquino, the president of the Business Council on National Issues. Mr. d'Aquino told us that the council is strongly opposed to the use of trade sanctions as part of either an environmental code or a labour code. He said:

> It is dangerous. It will come to be abused, I am sure.

Later on in his testimony, he said that the BCNI does not accept:

> ...the idea of a supranational institution that will impose in some extraterritorial fiat fashion decisions upon us because we are, after all, a sovereign country. This is not the European Community; this is not a customs union. We are simply three sovereign countries that have signed a free trade agreement.

When Dr. Richard Lipsey, one of the great advocates of the free trade agreement, was before the committee on May 19, he was equally emphatic. He said:

> I violently oppose the use of trade sanctions to enforce environmental or labour codes. I think this is very, very dangerous. We will see a coalition between the protectionists and the environmentalists, and I think Canadian policy on the side deals should strongly oppose them. Indeed, if it were just Canada and the United States, I would say that this is the walking-out point. We are in a three-way agreement and it is very difficult. I think the side deals are, first, unnecessary, and second, if we allow trade sanctions we are giving the Americans carte blanche to operate against us sanctions that will have far more power than the sanctions we could ever operate against them.

When we asked him if it was not conceivable that American labour and environmental practices could bring on trade sanctions against the United States, Dr. Lipsey replied that the relationship between Canada and the United States is asymmetrical; that our sanctions would not mean much to them. In contrast, their sanctions would mean a great deal to us.

When asked if he would walk out, he replied:

> You asked me if we are committed to staying with these side deals and sanctions, or whether we should abandon the whole thing. I would have to see them. I just do not know where I would come out.

That from Dr. Richard Lipsey, famous advocate of the free trade agreement with the United States. He does not know where he would come out on the question of whether or not to go ahead with the NAFTA. He does not know, because he does not know what would be in those side agreements.

Dr. Lipsey followed up that evidence before the committee with a piece in *The Financial Post* published on May 27. It was written in collaboration with Murray Smith of the Centre for Trade Policy and Law here in Ottawa. What did these two authors, both strongly in favour of free trade, have to say? They said:

> Trade sanctions are asymmetric in their effects. They are a strong tool for the U.S. but a weak tool in Canadian and Mexican hands. The reason can be seen at two levels. At the aggregate level, exports to the U.S. account for over 20% of Canadian GDP and about 15% of Mexican GDP. In contrast, exports from the U.S. to Canada and Mexico account, respectively, for only about 2% and 0.5% of U.S. GDP.
>
> At the company level, a Canadian- or Mexican-based firm serving the whole North American market will typically export a high proportion of its total output and so be heavily exposed to trade sanctions. In contrast, a U.S.-based firm selling in the same market will typically export a small proportion of its total output and so have much less to lose from sanctions.

They go on to argue that trade sanctions will be used as a form of non-tariff barrier against free trade. They tell us that trade sanctions linked to environmental and labour codes will become a stick with which the United States can beat Canada and Mexico. They say that the European Community avoided the use of trade sanctions.

They go on to conclude with the following statement:

> A similar avoidance in NAFTA is so vital that it should be a walking-out matter for Canada and Mexico.

So there we have it. That is how serious the Business Council on National Issues and Dr. Richard Lipsey and Murray Smith regard this matter of trade sanctions.

• (1540)

Obviously, the negotiations now in progress are of the greatest importance. Yet, the government is asking Parliament to approve the NAFTA, even though Parliament does not know the content of the side agreements.

Mexico is anxious for the agreement to be implemented. We understand why. Mexico will try to meet the American demand. They have every reason to strive to meet the American demand. The United States is in the position to push hard for side agreements acceptable to business, environmental and labour interests in the United States, and all those who represent those interests in the Congress.

But here in Canada we are being asked to go ahead. We are being asked by this bill to give the government the right to decide — the power to decide — whether or not the agreement will come into force. We do not even know who will form the Government of Canada three weeks from today. We do not know who the Prime Minister will be. We do not know who the Minster for International Trade will be.

Senator Stollery: We know who it won't be.

Senator Stewart: I do not think we ought to trivialize this. This is important.

Parliament is being asked to confer upon the Governor in Council the right to make the ultimate decision on a matter of great importance. The Senate at this point does not have the necessary information, and we do not know who will be the government.

Surely, this is wrong. Surely, the Senate ought to have firm information about the content of these side agreements. In particular, it ought to demand to know whether there are to be trade sanctions for alleged breaches of the labour and environmental codes before this power is conferred.

The American Senate would never proceed to make such an act of faith in an unknown administration. Why should we? I say that quite apart from any other reason why we should examine this bill carefully. There may be clauses which ought to be amended.

However, aside from that, even if the agreement itself were perfect, there is this question of the content of the side agreements on which the Americans insist. We ought to proceed with caution and prudence.

Some Hon. Senators: Hear, hear!

Hon. Douglas D. Everett: Honourable senators, it is a cliché of economics that Canada is a trading nation. Among the industrial countries of the world, I think Canada probably devotes more of its gross national product to foreign trade than any other country.

Therefore, it seems to me to be axiomatic that anything we can do to enhance trade amongst nations in which Canada is involved would make very good sense. For that reason, I support the North American Free Trade Agreement and its implementation. I support it especially at this time because the dangers of Canada's current account deficit position and the dangers of foreign borrowing are so serious for Canada. If something is not done, we could be in grave trouble.

On April 27, Senator MacEachen made a speech which rebutted a speech of mine made on March 4, during which I tied the curing of the current account deficit to the reduction of the budgetary deficit. He invited me to correct a misunderstanding that he had of my speech. I think that I can correct that misunderstanding, although I am somewhat tentative about arguing with Senator MacEachen with all his knowledge of economics. I will try to clear up the difference between us.

First, I would like to thank Senator Bosa for his thoughtfulness in trying to continue the inquiry that we were debating before the Senate so I could reply to Senator MacEachen. In my view, Senator Bosa epitomizes the courtesy that I have associated with this chamber over so many years.

What did I mean to convey in my speech? It seems to me that there are two problems Canada faces. One is the budgetary deficit, and the other is the current account deficit.

Dealing first with the problem of the budgetary deficit, by which I mean the shortfall of government revenues against government expenditures. We probably could cure the budgetary deficit. There are two ways to do it. The first is to cut expenditures. I am sure that if I had dictatorial powers, I could find a way to cut expenditures to the extent that there would be no budgetary deficit. It can be done in a ruthless manner. It will not be done that way, but it is interesting to note that the electorate today is willing to countenance reductions in expenditures, provided that they are applied fairly.

One has to ask whether there really is the political will to reduce expenditures. I find that somewhat hard to believe and, in any event, the reduction of expenditures would only be a partial solution to the problem.

It is clear that to solve the problem of the budgetary deficit, we would have to increase government revenues. It is getting more impractical in Canada to raise taxes. At the present time, taxes account for 40 per cent of our gross domestic product; compared to 30 per cent in the United States.

Therefore, if we cannot achieve a balanced budget through the reduction of expenditures, and we cannot achieve it through the increase in taxes, what can we do? It is clear we must increase activity in the economy. Through that activity we must thereby increase the tax revenues on the basis of the present tax regimen. As a consequence of that increased activity as well, we will find that we reduce government expenditures on such programs as unemployment insurance.

We must do that and maintain low inflation at the same time. That is the trick. However, the other problem is the dangerous one — the current account deficit.

• (1550)

In his speech, Senator MacEachen defined the current account deficit; I think it is probably as good a definition as I have come across, and I will read it to you.

> We can define the current account deficit as the difference between payments Canada receives from abroad and the expenditures Canada makes in bringing in or buying foreign goods and services and interest payments to foreigners holding Canadian debt. We know that the current account deficit has become quite large recently; in 1992, it totalled $28.56 billion. We can divide this figure into four main components: First, merchandise balance, which is usually a surplus. We usually have a surplus on our merchandise account, and that was almost $10 billion in 1992. In trade in services, which is another component, we typically have a deficit, which amounted to $13.39 billion in 1992. A further component is interest payments on foreign debt which, in 1992, amounted to approximately $25 billion. Finally, there is a small positive component of $24 million called net transfers.

That $28.56 billion of current account deficit must be financed by foreign borrowing. The capital account and the current account must balance out to zero. Central bank policy is based on the balancing effect of the capital account.

What does that mean? It means that the current account deficit determines the minimum amount of in-flows of capital into Canada. Therefore, if the current account deficit is increasing, our foreign borrowings are increasing.

Our international debt at this time is $272 billion, 40 per cent of gross domestic product. That creates a vicious circle of deficit and debt, because we have to service that $272 billion of debt with interest payments that are out-flows that impact directly on our current account deficit.

Indeed, as Senator MacEachen said, in 1992, that interest payment, that out-flow on foreign debt, aggregated to $25 billion. The more that goes out, the greater the current account deficit, the greater the need for foreign capital in-flows in respect of our capital account.

If that continues in the direction it is going in, we risk the loss of foreign confidence in the Canadian dollar. The result of that would be, of course, that our currency, in relation to other currencies, would plummet.

So we have to reduce the current account deficit. The question is, how do we do it? We have to improve our trade balance in goods and services, thereby reducing our foreign borrowing and the consequent interest outflows.

My prescription would be to reduce the value of the Canadian dollar, most especially respecting American dollars. It is interesting to note that our parity pricing vis-à-vis the American dollar is still badly out of line, even though the Canadian dollar has come down from something like 90 cents to 79 cents.

According to the *London Economist*, in January 1993 the trade-weighted average of the Canadian dollar was 105.5 per cent of its level in 1985. By contrast, the trade-weighted average of the American dollar at the same point, January 1993, was only 64.5 per cent of the 1985 level. So the American dollar has adjusted to the realities of world trade. The Canadian dollar has not.

At the present time, inflation is low, so we have the luxury of increasing the money supply, which would have the effect of lowering the Canadian dollar in a controlled manner. With the way matters are going in respect of the increase in foreign debt to service an ever-increasing current account deficit, which is exacerbated by the interest payments on the foreign debt, I can guarantee you that the Canadian dollar, at some point, will plummet because of a loss of confidence of foreign investors.

The results of lowering the dollar in a controlled fashion would be to increase exports and reduce imports. We would also lower our services deficit. There would be less reliance on foreign borrowings and, therefore, lower debt-servicing costs.

One can ask then, as Senator MacEachen does, "How does that reduce the budgetary deficit?" Obviously, if we increase exports and reduce imports, that means, on both accounts, an increase in activity in Canada. There is more manufacturing of exports. There is more manufacturing of goods to replace the reduction in imports. There is more travel that goes on in Canada. Therefore, overall, there is more domestic activity.

Indeed, one only has to look at the recent figures to realize that the reduction in the Canadian dollar from 90 cents to 79 cents has markedly increased activity in Canada. That rub-off effect is having an effect on our domestic economic activity.

Of course, as a consequence of that increased domestic activity, the result would be an increase in revenues to the government under the present tax system without the necessity of raising taxes, and a reduction in government expenditures which result from the recession.

This can be done on a noninflationary basis. The central bank dropped the Canadian dollar from 90 cents to 78 cents in terms of the American dollar, and the inflation rate did not go up. In fact, it went down.

The Hon. the Speaker *pro tempore*: I must inform the honourable senator that 15 minutes have been used.

Does the honourable senator have leave to continue?

Hon. Senators: Agreed.

Senator Everett: I thank honourable senators. I only have about two more minutes.

The drop in the Canadian dollar from 90 cents to 78 cents was done without increasing inflation. We could bring the Canadian dollar into parity pricing with the U.S. dollar without an increase in inflation. It should be done for the reasons I have given. However, if it is not done, it will happen in any event and it will happen with disastrous results.

• (1600)

Our problem is not the budgetary deficit; our problem is the current account deficit, and that is what we must cure. The interesting part of it is that it can only be cured by an increase in our exports, and that increased activity will enhance other activity in Canada and, by virtue of that, it will impact on the budgetary deficit and do more to reduce it than anything else we can do.

On motion of Senator Stollery, debate adjourned.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.
>
> And on the motion in amendment of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Atkins, that Bill C-93 be not now read the third time, but that it be amended by striking out Clauses 35 to 72 inclusive, and renumbering the subsequent clauses accordingly.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I adjourned the debate on the amendment yesterday because I wanted to revise my notes, perhaps to shorten them, as a result of Senator MacDonald's intervention yesterday. I have not done that because the *Debates* were late. I did get my hands on the blues, but I barely got started.

Therefore, I am quite willing to yield to anyone else and then I will again adjourn the debate on the amendment. If anyone else wants to speak now, I will certainly yield.

Order stands.

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY BILL

SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Simard, for the second reading of Bill C-72, to establish the National Round Table on the Environment and the Economy.

Hon. Lowell Murray (Leader of the Government): I understand that Senator Hays wishes to speak to this order; since he is not present, perhaps you would want to stand the item.

Hon. Royce Frith (Leader of the Opposition): Yes, we would want it stood.

Order stands.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—REPORT OF COMMITTEE—DEBATE ADJOURNED

The Senate proceeded to consideration of the seventeenth report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled, "Canadian Citizenship: Sharing the Responsibility", presented in the Senate on May 6, 1993.

Hon. Nöel A. Kinsella moved the adoption of the report.

He said: Honourable senators, it was my privilege, on behalf of the Standing Committee on Social Affairs, Science and Technology, to table in this chamber on May 6 the results of our study on the concept, development and promotion of Canadian citizenship. Now that honourable senators have had an opportunity to examine this report, I wish to open the debate on this matter.

I am convinced, based on our study, that Canadian citizenship deserves much more attention, development and promotion. The challenge for our committee was to seek out and discover the means by which government can help to ensure that Canadian citizenship remains as precious and as valued for all 27 million Canadians as it will be for new citizens, to delineate the responsibilities inherent in citizenship, to grant Canadians the desire and the means to meet them, to codify the rights of citizens and to ensure that Canadians can access the institutions which guarantee them, and to offer to all Canadians the skills and know-how necessary to participate in the definition and execution of those rights and responsibilities. Those are the goals which we have attempted to help government meet.

Honourable senators, there may be those who would suggest that these topics are too ephemeral, too conceptual, to be properly dealt with in this forum. I beg to differ. Defining and enriching citizenship in this country is a greater challenge than merely enunciating platitudes of loyalty or teaching endless lists of facts about the number of cities or the height of the Rocky Mountains.

Making citizenship effective means making our national institutions accessible, defining the role of the individual citizen in the functioning of the country and providing the education and promotion programs which will instill in Canadians the desire and ability to fulfil their role as Canadian citizens to the greatest extent possible. To accomplish these things demands concrete action and practical recommendations, and that is what our committee has developed in the report.

I first wish to underscore the report's recommendation that Parliament enact a new Canadian Citizenship Act. As early as the 1991 Speech from the Throne, the government had indicated its intention to introduce such an act as part of a comprehensive approach to strengthen the value of Canadian citizenship. It is my submission that our report will provide the government with practical and fruitful ideas that will assist in the preparation of a new Canadian Citizenship Act.

Such a new act must speak to all 27 million Canadians, whether we are young or old, whether we have acquired our citizenship through naturalization or through birth. Such an act will serve to codify our shared values and visions. The preamble of a new Canadian Citizenship Act could be the statutory locus of the ideals and values brought forward by Canadians during the consultation rounds of last year's constitutional initiative.

In this preamble we could set out the values which Canadians have said they cherish most; the equality of women and men, a commitment to full participation in our country by all citizens without discrimination, the recognition of the historical rights of the aboriginal peoples within Canada, the importance of the bilingual nature of our country and the

contributions of peoples from many cultures and lands in building the nation that we cherish today. Most of all, we can entrench that quintessentially Canadian balance between the personal freedom we all enjoy and the personal and collective responsibility we require of one another.

Not every Canadian will find all the same things to cherish in this land, and we will have different symbols, poetry and prose that inspire us. This is not only acceptable for the purposes of a new act, but indeed it is one of the values most central to it; the diversity of thoughts, cultures and visions that collaborate in order to form this grand experiment called Canada.

Citizenship, then, is the vehicle by which diverse ideas and viewpoints may be brought forward by every Canadian to build upon and learn from the ideas and viewpoints of others. The role of citizenship is to ensure that every citizen may contribute to and feel a part of the synthesis of our national discourse. That synthesis, honourable senators, is what ultimately becomes our nation.

[*Translation*]

Honourable senators, trying to define the essence of Canadian citizenship has become a national pastime. The proximity of the United States and our symbiotic economic relationship with that world power may help us understand why Canadians try to differentiate themselves from their American neighbours.

Although this exercise may stimulate discussion and reflection, it would be useless to seek some kind of ideal. The important thing is to identify with our country, although this identification may be coloured by different outlooks and nuances with respect to the values we hold most dear. That may be the essence of Canadian citizenship.

The rights of citizenship are more apparent than the responsibilities. From what we were told by many witnesses, we perpetuate at our peril an unbalanced view of citizenship that emphasizes rights over responsibilities. The civil, political and social rights inherent in citizenship must be offset by a sense of responsibility involving a contribution to the community. Citizenship implies commitment that goes beyond personal interest. The history of Canada, its regional relationships and cultural make-up have helped develop a civic perception that allows diversity as well as varying degrees of belonging, while giving us an appreciation of the mutual advantages of our interdependence.

[*English*]

• (1610)

Honourable senators, I wish to underline the importance of a new Canadian citizenship act delineating responsibilities as well as rights of citizens. We cannot afford to continue to buy into the outdated notion that the interests of the nation will be best served magically by seeing each citizen merely pursue is or her own self-interest. Indeed, experience has proven that that approach reduces liberty for all of us through its shortcomings. Instead, with every right a nation protects for its citizens comes a responsibility of the citizen to strengthen the nation and ultimately the right itself.

It is a democratic right of citizens to participate in shaping government policy, but with that right comes the responsibility of the citizen to be informed and aware of the issues facing our country. It is the right of citizens to receive respect for their religious or cultural background, but with that right comes the responsibility to fight discrimination. It is a social right of Canadians to never be denied necessary medical treatment, but with that right comes the responsibility to contribute to medical coverage for those less fortunate.

Governments have a role to play in providing a framework for these responsibilities to be met through education and promotion, but the first step is to delineate these responsibilities in a Canadian citizenship act as we have proposed.

These responsibilities are not a top-down means of government directing the actions of its citizens. Rather, they are a means by which we may identify and encourage the vehicles of empowerment, the actions which will allow Canadians to be partners in, rather than passengers on, the ship of state. By meeting these responsibilities, Canadians may better shape the country of which we are all citizens.

I am pleased that in this report we have not reduced citizenship to a mere function of emotions, tawdry symbolism or chauvinistic cheerleading. Rather, we have instead defined and captured the role of all citizens in continuing the Canadian traditions of community and interdependence, tolerance and pragmatism that have brought our nation "peace, order and good government" and made Canada the envy of all others.

Honourable senators, our committee has also developed practical recommendations regarding the promotion of citizenship. We frankly were disappointed to learn that civics instruction and citizenship promotion in Canada is limited mostly to registration and acquisition, and that only $900,000 is spent per year in the promotion of citizenship. We feel that this amount is inadequate, given the need in this country to combat apathy about civic affairs.

In this report, we outline a number of barriers to full participation which prevent many Canadians from fully participating in the public process, such as lack of knowledge of how society and its institutions function, under-representation of women and visible minorities, and financial strain. We have also outlined local initiatives which have been successful in promoting individual activism and

breaking down apathy in communities. We note that these models are not based upon flashy advertising, but promote hands-on decision making where citizens can have a visible impact upon the discussion.

We received success stories such as Minnesota's "Project Public Life", which reaches young people and gives them a forum to convert their civic beliefs into action by developing grass-roots initiatives to meet social needs like support for teen mothers or alleviating racial tensions. This kind of outreach gets through to groups and individuals that otherwise would feel alienated and shut out of the process.

To examine new initiatives such as these and develop models for citizenship enhancement, we request that the government give consideration to creating an endowment fund for the establishment of a national centre for citizenship education which would report annually through the Minister of Citizenship and Multiculturalism to Parliament.

Honourable senators, this brings me to our final set of recommendations: those dealing with citizenship education in Canada. As we note in our report, the principal need of modern democracy is that all citizens have the skills and information to make sound choices. People are not born with an instinctive knowledge of civics but, rather, government policies and institutions must give citizens the skills and knowledge necessary for civic participation. Without this, populist cries ring hollow and phrases like "participatory democracy" remain more suited to theory than to practice.

Today in Canada, citizenship education, regrettably, is a sorely neglected area. Political education is taught in a passive sense, focusing more on memorization of facts and structure than on how one can participate in the political system.

There has been little innovation or focus given to civics programs since 1967. There is no national focus, honourable senators. Education is a $52-billion a year investment for Canadians. Surely, given the financial commitment to the educational system, it is not too much to ask that our system play a role in preparing students to be full and active participants in the democracy Canadians treasure so much.

Our committee has examined a number of ways by which we can improve the standard of citizenship education in this country. We can develop new modules for multicultural education which, by incorporating content about cultural groups and their perspectives into the curriculum, can help students appreciate more fully our pluralist society. We can incorporate group participation and interaction into our curricula. We can develop programs based on developing critical thinking skills instead of upon rote memorization. In short, we ask that a program be devised which empowers our future citizens to feel that they can make a difference in our society.

Honourable senators, we examined other successful programs in citizenship education in other parts of the world, such as the "Civitas" model in the United States, which serves as a curriculum framework for schools in that country. The "Civitas" model for primary and secondary school levels sets specific national goals for the knowledge and skills citizens need to perform their role in a modern democracy. Such a program in Canada would represent a true commitment by government to the input and inclusion of its citizens and their value as full participants in our democracy.

The true goal of citizenship education is not just to increase the rates of civic participation, but to nurture competent, reflective and responsible participation. We know all too well, honourable senators, the pervasive cynicism about democratic input that exists in this country. The time is now to invest in the future of our democracy by showing our youth the potential in hopeful public commitment and to inspire them to join in the quest for the public good.

We call, therefore, upon the federal government to assist in assessing the existing models of citizenship education and to take on a leadership role in setting national initiatives in addressing Canada's needs in this area. We further encourage the Department of the Secretary of State to work collaboratively with the Council of Ministers of Education to enhance the applicability of such models in school curricula. We have also recommended that the Department of the Secretary of State participate in a second series or second generation of initiatives on Canadian studies, with the aim of ensuring that Canadian studies are not ghettoized in our curricula as some specialized, nationalist area of study, but instead are made essential to a student's education as the nation will be to the citizen's life.

Honourable senators, Canadians have always been fiercely proud of our nation and our democracy. While other nations have need of romance and jingoistic symbolism, we instead have steadfastly kept the pragmatism and fairness which have made us one of the finest countries in which to live.

Every democracy needs the active participation of all of its citizens in order to thrive. Government cannot replace these individual commitments, nor can it legislate them into being. We can, however, impart to citizens the tools and the desire to make that individual commitment.

Canadian citizenship is not a vague, philosophical concept, ours to discuss in the abstract but never ours to hold. By coming to grips with the breadth and meaning of Canadian citizenship and by encouraging and assisting Canadians to take up the challenge it presents, government is making an investment in maintaining the democracy, pragmatism, diversity of fairness we have all come to treasure. I believe that this report of your committee, honourable senators, represents a concrete and practical guide in making that investment.

• (1620)

Hon. M. Lorne Bonnell: Will the honourable senator permit a question?

Senator Kinsella: Yes, indeed.

Senator Bonnell: I noticed in the Charlottetown *Guardian* a few days after the report was tabled in the Senate an article in which the editorial writer said that he thought it was time to abolish this place, if the best we could do after studying citizenship for many months is to make as the second major recommendation changing the name of the department from Multiculturalism and Citizenship to Citizen and Multiculturalism. I wonder if the chairman could, first, tell us how the Charlottetown *Guardian* got a copy of our report so quickly. It said in the article that an unsigned letter came along with it. Did the honourable senator send that report out or authorize somebody else to send it out?

Senator Kinsella: I saw a copy of that article and I was disappointed that the columnist did not fully comprehend what was in the report. There is a whole argument why the recommendation of the committee was made to have the name of the Department of Multiculturalism and Citizenship changed to the Department of Citizenship and Multiculturalism. The article speaks directly to the diversity and richness of our citizenship.

On the second point, it is my understanding that Mr. Lovelace, the Director of Communications — I am not sure of his title — was the person who mailed out the copies of the report tabled here in the Senate.

Senator Bonnell: Was that done under your authority or did he do that on his own?

Senator Kinsella: My understanding is that these reports are mailed out as a matter of course. I will ask Mr. Lovelace for a report and table that report with the committee.

On motion of Senator DeWare, debate adjourned.

EXCISE TAX ACT

BILL TO AMEND—SECOND READING—DEBATE CONTINUED

Leave having been given to revert to Senate Public Bills:

On the Order:

> Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, An Act to amend the Excise Tax Act. — (*Honourable Senator Davey*)

Hon. Keith Davey: Honourable senators, almost three years ago our Tory friends across the way turned themselves inside out to produce the present goods and services tax. In fact this regressive legislation will in part cost our Tory friends this impending election. The legislation was so awful, it caused Speaker Charbonneau to sacrifice everything, including his integrity. A new Liberal government will totally turn this situation around.

Senator Murray: Yes, and Internal Revenue won't say where it is coming from.

Senator Frith: You have got them roused up.

Senator Davey: Let me offer just one example of what is wrong with the goods and services tax. My leader, Senator Frith, brought his Bill S-14 to second reading in late February with a speech decrying the multiple effects of the GST on Canada's publishers. I think it is worth repeating some of the words of Senator Frith in this chamber.

> Filmmakers, creators, publishers, books and their authors are all important in defining aspects of culture...this government has again demonstrated its lack of commitment to the development of our culture or a carelessness as to the consequences of what it is doing. Canadian authors and the publishing industry are unique bodies that set us apart culturally from other countries. Let us start on a healthier cultural road.

Honourable senators, I would like to put on the record some facts about the GST on reading material. The GST was a brand new tax on reading. Books, magazines and newspapers were free of all federal taxes from Confederation until three years ago. Reading was not taxed under the manufacturers' sales tax. No other product has been hit as hard under the GST as reading material. The tax on reading has reduced reading in Canada over the past years, driven Canadians to shop for books and magazines outside the country and harmed our writers, publishers, book stores, libraries and students. The GST is a tax on literacy. The federal government collected more from the tax on reading material in its first year than the total federal expenditures on publishing and adult literacy combined. Most Canadians think their government should support literature and literacy. This government is doing exactly the opposite.

The GST is taking books, magazines and newspapers out of the hands of Canadians. Newsstand sales of magazines dropped 15 per cent last year. The tax on reading has caused the largest drop in Canadian newspaper circulation in 50 years. The GST is taking books, magazines and Canadians out of Canadian libraries. Libraries and schools are supposed to receive GST rebates, but those rebates take up to six months to be processed. The result is a seven-per-cent cut in library budgets. The GST is silencing Canadian voices. Magazines and book publishers have cut back the amount they publish. Some have even closed. The future may bring more closures.

Fewer, thinner publications mean fewer outlets for Canadian writers and fewer new voices for Canadian readers. Writing and publishing in Canada has always been a struggle. The GST is the final burden for many publishers, book sellers and writers.

The GST is isolating Canada from the world. Book collectors are buying outside the country to avoid the tax. Foreign dealers refuse to come to Canadian book fairs. Many countries have refused to tax reading. The United States, Japan, Britain, Australia and Ireland are all among the many countries of the world that have recognized the value of tax free reading material. Canada should join these enlightened countries and zero-rate all reading material.

• (1630)

When Ireland imposed a tax on reading material ten years ago, sales dropped by 10 per cent. An alarmed Irish parliament lifted the tax in the cause of literacy and productivity.

Honourable senators, I would like to quote just a few citizens, people in the know, and what their opinion is of this tax on reading. Let us start with Peter C. Newman:

> The GST on reading makes a mockery of what should be every democratic government's first duty: free access to information.

Even the *Toronto Sun*, that wonderful little newspaper for people who cannot read, says:

> This is an affront to both freedom and speech and freedom of religion ... It just doesn't make sense unless the Tories want the country to spend less time reading about their record.

The well-known publisher Doug Gibson said:

> Taxing reading is such a stupid idea that it must spring from minds that find reading taxing.

I think most honourable senators will know about Michael Ondaatje. I take this from an article written by Stewart MacLeod on Michael.

> Mr. Ondaatje, 49, won the award for his novel *The English Patient*, which had earlier been a co-winner of the prestigious Booker Prize in Britain. With the award comes $10,000.
>
> No sooner had the Governor General presented the author with this award than Mr. Ondaatje let the audience know what he thought of this whole process ...
>
> It is important to point out how much damage the present government has done to literature and literacy,

he declared to resounding applause.

> It is a government that taxes books and seems to think it can remove the arms-length policy for the arts.
>
> He went on at some length, telling everyone just what he thought of the goods and services tax that's applied to all reading material.
>
> It's not that the popular author said anything that hadn't been said before. When Parliament was considering the highly unpopular GST, dozens of authors, publishers, librarians and readers berated the government for even considering a tax on reading material.

One or two other quotes are worth noting as far as the public attitude of these people to the GST as it relates to reading material.

Christopher Young, Southam News:

> The GST for the first time taxed knowledge as if it were cookies or jeans.

Elsa Lam is a Grade 8 student at Frank Ryan School here in Ottawa:

> Instead of encouraging learning and discovery, the government is doing the opposite by applying GST to reading materials.

David Silcox, *The Financial Post:*

> The government allows foreign publishers to avoid the GST (creating a playing field with a 7% tilt). In barbaric fashion, it taxes books while it says it's appalled by illiteracy. Doublespeak.

Allan Fotheringham, proof positive that even a broken clock is right twice a day:

> Brian Mulroney afraid of readers? He should be after putting a tax on reading.

Honourable senators, I am sorry to say the worst is yet to come. This is from an article by the Canadian Magazine Publishers Association:

> Canadian magazine publishers are being placed at a competitive disadvantage because many U.S. magazines are avoiding the GST.
>
> When American magazines enter the country tax-free, they are handed a 7% advantage over domestic publishers,

says Catherine Keachie, executive director of the CMPA.

> Taxing reading is wrong. Taxing reading in such a way that it places Canadian publishers at a competitive price disadvantage is absurd.

Here are the facts and figures. It is absolutely stunning:

> According to the study's findings, at least 50,000,000 individual copies of U.S. magazines are entering Canada tax-free each year. At an average copy price of $4.51, Canadians are spending $226,180,469 on U.S. magazines that are not collecting GST. This represents a loss in GST revenue of $15,832,633. By way of comparison, based on Statistics Canada data, Canadian magazine buyers paid $17,186,960 in GST on their Canadian magazines in 1990-91.

> The inability of the federal government to collect the GST on foreign magazines is damaging our industry's ability to compete,

says Keachie.

> ... Canadian magazines ... are paying the price for American non-compliance and the federal government's continuing inability to collect the GST on foreign magazines. The only solution is to remove the tax.

In closing, I have just a few words on something I have talked about often, and that is the staggering Canadian magazine industry which is just frantically fighting for its life.

Most here will know that a so-called Canadian edition of *Sports Illustrated* thrives while this government prepares a task force which is, so far, all task and no force.

A short recent editorial in the *Toronto Star* said it all and said it well. I quote:

> Had Communications Minister Perrin Beatty wanted to stop *Sports Illustrated* from publishing a Canadian edition, he could have found a way.
>
> But putting up a real defence against the foreign publication obviously wasn't in his playbook.
>
> Neither was an offence, because it seems that from the start Beatty intended to throw the game.
>
> Sure, he talked about
>
> foreign magazines coming into Canada, publishing so-called Canadian editions and scooping up money which is essential for the survival of the Canadian magazine industry.
>
> And he seemed to make the right moves, threatening *Sports Illustrated* with
>
> a tariff provision ... which gives the government the authority to stop the importation of subsequent editions at the border.
>
> But that apparently was all for show.
>
> After the first edition of *Sports Illustrated Canada* was published in April, Revenue Canada concluded that the tariff rules on foreign publications didn't apply because the magazine had been *printed* in Richmond Hill — a fact that Beatty had known from the start.
>
> He obviously didn't need to wait until the magazine hit newsstands in Canada to know that tariff provisions couldn't be used — unless he was looking for an excuse not to act.
>
> Now, he says, we must wait for a task force to tell him what to do. That should be easy. All it needs to tell him is to find the courage to do his job.

In conclusion, the May 10 issue of *Sports Illustrated Canada*, the second edition of an alleged Canadian magazine, carries a full page ad for the Royal Canadian Mint. The Crown agency, for whatever logic, is running an ad which will cost about approximately $6,200. As my friend in the other place Jim Peterson put it so well:

> Not only is the federal government sitting by passively as the magazine industry gets its ad revenue scooped, they are aiding and abetting by taking out ads themselves.

Hon. Lowell Murray (Leader of the Government): Senator, if you are talking about the ad taken out by the Mint, I did look into the matter. It was taken out in the American edition of *Sports Illustrated* for the particular purpose of flogging those Stanley Cup medallions.

Senator Davey: Senator Murray, I have the Canadian edition. The Mint ad is in the Canadian edition.

Senator Murray: That is right. I am telling my honourable friend that it was not an ad bought in the so-called split run. It is in all the editions of *Sports Illustrated.*

Further to that, if I may, because I looked into it in my capacity as chairman of the cabinet committee on communications, the Mint, happily or unhappily, does not come within the purview of the Treasury Board's advertising policy, therefore we have no control over what they advertise or where.

That is just for the record.

• (1640)

Senator Davey: I appreciate the Government Leader's position on the magazine legislation. By and large, you may eventually support the position which I think we all should take. The fact is, the thing is moving so slowly it is almost beyond belief. How many more Canadian editions of *Sports Illustrated* will we have before we know where we stand?

In any event, let me complete my remarks.

Senator Murray: We invited the task force to put it in an interim report, if they wished to do so. That invitation is still open. I am sure Mr. O'Callaghan and Mr. Tassé are more than familiar with the issues that the honourable senator is raising. They may indeed wish to put in an interim report. If they do, we will give it very earnest consideration.

Senator Davey: I respect the remark, but I would like to complete my own remarks by saying that the Canadian magazine industry represents a microcosm of what this government is all about. The Canadian magazine industry is getting poorer and poorer, while the American magazine industry in Canada flourishes as never before. In other words, like Canada itself, the poor get poorer, the rich get richer, and all this government does is accommodate everything American.

It is no wonder that the people of Canada are aching for an election which will give Canada back to Canadians. For sure there will be no tax on reading in the new Liberal government.

On motion of Senator Kelly, debate adjourned.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, today we will begin our examination of the performance of Mr. Mulroney during the 1984 general election campaign. We will start where we last left off, namely with the subject of patronage.

The first scene is the CTV studio here in Ottawa, July 25, 1984:

> Mr. Mulroney: You had an option, sir. You could have said, "I am not going to do it. This is wrong for Canada, and I'm not going to ask Canadians to pay the price." You had an option, sir, to say no and you chose to say yes to the old attitudes and the old stories of the Liberal Party. That, sir, if I may say respectfully, that is not good enough for Canadians.
>
> Mr. Turner: I had no option. I was —
>
> Mr. Mulroney: That is an avowal of failure. That is a confession of non-leadership and this country needs leadership. You had an option, sir. You could have done better.

Did Mr. Mulroney do better when given the option? No, he did not.

Few would disagree that the exchange on patronage between Turner and Mulroney was a crucial point of the election campaign. It was the culmination of a series of attacks which Mr. Mulroney launched against Mr. Turner on the very day the election campaign began.

When the general election was called on Monday, July 9, 1984, Mr. Mulroney immediately called a press conference. After characterizing prior Liberal appointments as "shameful", "vulgar", and "a scandal", he solemnly declared:

> I commit myself as a new Prime Minister to make a historical gesture — to clean up once and for all the similar appointment of people to high positions. Never will you see the application of this shameful and scandalous gesture.
>
> If nominations are to be made by the new government... you will be impressed by the quality and the impartiality with which we will appoint people to those positions...I undertake today that all political appointments will be of the highest unimpeachable quality. I'm going to send out...

Some Hon. Senators: Oh! Oh!

Senator Frith: Let the record show that there was substantial thumping of desks on the Tory side of the Senate.

> ...I'm going to send out a dramatic signal of renewal in this area of Canadian life.

Mr. Mulroney was then asked by one of the reporters present:

> Are you prepared to make these appointments by going through an office other than the Prime Minister's Office or some other quarter?

He replied:

> Yes, that would be possible. I make this commitment before you and before the Canadian people. I commit myself to set up criteria for quality which will impress the Canadian people.

Those are quotations from a transcript of the press conference.

Today, nine years later, Canadians know from experience what Mr. Mulroney meant when he said, "I make this commitment before you and before the Canadian people." Nine years later, everyone knows the real agenda was not the one he tried to put past them while giving solemn undertakings and commitments.

The real Mulroney was the one who chatted with reporters in the back of the campaign plane en route to Montreal from Baie-Comeau on Saturday, July 14, 1984. Just five days after making solemn declarations on national television to all Canadians, he told the gang in the back of the plane:

> Let's face it: there's no whore like an old whore. If I'd been in Bryce's position, I'd have been right in there with my nose in the public trough like the rest of them.

Mr. Mulroney's words were in reference to Bryce Mackasey's appointment as our ambassador to Portugal. He goes to the back of airplanes and writes things on barf bags — his words — and then makes statements like that.

In any event, reporters were undoubtedly interested in this unexpected burst of candour by the Leader of the Conservative Party. Therefore, they asked Mr. Mulroney how he could reconcile his various statements on patronage, including those made during the Conservative leadership campaign, when he said he would give a job to a Liberal only "when there isn't a living, breathing Tory left without a golden retirement".

When asked about that, he said something quite enlightening:

> I was talking to Tories then, and that's what they want to hear. Talking to the Canadian public during an election campaign is something else.

As the chat in the back of the plane was winding down, Mr. Mulroney said:

> I hope this is all off the record. I'm taking the high road now.

Sure enough, less than two weeks later, Mr. Mulroney lambasted Turner over the patronage issue on the televised leaders' debate and took his phony high road to the country. Then as soon as he could, he spread patronage to his friends.

And who were these friends? Perhaps we will never know all of them. However, when it comes to patronage, or even appearance of patronage, friendship is apparently not something that Conservatives find easy to talk about. I will tell you why I say that. If we can just have a momentary flash forward, we can question whether leadership candidate Jean Charest is any exception. Is there a ghost of Christmas yet-to-come here?

Recently, it was revealed that Mr. Charest's campaign manager David Small had earlier received $200,000 in untendered government contracts from Mr. Charest's own department. According to the Ottawa *Citizen* of May 20, 1993, the contracts came from:

> ...the federal Environment Department and were for the polishing and promotion of Charest's image and that of his department.

According to the same report:

> Charest later refused to say whether he and David Small are friends.

I do not know whether he refused to say so three times or not, but refuse he did. If they are friends, why this reluctance to admit it from the candidate who prides himself on candour? His mentor, Prime Minister Mulroney, would not hesitate to say who his friends are. But Mr. Charest does hesitate. Will he not say whether or not Mr. Small is his friend? Apparently not.

Back to Mr. Mulroney, the leader of the team of which Mr. Charest is a leading member. Mr. Mulroney, of course, apologized for his injudicious remarks in the campaign plane. He said that the Liberal appointments were so "vulgar" that it was time for everyone to reassess their positions. He also said:

> ...a new government will never resort to this kind of attitude...our proposals and our nominations will hopefully be subject to vetting in advance.

That was reported in the Ottawa *Citizen* on July 23, 1984.

His hopes were not met, unless what he meant by "vetting in advance" was that he himself would do the vetting. Later in the campaign, while at a public rally, he made this comment which was reported in the *Globe and Mail* of July 23, 1984:

> ...I pledge to you here today that our appointments shall be of the highest quality. They shall bring honour to all of you and shall bring honour to this country.

Did the country and the people of Canada subsequently feel honoured by every one of his patronage appointments? In retrospect, it is hard to believe that is what he promised, but he did!

Enough for now about patronage. Do not be too disappointed because we might very well want to highlight some of the more interesting patronage appointments and measure them against the standards Mr. Mulroney himself promised, appointments of the "highest unimpeachable quality" which would "impress the Canadian people" and "bring honour to this country".

Although we may remember best the patronage issue, the 1984 general election also contained substantive promises by Mr. Mulroney. These promises, however, do not as readily spring to mind, partly because they fell into the category of promises made to be broken. They were made, they were broken, they vanished. Let us make them reappear, just for a moment.

In July 1984, the Conservative Party released a document entitled, *On the Issues — Brian Mulroney and the Progressive Conservative Agenda — Statements of Policy and Principle.* We have learned that when we see the name Brian Mulroney linked to the words, "statements of policy and principle", we are in for some bizarre reading, and we were not disappointed.

• (1650)

At page 17 of the document, under the heading "Retraining Canada's Workforce", Mr. Mulroney says:

> We shall create a registered training account — an RTA — which would allow individuals to accumulate savings which could be invested in their own development.

Let us turn to pages 36 and 37 of the *PC Campaign Handbook*, which I have here and which was carried like a Bible by Tory candidates, including leadership candidate Charest, during the summer of 1984. It reads:

> We will set up a tax-sheltered savings plan (similar to a registered retirement plan) that will allow individuals to invest in their own education and training. Money invested in this personal registered training plan, RTP, would be tax-exempt if used for educational purposes.

Let us move ahead to the *Financial Post* of May 27, 1993. Mr. Charest was in Montreal last week delivering promises to a gathering of business executives. According to the *Financial Post:*

> The environment minister again promised strong emphasis on education and training. Up to $1,000 of annual savings for education would be exempt from federal taxes under a Charest-led government, he said.

Should anyone be surprised that today Mr. Charest is making the same promise that Mr. Mulroney made in 1984? Of course not. He was and is an important member of the Mulroney team. As a member of the inner cabinet, he helped Mr. Mulroney break that promise. So why should he not have the honour of making it again? Furthermore, it is not as if the subject-matter is unfamiliar to him.

This promise was contained in the *PC Campaign Handbook*, the same handbook he and his colleagues used when selling party policy to the people of Sherbrooke during the 1984 general election.

The introduction to the campaign handbook says:

> This Campaign Handbook has been prepared to assist you in taking the issues of this election campaign to the people in your constituency.

He took the policies contained in the handbook to his constituency. He was elected, became a member of the cabinet, and then helped Mr. Mulroney repudiate those policies. This member of the Mulroney team wants a chance to resurrect them, temporarily. I suppose it is easier than explaining why he helped break them in the first place.

Let us continue with the 1984 bonanza of promises. As we do, it is tempting to do nothing but rely on the *1984 PC Campaign Handbook*. But that might be too easy. Turn to any page — try it — and you will find a broken promise.

For example, at page 72, you find the following:

> We will increase the use of work done by the Economic Council of Canada...

That was what the "team" promised. But when we turn to page 128 of Finance Minister Mazankowski's first budget, we find the words "legislation will be introduced". You ask: Will it be legislation to increase the work of the Economic Council? The answer is "No". The legislation will be used "to wind up the Economic Council". Legislation was introduced, it was passed, and the Council was sent off to oblivion. That is how the team kept that particular promise.

Next is page 60, which states:

> A P.C. government would once more index the Old Age Pension to the actual cost of living on a quarterly basis.

How was that promise kept? For the answer, turn to page 17 of Michael Wilson's first budget, which states:

> I propose to modify indexation for old age security payments...beginning January 1, 1986, these payments will be indexed only for the annual increase in the consumer price index greater than 3 per cent.

Well, he backed down after an irate pensioner told him, "Good-bye, Charlie Brown." But that is how he and his team wanted to keep that particular promise.

Let us turn to page 62, which states:

> We will strengthen and expand cooperative housing programs.

How did the Mulroney team "strengthen and expand cooperative housing"? For the answer to that question, turn to page 83 of Mr. Mazankowski's first budget. There you will read:

> The Co-operative Housing Program will be terminated immediately.

At page 67 in the handbook we find:

> To support the rights, liberties and freedoms of Canadians, a P.C. government is committed to assisting *Charter of Rights* cases deemed of national importance. In this manner, Canadians can be made more aware of their rights under their Charter.

This assistance is provided through the Court Challenges Program.

In February 1990, funding for the program was terminated and all staff were informed that they no longer had jobs. In response to public protest, the government relented and in May of that year the Mulroney team announced that the Court Challenges Program was being extended for five years. But apparently no one on the team can count past two, because in February of 1992 funding was again terminated, and this time, apparently for good.

So we had a promise. It was broken. A new promise was made and it, too, was broken. At least there is consistency. If it makes a promise the consistent thing for this team to do is to break it.

Was the Minister of Justice and the Attorney General of Canada ashamed or even uncomfortable with what was being done to the program? The answer is "No". Kim Campbell lectured the members of the House of Commons as follows:

> One of the axioms one learns in public life is that there is no limit to the amount of good you can do, but there may be a limit to the amount of good you can afford.

That is from Hansard of February 28, 1992, at page 7767.

All the good she would do if only there was money. Well, lack of money recently was at least temporarily suspended as a problem when it came to things like the almost past-Prime Minister's European farewell tour.

Later that same day, at page 7769, Ms Campbell said:

> It may be that from time to time it will be appropriate to take the litigation response and at that time we would look at the appropriate nature of funding.

Her leader could not have said it better himself. So much for the Court Challenges Program.

We will not continue with the litany of broken promises in the handbook. It is too easy. Simply — and I challenge you — open up the handbook, read a sentence and you find a broken promise. There is no challenge in this approach — even a Tory cabinet minister could do it.

Tomorrow we will distance ourselves from the handbook and go back to a more direct examination of Mr. Mulroney during the 1984 general election.

Honourable senators, I move adjournment of the debate.

On motion of Senator Frith, debate adjourned.

• (1700)

INTER-PARLIAMENTARY UNION

EIGHTY-NINTH CONFERENCE, NEW DELHI, INDIA

Hon. Peter Bosa rose pursuant to notice of May 27, 1993:

> THAT he will call the attention of the Senate to the 89th Conference of the Inter-Parliamentary Union, held in New Delhi, India, from April 12 to 17, 1993.

He said: Honourable senators, it is my privilege to present the report of the 89th Inter-Parliamentary Conference held in New Delhi from April 12 to 17, 1993.

Before speaking about the deliberations of the conference, I should like to share with you something about our host country.

India is one of the world's most ancient societies. The historic roots of this 5,000-year antiquity are in the Indus civilization, sometime between 3,500 and 2,500 B.C. India's history is a marvellous progression. It has been fashioned by the interaction of invaders, by the dynamics of Hinduism and Islam, by the monsoon and by Europeans. It has also been conditioned by India's peninsular shape, which made it a net rather than a place of transit and which has contributed to its unique development and character.

The story of Europe in India really began in 1498 with the arrival in Calicut, on the west coast of India, of the Portuguese navigator Vasco da Gama. The Portuguese established bases in other places, the most important in Goa, their headquarters, and for 100 years they had the Indian trade mostly to themselves. The Dutch, British and French secured a hold in the seventeenth century. The English East India Company, which was to play such a large part in the development of commerce and political power in India, was granted its first charter by Queen Elizabeth I in 1600.

In the eighteenth and nineteenth centuries, much of India was consolidated under British protection; but not all of India was under direct British rule. Princes continued to govern in many parts and the British could not have managed India without their cooperation. India, as a colony of Britain, became part of the global economy. It was the imperial pivot, the jewel in the crown of the empire.

In 1857, the Indian mutiny shook British composure and arrogance. Its causes were complex. In the background, there was the resentment of rulers who had lost power to the British and a natural dislike of a foreign rule. Some Indian historians see the mutiny as a war of independence or as explosive reaction against change.

As a result of the mutiny, the power of the discredited East India Company came to an end and India came under the direct rule of the British Crown. That was the beginning of modern India. The British built an extensive network of railways and a postal and telegraph service. They undertook irrigation projects and other public works. They established an administration with a huge bureaucracy, trained Indians in British techniques, and spread the English language and education.

But at the time of its greatest strength, the seeds of its demise were firmly planted. British education for Indians had been encouraged since 1835, and some of the sons of rich men went to Britain for their education in the best schools and universities. These young people imbibed British ideas of the liberal traditions and of democracy. Naturally, they were stricken by the incongruity of India being a colony, contributing to British wealth.

One of those men who, in his youth, had gone to England was Mahatma Gandhi, who transformed a mostly middle-class and intellectual movement, the Indian National Congress, into a people's struggle. His campaign of civil disobedience is well known.

In 1947, Lord Mountbatten was sent by the British government to be the last viceroy, with orders to bring about a final settlement. On August 15, 1947, India became independent. With 850 million people, it is the world's largest democracy.

Permit me at this point to mention a few points about Canada-India relations.

Founded initially on the Commonwealth connection, Canada-India bilateral relations are characterized by a tradition of straightforward and constructive cooperation and discussion.

The India "peaceful nuclear explosion" in 1974 began a period of difficult relations. Nuclear cooperation was ended and our aid program was significantly reduced. However, the past few years have seen notable improvements. India is a major regional power; and within the context of the Non-Aligned Movement, the Commonwealth and the United States, is perhaps Canada's most important Third World interlocutor.

Indo-Canadian economic relations have broadened as a result of efforts by both countries to identify and promote a greater degree of commercial activity. Canadian exports to India in 1992 were $510 million, a major increase from $270 million in 1991. Imports from India were $278 million in 1992, up from $240 million in 1991.

Canada has historically been a leading aid donor to India; total Canadian aid up to 1990 was about $2 billion. In 1990-91 bilateral aid disbursements totalled $30 million.

India is one of Canada's principal sources of immigrants. Approximately 12,800 immigrants came from India in 1991, the vast majority of whom were "family class" members arriving directly from India. The substantial community of approximately 400,000 persons of Indian origin in Canada is an important cultural link between our two countries.

The Shastri Indo-Canadian Institute is a bilateral success story. The main vehicle for cultural and academic relations between Canada and India, it has grown steadily and its activities have broadened considerably in recent years. Jointly funded by both governments, the institute encourages greater mutual awareness through the study of Canada and India in both countries. At the outset, I should like to pay tribute to the Canadian High Commissioner, Mr. John Paynter, and his colleagues for their assistance and support during the conference.

On our first day in New Delhi, which was Good Friday, Mr. Paynter and other staff members provided a comprehensive and informative briefing on our host country. Ms Ann Pollack, Political Counsellor, assisted us throughout the conference. Mr. Paynter invited us to visit the High Commission, and several members of our delegation took the opportunity to meet with immigration officials to learn at first-hand about the operations of the immigration office.

The first topic on the agenda of our conference was, "Transparency in arms sales through a global arms register, notably as a means to check the growing use of violence to achieve political objectives." The inclusion of this subject on the agenda came about largely through the efforts of the Canadian group.

Mrs. Edna Anderson and Ms Mary Clancy of the other place spoke on behalf of Canada in the plenary debate. Canada was one of 11 countries elected to serve on a drafting committee which prepared a resolution for presentation to the final plenary. Mrs. Anderson agreed to be our representative and she served as rapporteur for the drafting committee.

The second topic on our agenda was, "The implementation of educational and cultural policies designed to foster greater respect for democratic values."

At each conference there is an opportunity to vote on a supplementary item to be included in the agenda. On this occasion the topic was, "The need for urgent action in the former Yugoslavia, particularly as regards the protection of minorities and the prevention of further loss of life in order

that peaceful coexistence and respect for human rights can be restored for all peoples." The Canadian group played a major role in the preparation of a draft resolution by the meeting of women parliamentarians on the issue of the systematic rape of women in Bosnia-Herzegovina.

Canada was one of nine countries selected to a drafting committee. My honourable colleague, Senator Cochrane and Mrs. Shirley Maheu of the other place represented Canada in the plenary debate. The decision to examine educational policies during this conference was important, for our host country is experiencing significant difficulties in providing primary education for its children.

• (1710)

At one of our breakfast meetings, our colleague, Senator Cochrane, reported on a special briefing by UNICEF representatives about the high level of illiteracy among the Indian population, particularly among girls and women, and about the programs initiated by UNICEF to alleviate this problem. Mr. McCurdy, the member from Windsor, agreed to be the Canadian representative and he was elected rapporteur of the drafting committee.

There is also a debate at each conference on the general political, economic and social situation in the world. I used this opportunity to speak about the recent decision by North Korea to withdraw from the Nuclear Non-Proliferation Treaty.

I would also like to mention the report of the IPU Committee on the Human Rights of Parliamentarians. As honourable senators are aware, the Canadian group has been very active in the work of this committee. Our colleague, Senator Neiman, who was instrumental in its establishment, was a member for a number of years until her resignation last September for health reasons. Happily, I can report that in New Delhi, another Canadian, the Honourable Walter McLean, was elected as a substitute member of this committee.

During the New Delhi conference, the violations of the rights of 105 members or former members of Parliament in eight countries were brought to the attention of the delegates. The 105 cases involve one case from Bulgaria; five from Colombia; five from Haiti; one from Honduras; one from Indonesia; 66 from Myanmar; two from Togo; and 24 from Turkey. National groups affiliated to the IPU have been asked to undertake supporting action to assist in the early resolution of these cases.

In conclusion, I would like to draw attention to the two great objectives of the Inter-Parliamentary Union. They are the peaceful resolution of conflict and the development of democratic institutions. Throughout our visit, our hosts reminded us of India's commitment to a parliamentary democratic government, its staunch belief in the efficacy of democratic political processes and its undeterred faith in peace and coexistence as worthy principles of international relations.

At the inaugural ceremony, the Prime Minister of India noted that the road to a peaceful and stable future could only be traversed through cooperation and interdependence. That was an interdependence which recognized equality among nations, big or small, rich or poor, and pledged themselves to respect the sovereignty of each.

He concluded by saying, "We could not go wrong if we made coexistence and peace our watchwords and common universal good our objective."

Honourable senators, thank you very much for your attention.

Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore:* Honourable senators, if no other senator wishes to speak, this matter is considered debated.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY LAMONT-SPENCER CASE—DEBATE ADJOURNED

Hon. Louis-J. Robichaud, pursuant to notice of May 27, 1993, moved:

> THAT the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, British Columbia, and David Spencer of Moncton, New Brunswick.

He said: Honourable senators, I should like to return to the tragic Lamont-Spencer case. Before doing so, I would like to state that the Honourable Senator James Kelleher, PC, a former Solicitor General of Canada, has accepted enthusiastically to second my motion after having studied carefully all that is involved in this case.

I have done the same. I have studied the case. As a former attorney general, I am convinced of the merits of what is taking place at the moment.

I mentioned earlier that the Justice committee of the other place unanimously recommended that the Secretary of State for External Affairs request the expulsion of Spencer and Lamont "without undue delay". Members of all parties on the committee unanimously supported that recommendation. Indeed, the committee found that the 28-year sentence that these two Canadians are serving constitute a "gross miscarriage" of justice under both Brazilian and Canadian law.

The committee reported nearly a year ago. I have reviewed developments in this case over the last year. What has happened since our friends in the other place focused their attention on this matter?

The minister has defied repeatedly the wishes of the committee. Instead of requesting expulsion, the minister has held out the hope of progress through appeals in Brazil. This hope has turned out to be a cruel device to keep Spencer and Lamont in prison for as long as possible. I will come back to that point in a minute.

There have been riots in prison buildings near the ones where Spencer and Lamont are incarcerated. These riots were savagely put down with the unnecessary loss of life of at least 111 inmates. Christine Lamont has tested positive for tuberculosis and her condition worries her parents.

A popular commentator on Brazilian radio has accused repeatedly Spencer and Lamont of masterminding other crimes that the police have been unable to solve. The commentator has made outrageous accusations such as the one that Spencer holds a degree in chemistry and is an explosives expert. This is utter nonsense, which leaves the question of fair appeals open to serious doubt.

Also in the last year External Affairs has changed its emphasis. Before the Justice committee reported to the other place, the department took the view that there were no irregularities in the case and, therefore, no basis for the minister to request an expulsion. Since the committee's report, the department has been saying that it cannot be assumed that if Canada were to ask for expulsion, Brazil would grant it automatically.

Honourable senators, the handling of this case by External Affairs leaves a lot to be desired. I am not blaming the minister; I am blaming some of the bureaucrats in the ministry. Anyone who reads the transcripts of the Justice committee proceedings can be left in no doubt about that.

A lot has happened in the last year. It has not been given the attention it deserves. Time is running out. The officials at External Affairs can be the only ones who can take any satisfaction in that.

• (1720)

Let me briefly review the matters which deserve to be aired before a Senate committee. In her reply of August 13, 1992, to the Justice committee, the minister made several points. She said she had instructed the ambassador to express to the Brazilian foreign ministry the Canadian government's concern over the harshness of the sentences. That, of course, begs the question of the Brazilian response.

The families tell me that when they asked the minister's chief legal advisor some months afterward about the response, he replied that he did not know but would find out. The fact of the matter is that there has been no response. It seems fairly clear that this was a fairly timid overture to the Brazilians, not really requiring any response. It was probably designed for nothing more than allowing the minister the appearance of doing something. The minister also informed the committee that she had urged the government of Brazil to ensure that administrative delays did not block the appeals. She wrote last August:

> By October the federal courts are expected to issue decisions on whether they will hear the appeals. The appeals, if they are heard, will take about six months.

In February of this year, a judge of the superior court declined, on technical grounds, to rule on whether the court would hear the appeal against the 28-year sentences. The technicality was that a document was missing from the file, for which the judge blamed the families' lawyer. It was quickly proven that there was no missing document, but the damage was done. The ruling was not made.

Honourable senators, it has not been made to this day. Here we are, ten months after the minister's letter, and there has been no action. So much for the minister's influence on the Brazilian administrative judicial process.

I now turn to the minister's second reply to the committee, a letter dated December 8, 1992. Much of the letter is given over to detailing the efforts that were made last fall by departmental officials to speed up the appeals. The minister wrote: "I am optimistic that the (Transfer of Offenders) Treaty will be ratified and enter into force in the near future."

Nearly six months later the treaty has not been ratified. I should point out that the solution which the minister is promoting calls for the exhaustion of all the appeals, then the return of Spencer and Lamont by means of an exchange of offenders treaty.

We have seen the problem with the appeals, and now we see that the treaty is not ratified. This treaty is obviously not a priority with the Brazilian government. The minister concludes: "I continue to hold the view that due process must be observed." This is an important comment because it is clear that respect for the Brazilian system is the basis for the entire External Affairs position in this case.

As it happens, the Brazilian news magazine *Veja* has just published a feature on the Brazilian justice system. According to *Veja*, the superior justice tribunal, where this case is filed, has 33 judges to handle 34,000 cases. Even if these cases were cleared at the rate of one every other day, which they obviously will not be, *Veja* says it would take until the year 2000 to clear the backlog. The article says Brazil has 7,000 judges for a population of 150 million. This compares to 120,000 judges in Germany for a population of 80 million.

The magazine published a poll reporting that 87 per cent of Brazilians think justice is too slow. Eighty per cent think it persecutes the poor and protects the rich. The magazine itself comments: "Unfortunately, the people are right."

I now turn to a report by Amnesty International on Brazil. Amnesty reports as follows:

> Brazil's criminal justice system is in crisis. Violent crime has escalated and prisons are bursting...There is evidence that the police have responded to increased social violence by taking the law into their own hands, torturing and killing ordinary criminal suspects and prisoners...

I think these matters deserve to be aired. Why is Canada being so respectful of a justice system that does not have the respect of its own citizens? Why is the word of the police which was used to convict the Canadians being accepted at face value, while the word of the Canadians and their respected families is being discounted? Why is Canada being so timid? Is this an indication of our attitude toward human rights in all foreign countries?

Honourable senators, I mention the questions that have been raised about whether the Brazilians would grant a request for expulsion. External Affairs says that is by no means automatic. Of course it is not. We can assume that Canada would have to make a very good case for the use of a Brazilian law that is not used lightly. As a matter of fact, the attitude of the Brazilians is itself at issue.

I have learned that Dr. Keith and Marilyn Lamont met with Brazil's deputy minister of justice last December. This was just after the minister's letter which put the feasibility of expulsion in doubt. The deputy minister asked Dr. and Mrs. Lamont why Canada has not requested expulsion. This is important, honourable senators. He said he believed Canada should request it. While he did agree that timing would be important, he also indicated that Brazil could oblige a Canadian request.

Canada has made no effort to present the case for expulsion. That is the problem. Some very good arguments are available to the government for making a request.

Honourable senators, I have made my motion. I have made my plea. I have yet to hear any voice that would disagree with the argument I have just made. I have a huge file on the matter and I would like the committee on Foreign Affairs to study further the continued incarceration of these two young Canadian prisoners who, admittedly, are activists, but who do not deserve the sentence that they are currently serving. I am delighted that this is a nonpartisan issue and that my honourable friend, Senator James Kelleher, has agreed to second this motion.

• (1730)

Hon. James F. Kelleher: If I may, honourable colleagues, I do strongly support the motion of my colleague, Senator Robichaud. I have read a great deal of evidence in this regard, although I have not read the actual transcripts of the trial.

In the course of my former duties as solicitor general, I had a certain amount to do with the prisoner exchange treaties that Canada has with other countries around the world. They take a long, long time to negotiate. I can tell you that even after they have been negotiated and signed between Canada and another country, it takes many years for anything to happen under those treaties.

I am very concerned that there may have been a miscarriage of justice in this case. I cannot say that unequivocally, but I would think that the Senate having a committee hearing of this nature would help bring out facts which to date I do not think all of us have. It would be an extremely useful exercise. We have two Canadians in this case serving sentences longer than this country provides for first-degree murder.

Honourable senators, I would urge upon all of us the approval and backing of this resolution so that we can have a fair and impartial hearing before the Senate committee and let all of the facts come out. Once we have those facts, we can make recommendations to our government as to what should be done.

On motion of Senator Robertson, debate adjourned.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO STUDY SUBJECT-MATTER OF CANADA-UNITED STATES AIR TRANSPORT AGREEMENT NEGOTIATIONS

Hon. Donald H. Oliver, pursuant to notice of May 31, 1993, moved:

> THAT the Standing Committee on Transport and Communications be authorized to hear representatives of the Department of Transport and the Department of External Affairs and International Trade this Wednesday, June 2, 1993, in order to review the subject-matter and status of the ongoing Canada-United States Air Transport Agreement negotiations.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I want to note, in case something comes back to haunt me, that the motion I am seconding for Senator Graham provides for hearing witnesses to review the subject matter and status of the ongoing Canada-U.S. Air Transport Agreement negotiations, not the subject-matter of the bill.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, June 2, 1993

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

ROUTINE PROCEEDINGS

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

Wednesday, June 2, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTIETH REPORT

Your Committee, to which was referred Bill S-15, an Act to amend the Canadian Human Rights Act (sexual orientation), has, in obedience to the Order of Reference of Monday, March 1, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

Gérald-A. Beaudoin
Chairman

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

On motion of Senator Kinsella, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—CHANGE OF NAME FIRST READING

Hon. Gérald-A. Beaudoin presented Bill S-20, to amend the name of the Canadian Medical Association.

Bill read first time.

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

On motion of Senator Beaudoin, bill placed on the Orders of the Day for second reading on Friday, June 4, 1993.

[*English*]

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO HEAR WITNESSES ON SUBJECT MATTER OF BILL TO AMEND CANADA SHIPPING ACT

Hon. Donald H. Oliver: Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*f*), I move:

> THAT the Standing Senate Committee on Transport and Communications be authorized to receive the testimony of Mr. David Brander-Smith, former Chairman of the Public Review Panel on Tanker Safety and Marine Spills Response Capability and Mr. Ken Zakreskie from Save the Georgia Strait Alliance this Thursday, June 3, 1993, on marine environmental protection.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Corbin: Explain.

Senator Oliver: Honourable senators, this motion relates to Bill C-121, which is currently in the House of Commons. That bill amends the Canada Shipping Act and another act in consequence thereof. The two witnesses mentioned in the motion are in Ottawa now and they will be returning to British Columbia on Thursday. It is hoped their evidence might also be given to the Standing Senate Committee on Transport and Communications before they have to return to British Columbia. Their way here has already been paid. This effort is designed to suit their convenience and to save money by having them give their evidence tomorrow and not having to fly back here later.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Gérald-A. Beaudoin: Honourable senators, I give notice that on Thursday next, June 3, 1993, I will move:

THAT the Standing Senate Committee on Legal and Constitutional Affairs have the power to sit at four o'clock in the afternoon on Tuesday, June 8, 1993, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 60 residents of Quebec who object to the goods and services tax.

Most of these petitions are from St-Damase and Ste-Foy.

Honourable senators, I also have the honour to present petitions signed by 166 residents of Alberta who object to the goods and services tax, especially as applied to books and periodicals.

Most of these petitions are from Calgary and Carstair.

We have a total of 226 citizens of this country who, two and a half years after the GST came into effect, insist on condemning this unfair legislation and are counting on the next Liberal government to get rid of it.

[*English*]

QUESTION PERIOD

PRINCE EDWARD ISLAND

APPOINTMENT OF CITIZENSHIP COURT JUDGES

Hon. M. Lorne Bonnell: Honourable senators, during the study of the immigration bill, I noticed that every province in Canada, except the province of Prince Edward Island, has a citizenship judge. I notice that many new judges are being appointed in various provinces before the government leadership changes, mostly friends of the Prime Minister or his wife. These candidates are being appointed as judges of the citizenship court.

• (1340)

Would the Leader of the Government in the Senate ask the Prime Minister or his wife if they have someone in mind who could be appointed as a citizenship judge for Prince Edward Island, if not on a full-time basis, at least on a part-time basis, so that we, too, may enjoy the same rights as other provinces in having our own citizenship court judge?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I could demonstrate to the honourable senator that there are many appointments made to the positions of citizenship court judge — I am not sure if the honourable senator is speaking of citizenship court judges or members of various refugee determination and immigration appeal boards.

Senator Bonnell: Citizenship court judges, yes.

Senator Murray: The honourable senator states that his question relates to citizenship court judges. I could demonstrate to him that many prominent supporters of other political parties, as well as supporters of the Progressive Conservative Party, hold those positions and have been appointed to those positions by the present government.

I am not one of those who believe that a higher standard of citizenship attaches to those who resolutely refrain from voluntary political activity. Rather, I think it is the case that a higher standard of citizenship attaches to those who do so participate.

Having said all that, I am sure there would be some worthy candidates of whatever political persuasion in Prince Edward Island for membership on the citizenship court or any of these other boards and commissions. I shall bring the honourable senator's representations to the attention of my colleagues.

Senator Bonnell: Honourable senators, I am rather surprised. The Leader of the Government in the Senate seems to be upset about patronage. I never even mentioned the word patronage.

Senator Doody: By innuendo, you did.

Senator Murray: Nor did I.

Senator Bonnell: The Prime Minister is the man who makes those appointments. I asked the Leader of the Government in the Senate to convey to him the thoughts of Prince Edward Island. They can put an NDP judge in. We are not worried about the political stripe. We are worried about the concerns of new immigrants to our province.

I am rather surprised that the leader is so touchy, but perhaps that is because I see that a friend, a Tory fund raiser, will benefit by $400 million from a rental contract, according to the newspaper today. Perhaps that is what is on his mind, but that is not my question. My question is, will he ask the Leader of the Government to consider Prince Edward Island in his appointments for a citizenship judge?

Senator Murray: Honourable senators, Prince Edward Island will never be far from our thoughts.

THE ENVIRONMENT

PROPOSED ASSINIBOINE RIVER WATER DIVERSION PROJECT—REQUEST FOR ENVIRONMENTAL ASSESSMENT

Hon. Mira Spivak: Honourable senators, my question is for the Leader of the Government in the Senate. Many people in my province of Manitoba are concerned about the effects of

the proposed Assiniboine River Water Diversion Project. In fact, there are approximately 60 citizens' groups, the City of Winnipeg among them, that sincerely wish that the federal government would consider an assessment of this project.

I believe today the Inland Water Directorate of the Department of the Environment has issued a report which I understand is critical of the diversion, although I have yet to read it.

Since both upstream and downstream effects have not been considered effects such as an increase in fecal count and increased water temperature — and neither has the effect on major wetland ecosystems within the watershed of the Assiniboine been examined, can the Leader of the Government in the Senate inquire whether his colleague the Minister of the Environment will uphold the federal responsibility to study the riparian ecosystem, the impact of such a diversion on the entire drainage of the Assiniboine River basin, before this project will be allowed to proceed?

For those who may not be familiar with Manitoba, the Assiniboine River basin exceeds some 150,000 square kilometres. The Red River, which is also involved in this project, together with its international tributaries drains a total of about 135,000 kilometres.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the federal Department of Agriculture would be the funding department if a decision were made by the federal government to provide funds for this proposed project. It is therefore the responsibility of that department to decide on the nature of the environmental assessment that would be required to allow the Department of Agriculture to make a decision on whether to provide funding.

I understand that the Department of Agriculture has already initiated the environmental assessment that will be necessary to make that determination under section 12 of the Guidelines Order.

Senator Spivak: The federal Department of Agriculture produced a report in 1988. However, we are talking here not just of the diversion but of the entire Assiniboine basin. In that respect, under the heading of navigable waters and fisheries, I assume the federal government, through the department of the environment, has some responsibilities.

I might also inform you that the locks on the Red River are operated as a federal government operation.

If I may be so bold, I reiterate my request to the Leader of the Government to inquire whether his colleague the Minister of the Environment is prepared to proceed with a basin-wide environmental assessment.

Senator Murray: Honourable senators, that has not yet been decided. However, it is the purpose of the initial assessment that is being made. If the Navigable Waters Protection Act, for example, comes into the picture, that is under the jurisdiction of another minister, the Minister of Transport, and he would be involved also.

The first step is under way, and that is an initial assessment to determine whether a basin-wide study is required, a full-blown EARP, which is what the honourable senator is talking about, or some other process. As I say, the initial process has been commenced by the department which would be the funding department, namely the Department of Agriculture.

[*Translation*]

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—POINT OF ORDER—SPEAKER'S RULING

The Hon. the Speaker: Honourable senators, on Tuesday, May 4, 1993, Senator Marshall rose on a point of order to complain of the fact that the government had not complied with a resolution of the Senate requesting the government to respond to the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: *The Valour and the Horror.*

[*English*]

The resolution to which Senator Marshall referred was adopted by the Senate on February 4, 1993, and reads as follows:

> THAT, within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled *The Valour and the Horror*, tabled in the Senate on January 25, 1993.

As Senator Marshall has said, the response was to have been tabled no later than April 5, that is, within 60 days of the adoption of the resolution.

[*Translation*]

In response, Senator Murray, the Leader of the Government in the Senate, indicated that the Minister of Communications had sent the response directly to Senator Marshall. Senator Murray then tabled the letter in the Senate. Despite the brevity of the letter, Senator Murray made it clear that it was the government's response and, as such, meets the requirements of the resolution.

[*English*]

Honourable senators, Senator Marshall has asked the Chair to rule on whether the resolution adopted by the Senate has been complied with. The role of the Speaker is to preserve

order and decorum in the Senate. The Speaker does not interpret or enforce orders or resolutions of the Senate. Consequently, I must inform Senator Marshall that the Chair will not rule on this matter. However, there are other procedures available to Senator Marshall if he wishes to pursue this matter further.

• (1350)

Hon. Jack Marshall: I accept the ruling of Your Honour.

Honourable senators, Motion No. 56 on the Order Paper states:

> That the *Rules of the Senate* be amended by adding, immediately after Rule 98(3), the following:
>
> 98.(3)(a) That within 150 days of the presentation of a report from a standing committee or special committee, the government shall, upon the request of the committee, table a comprehensive response thereto.

When we reach that motion and I ask for its adoption, I feel confident that my request will receive the unanimous consent of the house.

ORDERS OF THE DAY

CUSTOMS TARIFF
EXCISE ACT
EXCISE TAX ACT
CUSTOMS ACT
CRIMINAL CODE

BILL TO AMEND—THIRD READING

Hon. J. Michael Forrestall moved the third reading of Bill C-102, to amend the Customs Tariff, the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and a related Act.

Hon. M. Lorne Bonnell: Honourable senators, I attended a meeting yesterday concerning this bill, during which the minister was present. He did not answer the questions put to him to my satisfaction, but his replies were good enough for to me to say that the bill has the right principles in mind. Therefore, I think senators on both sides of the house should support it.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.
>
> And on the motion in amendment of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Atkins, that Bill C-93 be not now read the third time, but that it be amended by striking out Clauses 35 to 72 inclusive, and renumbering the subsequent clauses accordingly.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, yesterday I asked leave to have another day to check my notes against the intervention of Senator MacDonald on this bill. I have now done so. In the context of the debate at second reading and the committee hearings, most of which I attended, as did many of us on both sides of this place, and after having reread Senator MacDonald's speech, I do not think there is anything I can add.

Let me put it this way, honourable senators: I do not think there is anything I can add that will change anyone's mind. I have discussed the matter with various senators and I get the impression that the Senate has heard enough to have made up its mind about this bill, particularly about the aspect of the bill with which the motion of Senator MacDonald deals.

Speaking for this side of the house, it strikes me that we are ready to vote on the bill.

On motion of Senator Murray, debate adjourned.

• (1400)

EXCISE TAX ACT
ACCESS TO INFORMATION ACT
CANADA PENSION PLAN
CUSTOMS ACT
FEDERAL COURT ACT
INCOME TAX ACT
TAX COURT OF CANADA ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING—ORDER STANDS

On the Order:

> Resuming the debate on the motion by the Honourable Senator Simard, seconded by the Honourable

Senator Grimard, for the second reading of Bill C-112, to amend the Excise Tax Act, Access to Information Act, Canada Pension Plan, Customs Act, Federal Court Act, Income Tax Act, Tax Court of Canada Act, Tax Rebate Discounting Act, Unemployment Insurance Act and a related Act.

Hon. Raymond J. Perrault: Stand.

Hon. C. William Doody: Honourable senators, may I just raise a question? This order, which involves amendments to the GST, has been stood for some days. It will have to go to the Standing Senate Committee on Banking, Trade and Commerce, if it reaches that stage in this chamber. When will the members of the opposition deal with this matter? We are getting close to the end of the session, at least this part of it, and time is getting short. The committee would like to have time to consider the bill.

Senator Perrault: I want to assure the honourable senator that there is no attempt to impede the progress of this bill through the Senate. I have been out of the country. Last night I received additional material with respect to the bill. I hope to be able to make some comments tomorrow, which may expedite matters.

Order stands.

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

SECOND READING—DEBATE CONTINUED

Leave having been given to revert to Order No. 3:

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Cogger, for the second reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. Peter A. Stollery: Honourable senators, thank you for the courtesy of allowing me to speak.

Honourable senators, it seems to me, after weeks of study and pre-study and following the issue of free trade, that we have gotten ourselves into a pretty kettle of free-trade fish. The Americans who invaded Mexico at least three times, at least twice since 1910, have gotten us into Mexican politics.

Why do countries like Canada go into free-trade arrangements? "We lower our protection and you lower your protection, and we can both improve our situations. We will buy more from you and you will buy more from us." That is what we are supposed to be embarking upon. That is how it works in industrialized countries. The most well-known arrangement would be the European Common Market. Whether it has been a common market, a customs union or free trade, that has been the theory behind it.

However, as former U.S. Congressman William Frenzel pointed out to the Standing Senate Committee on Foreign Affairs a few days ago, Mexico is quite different. Senators, it is different. It is different because it is the first time that developed countries, in this case Canada and the United States, enter a comprehensive free-trade agreement with a developing country, Mexico.

That difference means many things. The difference is enormous. The only way that I know to examine what it means, short of an on-site inspection, is to examine the difference in incomes and how that difference is affected by the political system.

Honourable senators, the breakdown of incomes in countries is a very difficult thing to accomplish because it involves purchasing power, it involves per capita figures, taking the GDP and dividing it by the numbers of people and, of course, in developing countries, most importantly, added to those two things, it involves distribution of income.

According to the most recent report, the World Development Report 1992 by the World Bank, on world development indicators, Table 1, Basic Indicators, Mexicans have a per capita income of $2,490. Canadians have a per capita income of $20,470 per year. The per capita income in the United States is $21,790 a year. We can take both countries and average them at $21,000 per year, as against $2,490; about one-ninth.

In the case of Canada, we can turn to Table 30 to see the breakdown of the income. It is not just the number of people divided into the gross domestic product. Rather, it is how the income is distributed. What is the income distribution in Mexico? I checked these figures with the World Bank several times over the last few days, because I noticed, in the column, "Percentage share of household income by percentile group of households", the line for Mexico is all blank. There are not statistics.

Venezuela, for example, has figures. I know, Venezuela is not Mexico. We say "all of those countries", but they are all different. However, if we look at Venezuela's case, we see a country which has had democratic elections since the 1940s, even though the president is now being impeached, has had to resign and had been nearly overthrown twice in the past year. However, there have been two or three vigorous parties putting their positions forward in election platforms. Of course, Venezuela benefited from the oil boom and all that sort of thing, but even in Venezuela 10 per cent of the population gets 34 per cent of the income.

• (1410)

This is a very respectable book. You have probably all seen the PPP figures being thrown around by the international financial press. They all came out of this book. I asked the man at the World Bank, "What about the Mexican figures?" He said they were actually 1975 figures extrapolated, because they do not come up with the figures.

I listened to Senator Everett yesterday explaining that he is in favour of this proposal. Presumably, he is in favour of the proposal because it will assist Canada in developing its wealth and there will be a growth of relations among Canada, the United States and Mexico. That is fine, but how do I get past the fact that in Mexico there are no customers?

I spent many years as a merchant in the retail business, and when I left the business I had to sign a covenant of non-competition. The first thing you learn in that business is that you have to have customers. You have to set your prices so that your customers can afford to buy your goods.

I do not think it would be an exaggeration, drawing on my experience with underdeveloped countries, to suggest that about 80 per cent of the national income of Mexico will go to 20 per cent of the people; in fact, it will probably go to less than that.

Yesterday, an interesting witness from Mexico City told the committee that roughly 40 per cent of Mexico is rural economy and 60 per cent is urban economy. Of that rural 40 per cent of the population — and that is a lot of people — many live outside and apart from a cash economy. They will not use money at all and it will be difficult to track them down and find out just what their standard of living is.

There are all kinds of definitions of poverty, and in places like Mexico poverty can be defined as only consuming 2100 calories a day. The definition is not based on how much they earn; it is based on whether they get to eat 2100 calories a day.

I am sure senators who have taken holidays in Mexico have observed that the people there are quite short, and the more rural the area they are from, the shorter they are. Why do you think they are short? It is because they do not get enough to eat, they do not get 2100 calories a day. These are our partners in this free trade arrangement.

We had some very interesting information from our witness yesterday about the political situation in Mexico. As I pointed out, when you get into this sort of exchange you learn how income is affected by the political system. We saw a snapshot of the political system in Mexico yesterday. As you know, the Institutional Revolutionary Party had been in power since 1929. In fact, there has never been a peaceful transition of power in the history of Mexico since 1821. Every single transition has involved a blood bath, which is what keeps the Institutional Revolutionary Party in power.

[Senator Stollery]

Our witness yesterday said:

> The Chamber of Deputies is not called upon to approve international treaties, and NAFTA is the exclusive concern of the Senate where the Institutional Revolutionary Party, the PRI, holds 61 of the 64 seats. Even though the two opposition parties will undoubtedly spark a very active debate when the moment arrives, the ratification is a foregone conclusion...
>
> This situation is one of many which reflect how firmly anchored in the Executive are decisions in Mexico through the PRI machinery which has been in power ever since 1929.

This evidence is from a prominent participant in the Council for Democracy in Mexico who is in favour of the NAFTA agreement.

> Although some signs of political opening have budded during the administration of President Salinas, it is still unfortunately far from true that Mexico enjoys the benefits of fair democratic elections.

What is the major benefit of fair, democratic elections? Time and time again it has been an increase in people's incomes.

The witness continued:

> President Salinas promised a deep political reform in his 1988 inaugural address after his triumph, one of Mexico's most highly contested electoral results in modern history. ...the commitment seemed about to be honoured. It has until now fallen short of expectations.

To give you some idea of the situation:

> The resignation of the PRI-imposed governor of Tabasco, interim governorship in Guanajuato in the hands of PAN, along with the resignation at the beginning of 1992 of the officially installed PRI governor of San Luis Potosi, were also interpreted as proof of a new air of openness in Mexican politics.

That was from our witness yesterday. He went on to say:

> Two opposition governors, plus one interim, in a total of 31 States is, however, feeble proof of a new epoch in Mexican electoral history. To be sure, some 200 mayorships, which include some of the more important cities, are under opposition rule....The total is, however, hardly 8 per cent of the municipalities of the whole country. About 15 per cent of Mexico's population is under non-PRI governors or mayors.

With reference to the issue of incomes and politics, the witness said:

> To sum up, the government has depended traditionally on the CTM, the confederation of Mexican workers, for votes and political power. It has kept that side of society in control.

I do not think I have to take up any more of my 15 minutes on that subject, honourable senators. It is clear that Mexico does not have a normal independent free trade movement. The trade union movement is in fact one of the more important elements of the control of Mexico by the government party. That is how it works.

• (1420)

The Hon. the Speaker: Honourable senators, Senator Stollery's time has expired. Is there unanimous agreement to allow him to continue?

Hon. Senators: Agreed.

Senator Stollery: Thank you, honourable senators. I will attempt to be as brief as possible.

The evidence from Minister Wilson to the committee took me aback. He was attempting to show that President Salinas, contrary to what was said by our prominent Mexican witness yesterday, has made changes. He told the committee that a Human Rights Commission was formed in 1990. They investigated 15,000 cases over the last two and a half years. Can you imagine, 15,000 cases in a one-party state? Can you imagine what that really tells us about the state of the country?

Our witness yesterday, Mr. Faesler, explained how the government of Mexico has managed to keep incomes at a very low level. Senator MacEachen explained yesterday, as illustrated in a graph from the OECD, that as Mexican productivity has risen, Mexican wages have actually fallen. It becomes clear from the evidence that by using the government's labour organization, which is part of the party, the government is able to control Mexican wages so they have actually been falling as productivity has been rising.

If Canada is to enter into free trade agreements with underdeveloped countries, "underdeveloped country" means a great deal. It usually means a repressive police state with fraudulent elections. Remember, Mexico has had the same government since 1929. The labour organization is controlled by the government; in fact, it is part of the government, and it is able to manipulate workers' wages.

You might say, "Well, with the free trade agreement, wages will rise." I question why they have not already risen. Our witness yesterday explained that in the name of inflation, the government has been able to control wages because of the inflation-rate problem in Mexico. But what if the government, five years from now after the free trade agreement has been approved, says to the trade unions, "We will keep wages down to $2,800 a year." Our witness yesterday told us in no uncertain terms that entrepreneurs in Mexico would absolutely refuse to raise the minimum wage to $5 an hour. We were told that categorically yesterday. Remember, as well, that industrial workers, even today, are quite a small minority of Mexican workers.

We are launching into a free trade agreement which, the more you look at it, makes no economic sense. It is obvious to the Americans, who have invaded Mexico repeatedly in this century. Pershing invaded in 1918; Wilson or Taft invaded at Veracruz in 1914. The oil fields at Tampico were occupied. The Americans have an agenda with Mexico, but it is not the Canadian agenda. I do not think Canadians would approve of an arrangement whereby we are endorsing a repressive regime that dares not hold real elections, for a variety of reasons.

Let me hasten to say to honourable senators that this is not an anti-Mexican speech. The difference between a corrupt regime and the people has always been clear to me. That describes the Mexican government: a corrupt, repressive regime which has not changed since 1929 and — clearly from the statistics — has managed to keep wages way below what they should be. This very same corrupt regime may do the same thing, and probably will for the next unknown number of years, in order to aid their own business people to extract as much, unfairly, as they can out of the agreement they are desperate to make with the United States. Remember, the impetus for this agreement comes from Mexico. It certainly does not come from Canada. We have been caught in the crossfire. The free trade agreement has made us the caisson or ammunition chest being hauled along behind the artillery, without any real power of decision.

If we are not all very careful, honourable senators, we will find ourselves in what they used to call "a Mexican standoff".

Senator Frith: Or worse!

Some Hon. Senators: Hear, hear!

Hon. Douglas D. Everett: Would the honourable senator permit a question?

Senator Stollery: Certainly.

Senator Everett: The honourable senator's argument against free trade is somewhat based on the fact that there is a large income disparity between Canada and Mexico. Would he not agree that per capita income is not the only criterion for estimating Mexico's ability to purchase our exports, and that in an economy whose productive capacity is growing rapidly, there would be a demand for our production machinery and other manufactures and natural resources produced by Canada?

Senator Stollery: If you are attempting to tell me that people with an income one-ninth of ours will provide us with customers, I do not follow that argument. If you want to say

that is not the only basis for deciding whether people are customers or not, I agree with you. I would say, "yes". The issue is further exacerbated and emphasized by the fact that most people earn much less than $2,400 a year. About five per cent of the population actually receive any money. Those will be your customers, and I wish you good luck.

Senator Everett: The honourable senator seems to be equating the ability to buy on the basis of a retail trade and that there must be a direct consumption by the population. Would he not agree that the productive capacity of the Mexican economy, especially as it is burgeoning at this time, will be a great market for Canada in terms of production machinery and our other manufactures and natural resources?

Senator Stollery: I come from Ontario, Senator Everett. Ontario, a province that has gone a long way to paying for this country, has been devastated by that kind of argument. I stand by my opinion. This opinion is shared by a great many people. If you look at the per-capita figures when the EC was formed and the Treaty of Rome was signed, they were nothing like the figures related to the proposed agreement before us. My argument is certainly not based simply on the retail business. The ability of customers to have disposable income is recognized as an important part of economics by every economist in the world.

Senator Everett: I am somewhat mystified by the fact that, when we were dealing with the free trade agreement, it was the disparity of much larger incomes and productive capacity in the United States that caused the honourable senator to say we should not enter into that agreement. Now he is saying there is a disparity where there is a lack of income in Mexico that should cause us to do the same thing.

Senator Stollery: Senator, I did not say any such thing during the free trade debate. I had reasons for being sceptical about the way the free trade agreement was implemented. We could have had a much better free trade agreement if we had not been so foolish as to go down to Washington and say, "Please, will you let us in?" There were many better ways of doing it. It is so obvious and logical, and that is why the NAFTA will fail, because it is representation by population in the United States House of Representatives. When the members of that house look at the figures, and start to think about them and the devastation that this deal will bring upon their constituents, they will vote against it.

On motion of Senator Lynch-Staunton, debate adjourned.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the Seventeenth Report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled, "Canadian Citizenship: Sharing the Responsibility", presented in the Senate on May 6, 1993—(*Honourable Senator DeWare*).

• (1430)

Hon. Mabel M. DeWare: Honourable senators, before I begin my comments on the report, I want to share with my friends on both sides of the chamber what an honour it has been to be both a witness to and a participant in our committee's study of Canadian citizenship. I have been privileged to have my understanding of and appreciation for Canadian citizenship deepened and have been reminded throughout of the great wisdom and diversity of the Canadian people, which has always been our nation's greatest strength.

Honourable senators, we have come to acknowledge Canadian citizenship as a "treasure to discover", but it is something of a buried treasure. There are many reasons for this. One that we should never forget is our relative youth as a nation. If the building of a model of citizenship is in many ways a product of our shared history, then we have less fabric than other nations from which to work. This, however, should not be lamented as much as it should be embraced for the exciting prospects it presents. While our story as a nation has only begun, we have greater freedom to shape future chapters.

Our youth is not solely a function of history, but a reflection of the enormous role that immigration is playing today in forming our nation. There was a time not so long ago when we spoke of Canada in terms of its two founding peoples, the French and the English. Gradually, our understanding has broadened to allow us to recognize the proper place of native peoples. Now, however, we are coming to acknowledge that the new Canada is a multicultural nation, where diverse peoples all come together.

This diversity must complicate our search for models of definitions of "citizenship", but it also allows us to broaden our understanding and build a more tolerant and virtuous nation. We can see it in our willingness to use citizenship, not in an attempt to impose orthodoxy or homogeneity, but to include and welcome diversity.

In much of our discussion, I have sensed an awareness of the strident patriotism of our giant neighbours to the south and a consensus that, while such a view of citizenship has advantages, it also carries a cost in openness to diversity that

we are not willing to pay. Clearly, we are all seeking a form of citizenship which does not confine Canadians, but encourages them to take a greater role in their natural community. To do this, we wish to avoid pre-determining the content or form of that contribution.

While I recognize and support this approach, I also want to caution fellow senators not to delude themselves about what the search for citizenship involves. If we wish to establish a framework for individuals to achieve their personal goals and to encourage them to act in the public good, we must acknowledge that such a framework, by definition, sets certain boundaries. These boundaries need not be airtight or fortified. Indeed, it is often good if they are not, because part of what we want to do is to allow people to challenge and change them when that will serve the greater good.

At its bottom line, however, we must accept that to live in this society is to accept the equality of all peoples and, within that, to agree to a democratic form of government. With the respect of one's fellow citizens comes the respect for the rule of law and the acknowledgement that their majority opinion, democratically expressed, must place some claim on our behaviour. Good citizenship includes within it a reminder of one's neighbour and an encouragement to act in the interests of others, rather than the interests of self. It establishes our connection to others and enjoins us to act within the law, even when one seeks to change that law.

Of course, there are always exceptions to any generalization about what "good citizenship" does or does not include, but we should acknowledge that a search for good citizenship is in large part a search for these generalizations, even while we properly reject attempts by some to make citizenship a code word for coercion of Canadians into some more specific, political ideology.

In this day of enormous government and atomized individuals, it is natural for us to seek to counterbalance the scales by the imparting of rights to individuals. We should remember, however, that in its purest form, citizenship is not primarily about how individuals relate to their government, but about their relationship to their nation and, through it, the world. John F. Kennedy's exhortation to, "Ask not what your country can do for you, but what you can do for your country," may seem out of place in this time of cynicism and selfishness, but it is a reminder to us of the true spirit of citizenship. Citizenship is about relationship and responsibility. Yes, it is about rights, too — the other person's rights — and our willingness to ensure them even when we are not directly affected. Good citizenship comes from the encouragement of this other directedness.

How do we accomplish this? First, by encouraging understanding and acceptance of each other's differences. To me, this is the important role that multicultural initiatives play in explaining across cultural divides the importance that certain practices and events play in the lives of individual Canadians.

While our tolerance for this diversity builds a connection that we need for good citizenship, we must not be fooled into thinking that the diversity itself might unite us. Sharing is the first step in building the spirit, but it is only the first. We must encourage Canadians to do more with their unique qualities to bring them to the surface of their nation in a way that enriches all of us.

In the final analysis, our unity comes from the things that we share, the common values and experiences that all Canadians are made to feel part of. This takes time, but it also takes an attitude of openness on the part of both giver and receiver. The ones who share must accept that their expression must relate in part to the nation of Canada as a whole, not solely some hyphenated part. The ones who receive must open themselves to acknowledge that the others' actions must be understood, not only in terms of understanding some smaller part of what Canada is, but the greater reality of what we are together. If we could only broaden our sense of whom we mean when we speak of "us", I think we would find that there would be very few left in "them". That sense of connection is, I repeat, at the heart of our quest for good citizenship.

• (1440)

Honourable senators, I want to remind us that we live in that most privileged of worlds where every day we come into contact with fellow Canadians to discuss our great land. Ours is a world full of contemplation and discussion, of consideration of the finer points of constitutional reform and Charter wording. We understand and love the functional beauty of the parliamentary form of government and the finer points of constitutional monarchy. We have the benefit of higher qualified support staff to research and explain areas where we are uncertain or insufficiently knowledgeable.

The average Canadian does not share in our good fortune. We cannot impose upon them tests of interest and knowledge, or demands for certain amounts of knowledge. They are far too important, doing the important things in life: going to work, raising families, and trying generally to get through the day and make life better for themselves and their loved ones.

What we can do, however, is provide them with the tools to participate in our democracy, to explain our institutions of government so that they act as they were intended to, as opportunities rather than barriers. This need is especially great among certain disadvantaged groups: women, native Canadians, racial minorities and the young. New Canadians are in obvious need, but we must not lose sight of what we are trying to do. Our aim is not so much to integrate one group or another into an existing framework as it is to reinforce and reinvent the framework for all of us to live together. We must include everyone.

Certainly, we are hampered in this by the constitutional delegation of education to the provinces. However, I believe our deliberations showed a consensus that the national government must play a greater role here, and where there is a will there is a way.

In this regard, it is clear to me that we must not act by half measures. What Canadians need is a comprehensive and a systematic program in citizenship education, not merely an add-on or afterthought to some other class or program.

The best teaching is always by example and the best courses in citizenship will always be the informal ones around the family dinner table. But we should acknowledge that there are many changes taking place today in the fabric of our society, and that this places a greater responsibility on our educational system to fill the void. This is as true in promoting good citizenship as it is in any other field. We should help in establishing a curriculum and not simply add this task to our already overburdened teachers. The benefits of such a national civic curriculum would be enormous.

Honourable senators, I have mentioned two steps in our quest for citizenship. The first was a willingness to share those things from our diverse groups which make them unique, to bring that uniqueness unselfishly to the service of the nation.

The second was shared experience, a reminder of things that we have in common, of common joys shared, common tears shed, and common obstacles overcome. The pride includes our history: the underground and transcontinental railroads, Vimy Ridge and UN peacekeepers, insulin and Medicare, Terry Fox's run and Paul Henderson's goal. Hundreds of other names have made us proud: Bondar, Laumann, Hansen, Fréchette, Dion.

The third step is to express this commitment to our nation and to teach it to ourselves and our children. Last year, I had occasion to reaffirm my oath of citizenship during our social policy meeting. I still carry the memory of that thrill with me. My pledge was not, as some might try to characterize it, an act of self-abasement or obligation. It was instead an opportunity to reaffirm my connectiveness to something called Canada, something very noble, important and unique in this world. It is something bigger than Mabel DeWare and something that I trust will be here long after I am gone.

Honourable senators, I wish there were some way by which every year we could provide Canadians, young and old, with an opportunity to voluntarily reaffirm that oath together, perhaps at a certain time set aside all across Canada, with Canadians standing together in schools, offices, nursing homes, town halls and citizenship courts. I think the response would be tremendous.

I have reason to be optimistic. Every five years, we take a census, the largest poll of the Canadian public possible, larger than an election or referendum. The data from the most recent census taken in 1991 are now becoming available. In 1991, when asked their ethnic background, unprecedented numbers of Canadians simply answered that they were Canadian. The increase from the 1986 response was by a factor of 10. In 1991, 10 times as many Canadians saw themselves without hyphens, as compared to a mere five years before. Honourable senators, that is the sign of a nation coming of age.

Canada was built on equal parts of dreams and sweat. As we benefit from the efforts of our ancestors, we bear a deep obligation to our descendants. Part of that obligation is to instill within them this sense of citizenship, to provide them with a base from which they can make their own contributions to this great nation.

We do not ask blind acceptance, but we must seek to explain to them the traditions and history which have built our political culture. Having done that, we can then be confident their determination of Canada's future will at least be an informed one.

The committee has made recommendations to reflect the importance of citizenship in the name, programs and legislative priorities of the Department of Multiculturalism and Citizenship. These are timely matters, honourable senators, and it is my great hope that they will receive timely consideration. I draw special attention to the recommendation for an independent centre for Canadian citizenship and promotion. Most of all, I want to stress the importance of finding a workable program of education and citizenship through provincial coordination and public education with private cooperation.

I know from experience that when initiatives of that sort are proposed, there are always dozens of reasons quickly advanced as to why such a proposal can never succeed. In closing, however, I would ask honourable senators to look into their own hearts and examine their own feelings for Canada to find the reasons why we must not allow it to fail.

On motion of Senator Di Nino, debate adjourned.

MEETING NEW CHALLENGES: CANADIAN RESPONSE TO A NEW GENERATION OF PEACEKEEPING

ELEVENTH REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the eleventh report of the Standing Senate Committee on Foreign Affairs (peacekeeping), tabled in the Senate on 25th February, 1993 — (*Honourable Senator Corbin*).

Hon. Jerahmiel S. Grafstein: Honourable senators, looking back on the twentieth century, what will be remembered? Looking back from this vantage point, the century could be judged as a jagged race, a descent from individual accountability to collective cruelty, from civil discourse to scientific violence, from literacy to barbarism. Everywhere, as we gaze around the globe, history seems on the retreat from the Utopian theory of the democratic state where each citizen stands accountable for his own actions.

In a democratic state, we believed that with increased levels of education, science, technology and literacy, civility and civilization would advance apace. And we were led to believe that peacekeeping, protecting human life and limb, was a sublime measure of individual accountability in this era of modernity — the ultimate benchmark of civility in the twentieth century.

• (1450)

Yet something has gone horribly wrong. The theory did not match the reality. While democracy advances, we witness the paradox of escalating state violence and group cruelty. It seems that the human condition has not progressed, but regressed. Hence, the timeliness of the Senate's auspicious report on peacekeeping. This report, the first in-depth parliamentary probe and analysis of Canada's prodigious contributions to the United Nations' peacekeeping efforts since its conception in 1948, is, of itself, a remarkable manifestation of Canada's character. Canada has participated in each and every UN-sponsored peace mission. Canada is the only member state of the United Nations that can make that claim. Canada makes the highest per capita contribution to peacekeeping in the globe. To date, Canada has contributed 10 per cent of all peacekeeping ventures. So deeply embedded are the tenets of the UN Charter in our bipartisan foreign policies that the Canadian character has become indivisible from our identification with global peacekeeping. We pay our contributions on time. We have not quibbled about the amounts. No other industrial state, including the United States and Russia, can make these statements. Canada has always put her pocket and her forces where her mouth is: At the service of world peace.

Over 80,000 members of Canada's armed services have served with great distinction in these often hazardous missions around the globe. We have overcommitted and overperformed any other nation in the industrialized world based on any comparative analysis, and we stand prepared to do more. At this very moment, Canadian troops serve, in harm's way, in Bosnia in the pursuit of their UN mission, while the world community limply holds its breath, listlessly witnessing escalating atrocities.

Tragically, at this time in our history, both the UN and NATO in the barbaric 1990s have emerged no less impotent than the League of Nations in the 1930s. It seems that the lessons of history go unheeded, and so history endlessly turns in circles and mindlessly repeats itself. Memories quickly fade. Lust for power and property and lust for national self-gratification in developed and developing states alike grind humanity under the wheels of violent international exchange. Empowerment of self at the expense of any "other" group feeds the deep malaise of the human condition. Twisted nationalism, national selfishness, as Hobbes pointed out so long ago, continues to energize politics, but now there is a difference, a modern difference. Now our technology has become so pervasive and so efficient that destruction of life and limb can happen at the speed of sound. This is matched by the speed and pervasiveness of global communications.

We can no longer ignore or evade this knowledge. Devastation of life occurs in numbers undreamed of in the 1930s. Our high hopes for the UN appear to be dashed by the grim reality of the human condition and our rapid descent into state barbarism. Barbarism requires sophisticated actors and accomplices, willing or otherwise. Arms do not appear out of our dreams. Arms come from sophisticated research, manufacturing plants, warehouses, international distribution systems and banks.

After World War II, there were 60 states in the UN. Now there are 188 states, and the number is still climbing. There are 6,710 languages spoken around the globe. We have the highest literacy since the dawn of civilization. We can read and write in unparalleled numbers, yet cruelty and mistrust proliferate like cancer cells within each body politic. We can body count with computer speed, yet somehow we fail to communicate anything but historic hostility and anger.

Today the world is plagued by 38 bloody wars, raging in practically every region save North America. These so-called micro wars are on the rise since the collapse of the U.S.S.R. in 1989 and the meltdown of the cold war. Old animosities frozen under the ice of the cold war have resurfaced in this power vacuum. None of this comes as news to any of us. These conflicts are reported daily, then buried in the snippets of each and every news network or newspaper. Even with our instant knowledge, we have grown immune to the escalating violence and cruelty. Yet our leaders rush about to recognize new states and their sovereignty before we are satisfied that such states will, or at least intend, to meet their minimum global agreements on human rights. The so-called new world order is now marked by disintegrating authority. The diffusion of power, the fragmentation of power, allows the rise of little historic hatreds to spring from the cracks of authority, threatening to spread wider and wider.

While North America is spared military conflict, urban society in North America and elsewhere is challenged by this increase of violence. No urban area is free of increased violence. The human condition seems forever trapped in a thinly-veneered medieval warp of hate, bias and fear, goaded by obscene literate leaders of statecraft, intelligence and religiosity. They insist on leading smartly backward in time, backward into the future.

So what is to be done? Will we ever see peace in our time? Does peace remain an illusion or, worse, a delusion? The Senate study probes the edges of this problem, yet leaves unexplored the root causes of racism, tribalism, fanatic nationalism, or, why state barbarism and cruelty have exploded in the age of global literacy. The Senate report recommends that we expend greater effort on improving the safety and efficiency, by measured doses, of our Canadian commitment to the use of the force of arms as protectors in peacekeeping missions. The Senate report gestures toward ideas to quicken the pace toward a different equilibrium, based on the rule of law.

We are not alone. Remarkable observers have examined our modern dilemma. Four recent books point to the failure of the human condition that hounds this century's dreams of peace. While each erudite witness addresses different aspects of this problem, each is equally gloomy in his prediction and hopes for a better world in the next century. All agree that without the political will and political leadership to neutralize the growing legitimacy of state-supported violence, there will be no change. All agree that the twentieth century will go down in history as "the killing century".

Zbigniew Brzezinski, former national security advisor to President Carter, calls the twentieth century "the century of megadeath". He calculates that, in this century alone, 167 million people have been deliberately slaughtered through "politically motivated carnage". This is equal to the populations of France, Britain, Italy, or two-thirds of the American population. Brzezinski captures his world view in the title of his book: *Out of Control – Coercive Utopias*. Each attempt at state utopia has paid a bloody price in death, and the major cause, he suspects, is the growing gulf between rich and poor at home and abroad.

Senator Daniel Moynihan, that perceptive observer of the modern condition, has probed the same problem in his book entitled *Pandemonium - Ethnicity in International Political Affairs* from a different vantage point. He describes the growing awareness of ethnicity as part of a political equation. He had hoped that the UN, free of the east-west gridlock, could progress. He points out the Balkan UN resolution calling for "obligations under the international humanitarian law" might have worked. Yet, to his dismay, no movement is evident in the world community to stop the Balkan carnage. The horror does not go away. He wonders when the international community will in fact just ask itself how much horror we can look upon without definitive action.

John Lukas, modern historian par excellence, in his book entitled *The End of the 20th Century: End of Modern Age* is equally gloomy when he surveys the growing evidence of the new barbarism around us. He calculates that as states increase in size and scope, their authority decreases. Barbarism turns from a possibility to a reality. Lukas savagely denounces the silent — and not so silent — intellectual classes who continue to overlook cruelty as a price for creating political systems of so-called Utopia or so-called equality.

• (1500)

Probing even more deeply into the human condition, an Iraqi expatriate, Kanan Makiya, in a chilling book entitled, *Cruelty & Silence — War, Tyranny, Uprising & The Arab World*, carefully documents and then excoriates the current intellectual classes who turn a blind eye, a self-imposed silence, to cruelty, torture and death at home. He says that they are the culprits. It is these classes, he eloquently argues, who foment state violence and betray civil values. That is not much different from those Utopian communists who not only failed to criticize Stalinism for the so-called greater good, but used their talent to apologize for, or evade, the responsibility for acts of inhumanity. The simple lesson is this: Teaching hate — hate toward anyone — is the first step to indiscriminate cruelty and violence, first at home and then abroad.

Meanwhile, in February, the Secretary General of the UN, Boutros Boutros-Ghali, in his Agenda for Peace, launched this probe into the same endemic problem. He said:

> The United Nations has not closed its door. Yet if every ethnic, religious or linguistic group claimed statehood, there would be no limit to fragmentation, and peace, security and economic well-being for all would become ever more difficult to achieve.
>
> One requirement for solutions to these problems lies in commitment to human rights with a special sensitivity to those of minorities, whether ethnic, religious, social or linguistic...The General Assembly soon will have before it a declaration on the rights of minorities. That instrument, together with the increasingly effective machinery of the United Nations dealing with human rights, should enhance the situation of minorities as well as the stability of States.
>
> ...The sovereignty, territorial integrity and independence of States within the established international system, and the principle of self-determination for peoples, both of great value and importance, must not be permitted to work against each other in the period ahead.

Honourable senators, that is easier said than done. The Senate report explores the margins rather than the root causes of war. Yet, we offer no panaceas. Does peace depend on greater use of peacekeeping? Does peace depend on a revitalized UN, deployed, as George Shultz suggested, and led by active diplomatic leadership, geared and supported by greater force?

Where is a Pearson when we need him? Where is the creative political leadership when the world cries out for such leadership? Does peace depend upon greater political mechanisms for enforcing sanctions against aberrant states?

Does peace depend on a retreat from the notion of sovereignty to an interdependency on the rule of law, and thus a transfer of sovereignty to a world court of justice armed with enforceable penalties? Is it possible without victors to bring aberrant leaders to the bar of international justice, in order to serve as a deterrent and prophylactic against future excesses? The UN Security Council has just announced the establishment of such an international tribunal for actions against humanity in Yugoslavia.

Is this the fragile start of a better world order? Is the legacy of the twentieth century to be the mathematics of killing or the advocacy of penalties for crimes against humanity? We will see.

Since violence and force continues unabated, groping toward individual accountability, toward individual responsibility may be the only rocky path to peace. The Senate report gestures in that direction. We call for the Government of Canada to invest energy and galvanize ourselves and our friends in multinational bodies to join with us in our quest for a different world order based on the rule of law. We call for leadership.

It is to be hoped that the failed policies of the twentieth century will encourage political leaders of determination to chart a new course so that each person, each self-styled fighter for freedom will feel the cold threat, the fearsome sanctions of the rule of law if they choose to breach minimum standards of public morality.

Our hope lies not in failed ideas of collectivism, nor in barbarism, particularism, separatism, nationalism, or religiosity, but in humanism and individual responsibility. After all, senators, what is the timeless idea behind the Book of Books? Ten short directives; a simple code of conduct to enhance individual accountability.

So we end, honourable senators, where we start, with the actions of one. As Albert Camus once wondered, after the obscenities of World War II, in his majestic essay entitled, the *Myth of Sisyphus*, "Do we dare to hope?"

Honourable senators, do we dare to hope?

Hon. Senators: Hear, hear!

On motion of Senator Corbin, debate adjourned.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY LAMONT-SPENCER CASE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion that the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, British Columbia, and David Spencer of Moncton, New Brunswick — (*Honourable Senator Robertson*).

Hon. Brenda M. Robertson: Honourable senators, I am delighted to support Senator Robichaud's motion, seconded by Senator Kelleher yesterday, to refer the matter of the imprisonment in Brazil of David Spencer and Christine Lamont to the Standing Senate Committee on Foreign Affairs, in order that we may have a proper inquiry in that committee. I think the sooner we can move to that position, the better, honourable senators.

My comments this afternoon will be brief. The previous speakers have noted that the issue is not whether these two Canadians should be returned to Canada, but when, and by what means. They have been imprisoned, as Senator Robichaud pointed out, for three and a half years. I have been following this case now for the three and a half years since the incident, as have many other senators in this chamber. As honourable senators know, David's father is a neighbour, and we have been very much involved in the case.

After following very closely the evidence that is available to us, it seems to me that the Department of External Affairs has done little to support the use by Brazil of the expulsion provision. In the early stages of this case, I could understand why the Department of External Affairs was reluctant to move to expulsion. However, I no longer understand that position.

The minister expressed concern about the harshness of the 28-year sentence. What appals me is that apparently there has been no reply by Brazil to the Canadian concern. Seemingly, Canada has not pressed the matter. We have been told that, last fall, our officials in Brazil actually lobbied the Brazilian authorities in an effort to speed up the appeals. Again, nine months later, there have been no results.

Do the Brazilians hold the view that Canada does not feel strongly about having its citizens returned home, and in an expeditious manner? It puzzles me that External Affairs can intervene in an attempt to speed up judicial appeals, while claiming that pressing for expulsion would be seen as an interference into the internal affairs of Brazil. Those two positions are somewhat contradictory.

Repeated efforts have been made to encourage External Affairs to ask for expulsion. Expulsion is not something dreamed up in Canada to solve this case. It is a part of Brazilian law that has been specifically recommended by the Brazilian lawyers from the very beginning as the appropriate solution. It has been supported by the internationally respected Cardinal Arns, and it has been found to be appropriate by a study commissioned through the good offices of External Affairs itself.

The reason for External Affairs' attitude is clear enough, I suppose. The department went on record in a memo to the minister dated December 19, 1990, as saying that, in the absence of a denial of justice, such as undue delays or serious irregularities, the minister should not request expulsion.

Since that time, however, evidence has been presented that there was an absence of justice, and that there were irregularities. The families' lawyers documented these irregularities in a fairly impressive manner, I must say. New evidence has come out about the sorry state of the Brazilian justice system. The only independent assessment of both sides was made by a committee of the other place. Most of the members of that committee were of the legal profession. They also represented the three leading political parties and were unanimous in their support of the families' position. That was a year ago.

• (1510)

Honourable senators, this is not just another case. External Affairs has pointed out that there are 563 Canadians known to be in foreign prisons, as though this somehow excuses the department from pressing for justice in this particular case. However, a close examination of the other cases indicates that almost all of the 563 cases were subjected to due processes of law acceptable to Canada. If some of those were not acceptable to Canada, then they, too, should be rigorously examined. But you cannot just say that, because there are so many Canadians in other prisons around the world, we will just not do anything about this case. Canadians have a right to expect their government to stand up for them when their rights are abused by a foreign justice system like the one we know to be operating in Brazil.

Neither should these matters be left to an argument between lawyers in the Department of External Affairs and lawyers for the families, because, certainly from what those of us have seen who have been following this case, there seems to be a stalemate and they are just getting nowhere. I believe that is where public scrutiny is so badly needed. A reference to the Foreign Affairs committee would, I believe, give this issue the public scrutiny it requires in order to give comfort to the families of these two citizens gaoled in Brazil.

Honourable senators, those are my reasons for supporting the reference to the committee, and I hope that all senators will, as parliamentarians, join with me in this non-partisan issue, so that we can do something to see an early resolution to this problem.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, Senator Carney is from the same province as one of the individuals in question and has indicated her wish to speak to this matter. Therefore, I will find out when she can speak on it and, if possible, will report tomorrow on when she can be available. There is certainly no intention to delay referring this matter to the committee. However, in her name, I move the adjournment of the debate.

On motion of Senator Lynch-Staunton, for Senator Carney, debate adjourned.

RULES OF THE SENATE

MOTION TO AMEND RULE 98(3)—DEBATE ADJOURNED

Hon. Jack Marshall, pursuant to notice of Wednesday, May 5, 1993, moved:

> That the *Rules of the Senate* be amended by adding, immediately after Rule 98(3), the following:
>
> 98.(3)(*a*) That within 150 days of the presentation of a report from a standing committee or special committee, the government shall, upon the request of the committee, table a comprehensive response thereto.

He said: Honourable senators, before we adjourn, there is a matter I should like to deal with, concerning my Notice of Motion of Wednesday, May 5. Accordingly, I move the motion.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have nothing to say against the motion. However, I hesitate to let anything to do with the rules pass when Senator Molgat is away, because of his background and his interest in that area. He will be back next week. I would ask, then, that we adjourn it in his name.

Senator Marshall: I was prepared to move the adoption now, since it would only take a second. However, I accept Senator Frith's suggestion.

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

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we do try to adjourn as close to three o'clock as possible on Wednesdays. There are four committees, two scheduled to meet right now, and two at 3:30. If there are no other matters that senators wish to raise, I move that we stand all remaining orders on the understanding that the clock does not move in relation to those orders, and I move that the Senate do now adjourn.

The Hon. the Speaker: Is it your pleasure to adopt the motion, honourable senators?

Hon. Senators: Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 3, 1993

The Senate met at 2:00 p.m, the Speaker in the Chair.

Prayers.

SENATORS' STATEMENTS

VETERANS AFFAIRS

FIFTIETH ANNIVERSARY OF THE BATTLE OF THE ATLANTIC

Hon. Raymond J. Perrault: Honourable senators, last week in Liverpool, England, veterans from many nations of the world gathered to participate in ceremonies and events marking the fiftieth anniversary of the Battle of the Atlantic.

Canada's delegation was mostly made up of representatives of veterans' organizations. They were there on behalf of Navy, Air Force, and Merchant Marine veterans. The Canadian Legion was well represented.

It was a profoundly moving occasion. I truly wish that all Canadians could have been there to witness for themselves the enormous respect and esteem in which Canada and these gallant Canadian veterans are held. In the parade of the Battle of the Atlantic veterans, which was part of the proceedings, no marchers received more applause than our Canadian veterans. In return, all of our veterans participating in the parade seemed to stand six inches taller. There was an incredible response by the people of England. One elderly women shouted from the crowd, and I was nearby to hear it. With tears streaming down her face, she said, "Thank you for coming then, and thank you for coming now."

Are such observances irrelevant? After all, the events that they commemorate took place a full 50 years ago. Each month, more and more of the veterans are going to their eternal reward and fading into history. These days, there may be some Canadians who believe that such gatherings are unfashionable, and that we should attempt to forget about events such as the Battle of Vimy Ridge, which helped to shape our nationhood; that we should consign to history certain other great contests when Canadians were defending freedom; that we should virtually ignore the sacrifices made by those young Canadians on land, on the seas, and in the air; that somehow it is unfashionable to reminisce about these matters and to note with pride and gratitude the achievements of the past. Some, indeed, look upon the veterans themselves as anachronisms; almost historical curiosities consumed with a tendency to talk about the "old days" whenever they meet. Such a portrayal is unfair, and untrue.

The fact of the matter is that, at the time of their service to Canada, these veterans of the Atlantic battles were young — some very young — who played an absolutely vital and brilliant role in keeping open the supply and shipping lanes between North America and Europe and North America and the Soviet Union at the port of Murmansk, and in other areas of the world.

Had the Battle of the Atlantic been lost, world history would have been very much different. Indeed, it was Churchill who stated:

> The only thing that really frightened me during the War was the U-boat peril.

For the first seven years of the war, convoys on the western Atlantic were under British or American control. With the formation of the Canadian Northwest Atlantic Command in April, 1943, they became a Canadian responsibility under Rear Admiral L.W. Murray. In mid-1942, Canada was providing about half of all escorts in the North Atlantic. Admiral Sir Percy Noble, the British officer controlling operations in the Atlantic from February 1941 to November 1942 recognized this commitment when he said:

> The Canadian Navy have solved the problem of Atlantic convoys.

No nation did more to keep those vital supply lines open, and we — and the world — should never forget it.

The Royal Canadian Navy began the war with 13 vessels, of which six were destroyers, and 3500 personnel, and it ended the war with the third largest navy in the world. At the war's end, the RCN had 373 fighting ships and over 110,000 members, all of whom were volunteers, including 6,500 women who served in the Women's Royal Canadian Naval Services with great distinction. Approximately 2,000 members of the Royal Canadian Navy died during that terrible war, and 24 RCN vessels were sunk. Canadian aircraft and ships, alone or in concert with other ships or aircraft, sank 52 U-boats.

Then there was the Merchant Marine. In August 1939, all Canadian merchant ships passed from the control of their owners to the control of the RCN. No Canadian registered ship or merchant ship in a Canadian port could sail without the RCN's authority and direction.

I am almost through, honourable senators. I ask your indulgence to finish.

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

Hon. Senators: Agreed.

Senator Perrault: No Canadian registered ship or merchant ship in a Canadian port could sail without the RCN's authority and direction. When the war began, Canada had 38 ocean-going merchant vessels of 1,000 tons or more.

Some 410 merchant ships were built in Canada during the war, and they were very well built, too, by workers on both our coasts.

More than 25,000 merchant ship voyages were made. The casualty rate for those who sailed in dangerous waters was one in seven — a higher percentage of total casualties than those suffered by any of Canada's fighting services. The merchant navy Book of Remembrance currently being prepared by the Department of Veterans Affairs will list the names of approximately 1,500 Canadians, including eight women, who died at sea during the war. Fifty-nine merchant ships registered as Canadian were lost.

It is important, honourable senators, that we remember these kinds of blood sacrifice made for our nation and for the free world. These kinds of sacrifice should never be forgotten. Indeed, together with many other Canadians, I ask myself whether our educational institutions are telling today's students the story of the gallant efforts of earlier generations of young Canadians and all that they did to make possible the Canada and the opportunities which we enjoy today.

I can only say that I felt greatly privileged to attend the Battle of the Atlantic observances as one of the Senate representatives. I know that our colleague, Senator Forrestall, who was the other Senate representative at the observances, would concur.

Hon. Senators: Hear, hear!

[*Translation*]

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU, P.C.

POPULARITY AS PRIME MINISTER—GALLUP POLL

Hon. Maurice Riel: Honourable senators, I would like to share with you an item in this morning's *La Presse*, which appeared under the following heading:

> Trudeau's shadow still hovering over Mulroney
>
> Trudeau's shadow still continues to hover over Brian Mulroney, a recent Gallup poll revealed. When asked which had been Canada's best Prime Minister, 62 per cent of respondents chose Pierre Trudeau over Brian Mulroney.
>
> Twenty-one per cent preferred Mulroney (an increase of 6 per cent over 1990) —
>
> Mr. Trudeau's popularity varies from region to region. While 71 per cent of the people in the Atlantic provinces thought he was a better prime minister than Mulroney, it was 69 per cent in Ontario, 68 per cent in British Columbia and 57 per cent in the Prairie provinces. Fifty per cent of Quebecers favoured Mr. Trudeau, while 31 per cent said they preferred Mulroney.

After all the scurrilous propaganda against Pierre Elliott Trudeau during the past 15 years, 50 per cent in Quebec is very impressive.

As they used to say about Mr. Duplessis:

> The greatest Premier since Confederation.

[*English*]

UNITED NATIONS

CRITICISM OF CANADA—REPORT OF UN COMMITTEE ON SOCIAL, ECONOMIC AND CULTURAL RIGHTS

Hon. M. Lorne Bonnell: Honourable senators, I hate to go from such a good story to such a bad one. However, I wish to bring to the attention of the Senate the fact that we are being condemned as a nation by the United Nations.

The United Nations has condemned us for the way in which we treat our poor, and for the poverty in this country. The attack comes from a serious source, the United Nations Committee on Social, Economic and Cultural Rights, and confirms something most Canadians feel in their bones — that the rise in the number of food banks, poor single mothers and hungry children is a sign of weakness in Canada's social fabric.

The Geneva-based committee monitors implementation of an international covenant adopted by Canada in 1976 which protects economic, social and cultural rights. The committee is concerned that more than half the single mothers in Canada, as well as a large number of children, live in poverty.

In spite of this country's environment and resources, Canada has not generated any new or planned measures to remedy this situation. In addition, the committee deplores the evidence of hunger in Canada and the reliance on food banks operated by charitable organizations, and is concerned that people, even subsidized by welfare, live so far below the poverty line. But most of all the committee charged the Canadian government with failure to report on the homeless.

Honourable senators, this criticism by the United Nations is a terrible black mark against Canada, and those of you who will be in the government after the next election should do something about it.

[*Translation*]

ROUTINE PROCEEDINGS

INFORMATION

ANNUAL REPORT OF COMMISSIONER TABLED

The Hon. the Speaker: Honourable senators, I have the honour to table the report of the Information Commissioner for the period ended March 31, 1993, pursuant to subsection 40(1) of the Access to Information Act, Chapter 111, Statutes of Canada, 1980-81, 82, 83.

SCRUTINY OF REGULATIONS

NINTH REPORT OF STANDING COMMITTEE TABLED

Hon. Normand Grimard: Honourable senators, I have the honour to table the ninth report of the Standing Joint Committee for the Scrutiny of Regulations concerning illegal exemptions.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

TENTH REPORT OF STANDING COMMITTEE TABLED

Hon. Normand Grimard: Honourable senators, I have the honour to table the tenth report of the Standing Joint Committee on the Scrutiny of Regulations concerning the Indian Act.

The Hon. the Speaker: Honourable senators, when shall this report be considered?

On motion of Senator Grimard, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

CONFLICT OF INTERESTS

REPORT OF SPECIAL JOINT COMMITTEE PRESENTED

Hon. Richard J. Stanbury, Joint Chairman of the Special Joint Committee on Bill C-116, presented the following report:

THURSDAY, June 3, 1993

The Special Joint Committee on Bill C-116, An Act to provide for greater certainty in the reconciliation of the personal interests and duties of office of public office holders, to establish a Conflict of Interests Commission, to amend the Parliament of Canada Act and to make consequential amendments to other Acts has the honour to present its

FIRST REPORT

In accordance with its Orders of Reference dated March 30, 1993 and April 1, 1993, your Committee has considered Bill C-116 and reports that the Bill should not be further proceeded with.

Respectfully submitted,

RICHARD J. STANBURY
Joint Chairman

The Hon. the Speaker: When shall this report be taken into consideration, honourable senators?

Senator Stanbury: Honourable senators, with leave of the Senate and notwithstanding rule 58(1)(*e*), I ask for permission to say a few words at this time.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Stanbury: Thank you, honourable senators, for permitting me to make a few comments on the committee report which I have just presented. The report has already been tabled and commented upon today in the other place by my co-chairman, Don Blenkarn, MP, so it is appropriate that it also be explained to honourable senators today.

You may recall that late in 1991 the government tabled Bill C-43, which was the third attempt at conflict of interest legislation, and immediately referred the subject matter of the bill, together with the whole field of such legislation, to a special joint committee of the Senate and House of Commons. The committee was given instructions to study Bill C-43, as well as past bills and studies and also current trends, and either modify Bill C-43 or draft a new bill to deal with this subject matter. It was clear that the committee should not feel limited to the scheme of Bill C-43. We were to study the whole field and recommend legislation.

The joint committee of both houses and all parties sat for about six months, heard a large number of expert witnesses, immersed itself in several full-day discussions with excellent counsel, and research and drafting experts. In June of 1992, we reported at length, pointing out the problems in the approach used in drafting Bill C-43 and proposing a new mechanism much like the systems already adopted and favourably received in Ontario, British Columbia, and Alberta. It may be said that Newfoundland has since adopted a similar regime, and Nova Scotia's and Quebec's systems have many similarities. The committee drafted a new bill which became part of its report.

The bill drafted by the committee proposed a regime with four basic features:

1. The recognition that conflicts do exist, cannot always be avoided, but must be resolved in the public interest;

2. An independent officer of Parliament, the jurisconsult, to advise all parliamentarians of their obligations under the law, oversee the public disclosure of private interests and investigate alleged breaches of the law;

3. Public disclosure of the private interests of all parliamentarians and their immediate family; and

4. Clear rules to govern behaviour in cases where conflicts do arise.

The government responded in March of this year with Bill C-116, and the special joint committee was reappointed to study the bill. Bill C-116 superimposes an additional Bill C-43 type of commission on top of the committee's proposal. Instead of proposing one system to deal with all parliamentarians, Bill C-116 would establish two parallel regimes — one for cabinet ministers and parliamentary secretaries, and one for all other parliamentarians. Not just one, but two sets of bureaucracies would be created for parliamentarians. The two jurisdictions would overlap. Moreover, the rules proposed are different from one regime to the other for no apparent reason and, in some cases, would potentially hold ministers to lower standards than everyone else. The committee saw that the two bodies could even give conflicting advice.

The committee continues to believe that any body established to assist and regulate parliamentarians in such an important matter as conflict of interest should be as independent as possible. That is why the committee proposed that the jurisconsult be an officer of Parliament, similar to the Auditor General. He or she would report to Parliament openly and publicly.

In contrast, Bill C-116's Conflict of Interests Commission would be appointed by cabinet to monitor cabinet. It would report only to the Prime Minister, who alone would decide on an appropriate sanction, if any. Parliament and the public could be bypassed.

The committee also raised a number of other questions about the bill. They questioned why ministers would only be required to disclose a summary of their interests while private members would be required to disclose publicly all of their private interests — with limited exception for assets unlikely to cause problems. The spouses of members would be treated more stringently than those of ministers.

When the minister appeared before the committee, it became obvious that his approach to the subject was quite different from that of the committee, even though he had had the committee's report for nine months at that time. My co-chair and I met privately with the minister to try to resolve these differences, but found him resolute in his approach, and unwilling to accept the format proposed by the committee. We reported that result to the members of the special joint committee. It was their unanimous decision that the committee should report Bill C-116 back to the House of Commons with the recommendation that the bill not be further proceeded with.

In the circumstances, it is my sad duty to report to honourable senators that the committee has concluded its deliberations, has reported Bill C-116 back to the House of Commons, and has fulfilled its mandate from the Senate.

Honourable senators, may I just add my personal thanks to our translators, our clerical, research and legal advisors, and to Senators Balfour, De Bané, Grimard, Kelleher, Oliver and Olson for their careful work and generous support during this challenging but frustrating experience.

I should say also that we have now been joined by another member of the committee, Senator Marcel Prud'homme.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Stanbury, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[Translation]

• (1420)

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-FIFTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairperson of the Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, June 3, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FORTY-FIFTH REPORT

Your Committee has examined and approved the supplementary budget presented to it by the Chairman of the Standing Senate Committee on Transport and Communications for the proposed expenditures of the said Committee to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of its examination and consideration of such bills, subject-matters of bills, and

estimates as may be referred to it, as authorized by the Senate on Thursday, December 3, 1991. The said supplementary budget is as follows:

Professional and Other Services	$ 6,750.00
Transportation and Communications	2,000.00
Other Expenditures	1,250.00
TOTAL	$10,000.00

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

APPROPRIATION BILL NO. 2, 1993-94

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-134, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994.

Bill read first time.

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

On motion of Senator Murray, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

[*Translation*]

CURRENCY 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-124, to amend the Currency Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading on Monday, June 7, 1993.

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1993

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-125, to correct certain anomalies, inconsistencies, archaisms and errors of the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect.

Bill read first time.

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

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading on Monday, June 7, 1993.

[*English*]

• (1430)

EXPLOSIVES 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-107, to amend the Explosives Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, with leave of the Senate and not withstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

BATTLE OF THE ATLANTIC

FIFTIETH ANNIVERSARY—NOTICE OF INQUIRY

Hon. J. Michael Forrestall: Honourable senators, I give notice that at a future date I will call the attention of honourable senators to an enlarged edition of the fine remarks placed on the record earlier today by Senator Perrault dealing with the fiftieth anniversary of the Battle of the Atlantic.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 40 residents of New Brunswick who oppose the goods and services tax.

These petitions come mainly from St. Simon, Tracadie, Caraquet and Sheila.

Honourable senators, I have the honour as well to present petitions signed by 216 residents of Alberta who oppose the goods and services tax.

These petitions come mainly from Calgary, Airdrie and Innisfail.

This makes a total of 256 citizens from the Atlantic and the West who, despite the prevailing winds of cynicism, still submit humble petitions to a government which treats them with the utmost contempt. Politicians, however, should know that contempt has its comeuppance!

[*English*]

QUESTION PERIOD

LEADERSHIP CONVENTION

DEPARTMENTAL AND CAMPAIGN EXPENDITURES—GOVERNMENT POSITION

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate, arising out of the fact that two of the contenders for the leadership of the Progressive Conservative party are ministers. As occurs in all leadership conventions or contests where the candidates or contestants are already in government, there have been concerns about a mixture of legitimate departmental expenditures and equally legitimate campaign expenditures.

The example that was given to me was of a Mr. Small, the current director of operations in Mr. Charest's campaign who, on the minister's orders, was given control of a unit in the Department of the Environment called the "Green Plan Operations". The allegations concern a mixture of the funds from those two areas.

I ask the Leader of the Government in the Senate if he would look into that with a view to assuring us that there is no such mixture. Perhaps he could use the opportunity to take the question as notice and make a general statement on the subject, assuring us about that issue.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think I can give the Leader of the Opposition the assurance he seeks, partly because the responsible minister, Mr. Charest, has already given that assurance.

I happen to know that Mr. Small has done contractual work with the Department of the Environment for some considerable time. This work goes back at least as far as the Rio Summit, which Mr. Small attended as an advisor to the minister, Mr. Charest. This was at a time when no leadership campaign was taking place, nor was there any thought of holding a leadership campaign.

As with Mr. Small and others, contractual employees are free on their own time to support whom they please in a leadership campaign or to engage in whatever political activity they wish.

The instructions given by the Prime Minister to cabinet colleagues and to caucus colleagues at the beginning of the leadership campaign could not be clearer: Staff, public funds generally and other facilities were not to be used by candidates for the leadership on their campaigns. I also happen to know that a number of people who had been on the staffs of various ministers such as Ms Campbell and Mr. Charest have left the employ of these ministers to work full time on their leadership campaigns.

Senator Frith: Are there rules or guidelines within the convention mechanism on the subject?

Senator Murray: Honourable senators, I am unaware of that. As my friend knows, I am not answerable for those to the Senate. I can assure the Senate that the guidelines were conveyed, at least verbally if not in writing, by the Prime Minister to cabinet and caucus at the time that the leadership campaign was launched. To the best of my knowledge, there has been no suggestion that those guidelines have been breached in any respect by any candidate.

NORTH AMERICAN FREE TRADE AGREEMENT

EFFECT OF SIDE AGREEMENTS ON IMPLEMENTATION—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, the United States administration has been emphatic in making it clear that NAFTA will not be implemented without environmental and labour side agreements that provide for trade sanctions.

In contrast, yesterday the Prime Minister stated in Washington that trade sanctions are "totally unacceptable to Canada." Does this mean that the government will not agree to any side agreement that does provide for trade sanctions? If the answer to that question is in the affirmative, is it correct to assume that that assurance is valid only while the present government remains in office?

Hon. Lowell Murray (Leader of the Government): No, honourable senators.

Senator Stewart: "No" to which question — or is it "No" to both?

Senator Murray: No, it is not valid to assume that that position would be maintained only so long as the present government is in office.

Senator Stewart: And the answer to the first question?

Senator Murray: What was the first question?

Senator Stewart: The Prime Minister said that trade sanctions are "totally unacceptable to Canada". That may be a negotiating position. I asked the Leader of the Government: Does this mean that the government will not agree to any side agreements to the NAFTA that do provide for trade sanctions?

Senator Murray: Honourable senators, that is the position of the government. It is not, as my friend would have it, simply a negotiating position.

• (1440)

Senator Stewart: I am not stating the government's position. I simply quoted the Prime Minister. I am attempting to ascertain what he meant. The words "totally unacceptable to Canada" are not as conclusive as the statement, to which the Leader of the Government in the Senate has now agreed, that the government will not agree to any side agreements that provide for trade sanctions.

Senator Murray: That is the position.

Senator Stewart: So the present Leader of the Government in the Senate is undertaking here, today, to bind the future Prime Minister of Canada; is that correct?

Senator Murray: Honourable senators, two of the candidates for leadership of the Progressive Conservative Party are members of the cabinet and support the view that I have expressed. Three others are members of the Progressive Conservative caucus and also support the view that I have expressed. We deem this position to be in the national interest. I believe any government of Canada, of whatever stripe, would maintain that position.

Senator Stewart: I thank the honourable the Leader of the Government in the Senate for making it clear that both the Honourable Kim Campbell and the Honourable Jean Charest are bound by collective responsibility in this case.

ORDERS OF THE DAY

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

And on the motion in amendment of the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Atkins, that Bill C-93 be not now read the third time, but that it be amended by striking out Clauses 35 to 72 inclusive, and renumbering the subsequent clauses accordingly.

Hon William M. Kelly: Honourable senators, you have the report of our Standing Committee on National Finance on Bill C-93. Your committee sat for five days of hearings during which we heard from ministers, officials, former officials, distinguished scholars and impressive spokespersons for organizations representing artists, humanists, social scientists, academic administrators and professors. These were all witnesses whose interests are directly affected by the proposals contained in Part III of Bill C-93.

The arguments we heard were both reasoned and impassioned, delivered with great conviction and reflective of fundamental differences in perspective on the management of the government's affairs and perceptions of public policy.

Honourable senators, I will not belabour you with a complete recapitulation of the testimony we received. To my mind, the central issue to be addressed can be simply stated, and it is just this: In the new council, how can the social sciences and the humanities communities preserve their distinct identities, funding base and reputations, which they have so assiduously and proudly developed over the last 15 years under the SSHRC umbrella?

Among the academic community — and some witnesses were very direct on this point — there appears to be a sense that the government is downgrading the importance of these disciplines and their contributions to Canadian prosperity. The conviction endures among many of the public witnesses that the government's decision was ill-advised and insensitive to a vital element of the country's intellectual fabric. Further, a fear abides that this merger will lead to irreparable damage to the future health and independence of the country.

Honourable senators, these are understandable anxieties. I sympathize with the fervent expression of these concerns, and yet I submit that at the end of day they will prove unfounded.

Honourable senators, Senator Frith always bothers me when he smiles like that. I wonder if I have left something out. I wish you would not do that, Senator Frith. Looking interested is very pleasing; smiling bothers me a lot.

We are living in an age of fundamental change in the nature of society. It has been brought about by the very success of our past prosperity and the innovation and inventiveness which that prosperity has engendered. Technological advances have made our world smaller, more immediate and more dependent on our intellectual capital than on the resources that have bought us in the past our high standard of living and our democratic values and practices.

We are adjusting to the new realities: tougher international competition as individuals, as organizations and as governments. Change is uncomfortable and it is not our natural disposition either as individuals or as institutions to accommodate it. It makes us anxious and we struggle with it. In the end, we decide either to fight change or to adapt to it. That seems to me the choice we are facing now and underlies the tensions over Part III of Bill C-93.

Officials have testified both before us and in the other place that we have one of the most complex structures of federal government in the world. It is cumbersome and it is costly. It is not as effective as it could be. We have at the federal level some 400 government bodies, all having to be managed within our process of parliamentary appropriations. As a result, we are losing ground to other nations, some of which are much larger than ourselves. They have more streamlined government structures. Honourable senators, I believe either we change or we continue to lose ground; it is that simple.

Most of you would not take much issue with my statement about the need to change and to adapt. Some of you of course will probably say, "That's not the issue, Kelly, you are missing the point. The point is that this particular proposal is unwise, it is the wrong mix, you are forcing the wrong groups under the same roof. If you insist on doing this, then do something sensible; listen to what the witnesses are telling you. If this idea cannot be stopped, at least put us together with our natural affinities. Marry us off with the hard sciences and the other researchers in the NSERC and the MRC. If you cannot leave us on our own, at least put us where we belong, not in with the artistic community; they are different, they think differently, they work differently, and we have little in common with them."

On the surface, honourable senators, this is a compelling and seductive line of argument. However, it represents only part of the anxiety which the public witnesses conveyed to us in their testimony. To my mind, the greater fear, which was voiced more frequently and more intensely, was of being lumped in, swamped and dwarfed.

In managing the machinery of government we have been told, particularly in testimony in the other place, the permutations and combinations are numerous. To bring home the point, I need only tell you of the testimony we heard in committee on the academic and cultural relations programs. Mr. Gotlieb, the chairman of the Canada Council and a distinguished career public servant, at the outset of the hearings warned us that there was a multiplicity of views in the Department of External Affairs on where is the proper home for this program. As other witnesses came forward, we began to appreciate the sagacity of his observation. In the end, honourable senators, someone has to decide, and that is what the government did.

• (1450)

A similar dynamic captures the thorny question of where to house the social sciences and the humanities granting functions. I submit to you that the government's decision was an appropriate one, having regard to all concerned.

Senator Frith: Someone has to make mistakes, so you made them.

Senator Kelly: The question, "Why didn't you merge the Canada Council and SSHRC with the Medical Research Council and the Natural Sciences and Engineering Research Council?" was put to the Minister of Communications by Senator Finlay MacDonald when Mr. Beatty appeared before us on May 26. Here is what the minister said:

> There are a number of different reasons. As you will recall, although you consider it invalid, SSHRC used to be part of the Canada Council, so it was returning them to the status quo ante, if you like. Second, one of the concerns that has been expressed by members of the committee is that of being swallowed up. You hear members of the cultural community expressing concerns about being swallowed up by members of the Social Sciences and Humanities Research Community, and vice versa.
>
> Here you have two organizations with essentially the same budget, in the neighbourhood of $100 million. If you were to merge SSHRC with MRC, you would be dealing with a $100 million agency roughly being merged with one with a $250 million budget. If you merged them with the NSERC, you would be merging them with an organization with about a $480 million budget. If there are concerns about whether or not a merger leads to swallowing up of one of the groups and losing their identity, and if they are being merged with an

> organization whose budget was two and half or four and a half times their size, what would their status be at that point? Would it be a question of the parity we see today?

He goes on later in his testimony to say:

> We have been able to build a structure with two groups of roughly the same size integrated in a way that respects both of their constituencies without one being swallowed up by the other and, in the process, creating that critical mass that I was talking about where you have a significant granting council with a significant constituency in the country.

Senator Frith: From another point of view, you might call all the scholarly community a "critical mass".

Senator Kelly: I like that phrase "critical mass". Here is the crux of the issue still before us, both the question and the answer. Decisions related to the organization of government cannot possibly satisfy everyone. I will tell you that we heard from some very able administrators in the course of our five days of testimony. Some of them shared with us their experiences of streamlining and rationalizing their institutions. I was impressed by their ability, insights and wisdom, and I wish them well in the challenges ahead.

Later, I asked myself: How does the breadth of the challenges these fine people face compare to the scope of the enterprise of the federal government as a whole? I concluded that, while these very capable people who came to share with us the benefit of their wisdom and successfully faced sizable challenges, there is still some distance between their experience and the collective management of some 400 departments, agencies, boards and commissions.

On balance, honourable senators, I am satisfied that the government has put this bill before us having weighed all the reasonable considerations it was obliged to take into account. Having regard to all the evidence we have heard, I am comfortable with the government's decision.

In conclusion, honourable senators, I should like to leave with you the vision expressed to us by Mr. Gotlieb in his statement to us. I shall not describe him other than by his name. He said:

> ...as the boundaries between disciplines and fields of study and creation become less defined in our contemporary society, and as there is growth in the interdisciplinary nature of creative and scholarly research, the new council will be in a position to respond and to encourage this developing trend, an important point that should not be overlooked... I believe the new council will be able to better serve Canadian cultural and academic policies around the world, keeping artistic and scholarly excellence in the forefront of decisions about international activities and exchange, and ensuring consistency of decision-making, nationally and internationally.

I share that vision. Consequently, once again, I commend to you Bill C-93 and invite you to join me in ensuring its passage in this chamber.

Senator MacEachen: No way.

Senator Perrault: Don't count on it.

Hon. Pierre De Bané: Will the honourable senator permit a question?

Senator Kelly: Yes.

Senator De Bané: The minister who sponsored the abolition of SSHRC, Minister McDermid, argued that by abolishing SSHRC, the government might save $5 million in about five years.

Senator Frith: After four years.

Senator De Bané: Yes. Two days ago, the same minister, appearing before the Senate Banking committee on the occasion of the study of amendments to the Excise Tax Act, was asked, "Mr. Minister, what is the loss to the Canadian government and to the treasuries of Ontario and Quebec through the illegal smuggling of cigarettes?" After consulting his deputy minister, he told us it is $1 billion a year. Therefore the same minister who is frustrating the treasury of this country, by his own admission with regard to his own policies, of $1 billion a year, came before another Senate committee saying that we cannot afford $5 million for those who interpret the soul of this country; namely, the philosophers, the people in literature, psychology, law and the social sciences. Canada is one of the seven richest countries in the world and we cannot afford to give to those people who interpret the soul of this country their own organization. How do you reconcile those two statements coming from the same minister?

Senator Kelly: Honourable senators, I would be pleased to deal with that question. I have to be careful when we come to the question of cigarettes, because I happen to have a conflict of interest. In the case of cigarettes, a prohibition environment has been established by excessive taxation, and we must expect something of that sort, I suppose.

I do not know why that is the point. Why should you save money over here if you cannot save it over there? I believe that if we are to attack the whole problem of effective and efficient management, we have to change the mind-sets of all the agencies in all of the ministries of this government. I was struck, for example, with the representations made to us by the SSHRC people and by the Canada Council people who said, "Look, if it's $5 million you are looking for, leave us separate; we can save it for you anyway," to which I said to myself, "My goodness, if you can, why have you not done so?"

Senator Frith: That's right, punish them if they have not.

Senator Kelly: What that demonstrates to me —

Senator Frith: Are there no prisons or workhouses?

Senator Kelly: — is a complete commitment to the delivery of very good products. I think we have that complete commitment in all our agencies and all our ministries, regardless of the cost. On the paper shuffling part, the administration part, I cannot believe that it is separate and distinct in these two agencies. I do not care what witnesses said about saving nothing the first year. If the people managing that combined administration cannot save money, it is because they are not managing well. There has to be a great deal of duplication that can be overcome without disturbing the delivery of the product. I am convinced of that. That is really the basis of my commitment to this particular bill.

Keep in mind that those two agencies assured us that, staying separate, they can save $5 million, to which I say, "Fine, why don't you do it and then, combined, you can save even more."

Hon. Finlay MacDonald: Honourable senators, I think this is a point of order. This is the first defence to the amendment that I have proposed. I am told — perhaps His Honour or the Senate can direct me — that I cannot speak now in defence of my amendment. Do I seek a ruling from His Honour or do I seek permission from this chamber?

Senator Frith: If you want to speak, speak until somebody calls you to order.

Senator Stewart: Speak.

Senator Perrault: They will not dare to muzzle you.

Hon. Lowell Murray (Leader of the Government): Honourable senators, my friend has spoken on third reading already, and I do not believe he can speak again on third reading.

Senator Frith: If he speaks on the amendment, he can speak again on third reading.

Senator Murray: I think not, but I am perfectly willing to abide by a ruling from the Chair on the matter. I am pretty clear in my impression that the rules do not permit my friend to speak again on third reading. In any case —

• (1500)

Senator Stewart: You regularly waive the rules on the 15 minutes. Why not waive this one?

Senator Murray: In any case, honourable senators, I have some reason to believe that at least one senator, if not more than one, also wishes to be heard on third reading on this amendment.

Senator Corbin: They are killing their own bills.

The Hon. the Speaker: Honourable senators, I believe Senator MacDonald spoke on third reading. He moved the amendment but has not spoken on the amendment. I think, according to the rules, he could.

Senator MacDonald: Honourable senators, I do not want to spend much more time on Bill C-93. Part of that bill, Part III, has been proven to be a useless, ill-conceived piece of work, devoid of consultation and analysis, defying reason, common sense, and, equally important to those who are interested, sound politics.

After hearing Senator Kelly and the impoverishment of his arguments and rhetoric, I am more convinced than ever that I should spend no more time getting into it.

Senator Frith: You might want to adjourn the debate. Think about it.

Senator MacDonald: I want this party, the party of which I am a member, to form the next government in spite of the unreasoning adamancy of the government house leaders in both places. In the name of heaven, do they not realize that opposition to Part III has considerable government support in both houses? Why do they not pass this amendment, send it back to the house, and plead with them to concur with the amendment, leaving the rest of the bill in place? There is a sufficient amount of confusion, incredulity, and opposition to justify the government to say, "Okay, we will pause. We will have a second look." In that way, they would win public confidence, and that is the way to win an election.

If ever there was an opportunity, a duty, or a responsibility for the Senate of Canada to make a small contribution to political stability by acting as a counterweight to the House of Commons, today is one day we should reflect upon the reason for our existence. There would be no use for a Senate, if it did not exercise, when it thought proper, the right of opposing or amending or postponing the legislation of the House of Commons. We would be of no value at all, if we were a mere chamber for registering the decrees of the lower house. Those are, of course, the words of Sir John A. Macdonald.

I understand this is responsible government, which in large part is dependent upon party discipline and the need to conform. I understand that, and I understand the responsibility and the obligation of Senator Murray as the Leader of the Government in this place. However, I am coming to the realization that maybe the issue here is not Bill C-93. The issue is whether this institution is worth maintaining, if senators cannot reconcile this balance.

Some Hon. Senators: Hear, hear!

Senator MacDonald: I am led to believe that since the fall of 1984, when I was appointed to this place, not one government senator has ever proposed an amendment to government legislation in this chamber. One might therefore conclude that all government legislation since 1984 has been so immaculate, so pure, so spotless, so free from fault or error in draftsmanship that we had no reason to be alert or to exercise our constitutional responsibilities.

To those of us who feel strongly about the need to amend a piece of legislation, this debate on third reading is sometimes our court of last resort. Surely a government senator should be entitled to one amendment every nine years. I do not think that would shake the foundations of responsible government.

Some Hon. Senators: Hear, hear!

Senator Kelly: Would Senator MacDonald accept a question?

Senator MacDonald: Certainly.

Senator Kelly: Senator MacDonald, from your experience in the Senate, would you argue that no government senator, or committee of this chamber in pre-study, has recommended amendments, which have then been accepted in the other place prior to the bill's coming here?

Senator Frith: Surely that is a Part A and Part B question.

Senator MacDonald: Are you talking about committees?

Senator Kelly: Yes, committees.

Senator MacDonald: Certainly. I suppose there have been, yes.

Senator Kelly: My concern, Senator MacDonald, is that the impression you give is that there has just been lock-step approval of every piece of legislation in its original form. I think that is not true.

Senator MacDonald: We have managed in committees to persuade a parliamentary secretary or a minister to accept an amendment, and there have been amendments accepted at pre-study. But I am referring to the court of last resort, when all other efforts have failed. This is the place to do it, at third reading. I am saying that it has never been done before, and I wonder why. Is this stranglehold necessary?

Senator Perrault: You are absolutely correct.

Hon. Richard J. Doyle: Honourable senators, among the many sins of omission and commission which I must confess, I do not number excessive partisanship. I cheer my Prime Minister, I admire and respect my Senate leader, and I consider government legislation on its merits. Some bills are heroic milestones, some are necessary medicine, and others are mere improvements on the status quo, in spite of warts. I share the goals of the party that accepted me when I came to this place.

• (1510)

All this, and still I reject the term "partisan" as it is defined in the Oxford English Dictionary. Thus and so, partisan:

> ...a zealous supporter of a party, person or cause; often in a bad sense; a blind, prejudiced, unreasoning or fanatical adherent.

I could not — and never was asked to — offer that kind of fealty to "the guy that brung me."

Although I do not know Dr. Keith G. Banting personally, I would presume from his testimony on Bill C-93 that Dr. Banting shares my pleasure in government service, while disclaiming causes that do not make sense. In April of 1986, Dr. Banting was appointed by the government to the Social Sciences and Humanities Research Council. Happy in the work, he accepted a second term in 1989. Now his proclamation, with its seal of the Governor General, is just a souvenir. From the outset he "could not accept the government's plan to merge the SSHRC with the Canada Council."

Why? He ticked off his reasons last week before the Standing Senate Committee on National Finance, and demolished most of the flimsy arguments that I had concocted in defence of Part III of Bill C-93. Dr. Banting spoke of:

> ...the lack of any convincing rationale, the very difficult nature of the constituencies, and the cultures of the two organizations and the absence of any budgetary savings.

He said:

> What we are talking about is a marriage in which one partner is instructed to maintain old relationships, and in which the two partners do not trust each other enough even to open a joint bank account.

Dr. Banting enlivened the hearings with an account of his board's innovative approaches to interdisciplinary action — without the sudden, post-budget announcement of intent to fix unbroken instruments. He was only one of a rush of witnesses fearful that, under Bill C-93, even-handed funding would go out the window with the stronger partners hogging the reduced funds.

The committee transcripts, honourable senators, demonstrate the enthusiasm of the Minister of Communications for the new order in which the government has promised the rebuilt Canada Council that it will insist on four separate votes and four separate envelopes for future appropriations, one each for the arts, social sciences and humanities, international cultural relations, and administration. The word "insist" is the best I can come up with; the legislation, after all, will not be amended to guarantee that the procedure will be followed or its purpose sustained.

The minister oozed comfort. The combination in the super council will exceed the worth of its parts. "Synergy," he said, "is possible, even likely, and I believe that, with imaginative leadership, it will occur."

Again, I reached for my Oxford dictionary and read this of synergism: "...the doctrine that the human will co-operates with Divine Grace in the work of regeneration..." Synergism!

Said the minister:

> We are creating a council which integrates, which brings together, very important constituencies within Canadian society as a whole. That is what I refer to when I refer to a critical mass. You are creating a constituency where matters related to budget will be stronger than ever before.

Wickedly, Finlay MacDonald wanted to know why the critical mass, to be truly effective, should not be made more massive — "merge the Canada Council, the SSHRC, the Medical Research Council, the Natural Sciences Research Council..." The minister, with a straight face, cited "concerns about being swallowed up" in a larger forum.

Another witness, Dr. Chet Gaffield, Vice-Dean of the School of Graduate Studies and Research at the University of Ottawa, informally summed up:

> The details of this...

— suggest that —

> ...we are making it up as we go, which suggests to me that in joining these things together, instead of having perhaps two directors, we will have one director with two assistant directors. How does that help us?
>
> I do not know how we could sit around a table and get a better understanding of Canadian society in a synergistic critical mass. If you put me next to an engineer, a philosopher, a political scientist, a biochemist and then tell me that the water is polluted and we are all dying from an environmental disaster, I think there is synergy there. I think we can have a critical mass.

It is possible, honourable senators, that others who have read the full text of the committee hearings will come to other conclusions, and I will envy them if they find good reasons for not amending the third chapter of Bill C-93. At this point in the debate, however, it would seem to me that the logical follow-through of sober second thought in this chamber is opening the door for our colleagues in the Commons to consider revision.

Let me say once again that my words are in no way partisan, but I have always wondered what I would say in church if I had an answer to make to that injunction to "speak now or forever hold your peace."

The issue, my friends, is not one on which careers will be won or lost. No great division on partisan lines will be recorded. If we send the amendment forward, a repaired and vital bill can be back in our hands before we leave for the swimming hole.

• (1520)

Hon. Noël A. Kinsella: Honourable senators, our colleague, Senator Kelly, has outlined for us the argument in support of Bill C-93. It is also clear that the government is aware of the arguments advanced against Bill C-93, the so-called merger of the present Canada Council, SSHRC and the international academic relations activities of the Department of External Affairs.

Comments have been made throughout the debate at second reading, in committee, and even here today, about what the government based its decision on regarding Bill C-93. I attended all the meetings of the committee examining this bill, and I approached the hearings with an open mind.

I asked on three occasions during our committee hearings whether a mistake was being made. The answer from government officials and from the two ministers who appeared as witnesses was that there was no mistake and that indeed it was the intention of the government to establish a new council to be known as the Canada Council for the Arts and for Research in the Social Sciences and Humanities.

So the intention of the government and the decision that the government made became clear for me. As stated, it was a clear decision of the government to create a new council to be known, as indicated in the legislation, as the Canada Council for the Arts and for Research in the Social Sciences and the Humanities.

It is a long phrase, but when we are paying out grants of $83 million annually in the arts and of $94 million in the other field, surely the applicants will be astute enough to be able to handle a rather long title.

I, like many other honourable senators, know the history of the current Canada Council. It is important to recall the precise legislative mandate of the current Canada Council. It is "to foster and promote the study and enjoyment of and the production of works in the arts, humanities and social sciences." That goes back to 1957, when the Canada Council of 1957 was established.

Twenty years later, in 1977, the government split the mandate of the Canada Council, establishing SSHRC as an agency separate from the Canada Council, which now confines itself strictly to the arts.

By way of a footnote, it was of some interest to me that a witness before the committee testified that at the time of the splitting of the SSHRC activities from the Canada Council he had predicted that that would be an abject failure. He was before the committee last week testifying that this new council would be an abject failure.

Honourable senators, the purpose of SSHRC as it is now, as provided in the legislation establishing SSHRC, is as follows:

> To promote and assist research and scholarship in the social sciences and humanities and to advise the minister in respect of such matters relating to such research as the minister may refer to the council for its consideration.

During the testimony heard by our committee it became evident that many members of the various disciplines served by the current two councils were skeptical as to the benefits to be gained by the proposed merger. Those arguments and that hesitation were clearly canvassed by honourable members in the debate we had at second reading and in committee, and they have been canvassed now.

I also became aware that many witnesses did not clearly understand that the government had retained, in their entirety, the mandate and programs of both the current Canada Council and the current Social Sciences and Humanities Research Council.

To be fair, we should at least look at the legislation we are debating. Surely we should turn to, and underscore, the three-fold distinct functions of the new council as provided for by clause 8 of Bill C-93. For your information, that is page 15 of the bill. Let us at least look at the legislation.

Very explicitly, very clearly, we have a three-fold legislative statutory requirement of a new council, which must:

> (*a*) foster, promote, sponsor and assist the study and enjoyment of, and the production of works in, the arts.

Those are words very much like the words that are part of the mandate of the current Canada Council. That is a statutory functional requirement of a new council.

Paragraph (b) reads:

> foster, promote, sponsor and assist research and scholarship in the social sciences and humanities and to foster and promote links between the Council and both the Natural Sciences and Engineering Research Council and the Medical Research Council.

Honourable senators, we heard reference to the concept and notion of synergy. Synergy has been in place and is operating. It is very important to see the interdisciplinary nature of disciplines in this day and age as part of the statutory mandate of the new council.

The third mandate relates to the international academic relations activity.

Quite frankly, the argument that the arts community, on the one hand, and the social sciences and humanities communities, on the other, will somehow lose their importance because of this measure I found to be to be rather weak, given the clear legislative responsibility of the new council to promote those fields. The new council would be contravening the legislation, if it did not promote those fields in the explicit manner laid out by the legislation.

This raised the question, for example, of visibility in the social sciences. We make available $94 million a year in grants in the area of the social sciences and the humanities alone. By way of another footnote, that is an increase of 44 per cent over the past six years in support for the social sciences by the government.

Some opponents of the bill have advanced the claim that grants in the social sciences and humanities through the Canada Council for the Arts and for Research in the Social Sciences and Humanities "will obscure the visibility of social science and research". That was, in my judgment, another weak argument.

In my view, the visibility, and indeed the viability, of research in social sciences and the humanities will depend on the quality and the scientific and academic integrity of the research that is conducted. I would argue that, just as the habit does not make the good monk, so it is that the mechanism of distributing $100 million for social science and humanities research through the mandate given by legislation to the new council will not be what it is that will make for quality research, any more than it was that SSHRC, that institution and granting agency, was the guarantor of quality. Surely all will accept that it will be the first class research of the researchers which yields that result.

• (1530)

Honourable senators, this is perhaps in the realm of prophecy, and it is much safer to speak as an historian. I would simply argue that my prophecy is as good as the next person's prophecy, but I think there is good indication that the new council could become an even stronger body than either the Canada Council or SSHRC ever has been, and that this merger will prove to be a very positive move for both the artistic and research communities.

The new organization will have a much higher profile than either of the two have enjoyed on their own, yet the new body will enjoy complete autonomy in its operations, in the development of its strategic priorities, and in assessing the potential for new partnerships.

I was very interested to hear the testimony of the Minister of Communications when he spoke before the committee. He referred to the time when the social sciences and humanities research component was separated from the Canada Council, and he noted:

> When the government created SSHRC in 1978, there was considerable opposition to the move. At that time, the Canada Council board of directors presented a statement to the Senate Science committee unanimously protesting that "the long term interests of Canadian scholarship in the humanities, social sciences and arts will not be best served by the present proposals to divide the council."

The minister went on to add:

> In 1978, Mr. John Grace, then a Canada Council board member, wrote in an *Ottawa Journal* editorial that the split would lead to "proliferating administration at a time when the government is preaching restraint" and also that it would "end the fruitful cross-fertilization of the arts and the universities."

Honourable senators, I must confess that at one point during the hearings I literally was astonished by the testimony of one witness from the social sciences and humanities community. If my honourable friend, Senator Doyle, had read two sentences prior to the quote he gave us from that same witness, he would have placed these words in the transcript of today's proceedings:

> If I am put next to a painter, what project are we going to work on? I am an historian; he is a painter. I was sitting in the corner struggling to think, what will we do together? Sit me next to a playwright, sit me next to a whole group of them, what are we going to do together? I cannot figure it out.

Honourable senators, with that line of argument, Michelangelo's Pietà or his Sistine Chapel, or a classical marriage of artists with the humanities, or the great productions "synergized" by the classics would have to be forgone!

Honourable senators, the reintegration — if you wish to express it that way — of the functions of SSHRC and the Canada Council, added to the third mandate of the International Cultural Relations Programs of External Affairs and International Trade Canada, has the potential to create a number of dynamic new developments, and there are a number of areas for creativity which we have not seen to date. In order to make the most of these opportunities, the new council will certainly have to be creative, and recognize that under one roof there are three major areas. But surely, honourable senators, in every university in this land, under one roof you have an engineering faculty, research in the pure sciences, and research in the social sciences and arts centres. They are able to function quite nicely under one roof.

Honourable senators, the new council, as you know if you have read the legislation, will have the full autonomy necessary to develop the structure, policies and organization required to respond to the changing needs of the arts and research communities.

Reference was made this afternoon to the testimony of the chairman of the Board of the Canada Council, Mr. Allan Gotlieb. He stated in his testimony to our committee:

> It is by fostering within our society a climate hospitable to creativity and intellectual inquiry that we will achieve our national potential.

The scope of the new council's mandate and clientele should help greatly to achieve that objective.

The benefits are those that the participants are prepared to seize. One could make reference to David Silcox, who wrote to the Minister of Communications in support of this initiative. Honourable senators will know that Mr. Silcox served as a senior official in the Canada Council years ago before it was split. He was a former Assistant Deputy Minister Responsible for Culture in the federal government and was Deputy Minister Responsible for Culture in the Ontario government. He wrote:

> I believe that the potential benefits of the three components —

— of the proposed legislation —

> ...together may be greater than their operation separately, even if each were reasonably funded. Synergy is possible, even likely, and I believe that with imaginative leadership it will occur. It should be given an opportunity.

The Hon. the Speaker *pro tempore*: Honourable senators, the rules require that I point out that the honourable senator's time has expired. Is leave granted for the honourable senator to continue?

Hon. Senators: Agreed.

Senator Kinsella: I will abbreviate my speech, honourable senators. I have another couple of important points to make.

This has been a tempest in a teapot.

Senator Frith: This is not a Thursday afternoon filibuster, I see.

Senator Kinsella: Not at all, senator, but if you reflect upon what I have said — I will conclude.

Senator Frith: He forgot it was Thursday.

Senator Kinsella: I, like many colleagues, will be spending the weekend in the nation's capital, so there is no pressing transportation need in my case.

Let us look at the achievement that our inquiry, I believe, has made. We know that in the other place an amendment was rejected to give each of the three functions a separate appropriation. In the Senate, because of our work, we received a letter from the President of the Treasury Board confirming that there would be a specific vote of the Treasury Board pursuant to section 7 of the Financial Administration Act. That will prevent the movement of funds from the Canada Council. The council will maintain, in its vote, the $87 million it receives annually for its program support, plus the $94 million received by the social sciences.

• (1540)

Honourable senators, that was a significant achievement. I would invite all honourable senators to support the bill.

Hon. Finlay MacDonald: Would Senator Kinsella permit one question?

Senator Kinsella: Yes.

Senator MacDonald: Is it not true that what is being proposed is the very council that existed 35 years ago, which did not work and which, after two years of consultation by the Lamontagne commission, was changed to its present state?

Senator Kinsella: Honourable senators, I believe it is not the same. It is not at all the same. We are dealing here with a new council that has three statutory functions, that has an opportunity in the world of the closing of the second millennium to do the kind of interdisciplinary discourse that perhaps was not in vogue or was not understood in the earlier days.

We heard the testimony of those who would argue for the separation of social sciences and humanities from other disciplines. But, equally, we are now hearing of the importance of interdisciplinary studies. For that reason, I believe the new council is operating in an intellectual and cultural milieu that is different from the earlier one.

An Hon. Senator: You must be kidding.

Hon. J. Michael Forrestall: Honourable senators, I wonder if I might move the adjournment of this debate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): We would prefer to have the vote now. I believe that all those who wished to speak have had an opportunity to do so.

Senator Frith: Let him speak.

Senator Lynch-Staunton: If the senator wants to speak, he can speak. Let him speak now.

The Hon. the Speaker *pro tempore*: I will put the motion.

It was moved by the Honourable Senator Forrestall, seconded by the Honourable Senator Corbin, that further debate be adjourned until the next sitting of the Senate.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: Honourable senators —

Senator Frith: Which ear is it?

The Hon. the Speaker *pro tempore*: It is not a question of that. When a particular caucus is not unanimous, the chair cannot hazard a guess. I do not think it is a question of how loud one says "yea" or "nay", but rather how many say "yea" or "nay", and I have no way of knowing how many have said "yea" or "nay". I have no way of knowing that.

Senator Frith: The "yeas" have it then.

The Hon. the Speaker *pro tempore*: I do not think it is for me to assume. Perhaps I will ask it again. If everybody says it more or less in the same tone, the Speaker's ears might function with more accuracy.

The motion is with respect to the adjournment of the debate. Those in favour of the adjournment of the debate, please say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: Honourable senators, if I may be allowed to say a word or two, the matter can always be resolved in another way if my hearing is not acute.

Senator Frith: The house will decide.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

And two senators having risen.

Hon. Louis J. Robichaud: Honourable senators, on a point of order, in all my years in Parliament, which dates back to 1952, that is 41 years ago, I have never seen a member of a house of assembly —

Senator Simard: Order! Order!

Senator Robichaud: — who wanted to adjourn a debate but could not be heard. I think that the motion is perfectly in order to adjourn the debate, because we would like to hear what Senator Forrestall has to say.

The Hon. the Speaker *pro tempore*: The situation is that a motion was made for the adjournment, and I put the motion. I then said, "In my opinion, the 'yeas' have it." Someone then asked for a standing vote. Now the situation is that we will call in the members.

Senator Frith: Gagging their own members. Shame!

The Hon. the Speaker *pro tempore*: Call in the senators. The vote will be taken at 4:00 p.m.

• (1550)

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Forrestall, seconded by the Honourable Senator Corbin, that further debate be adjourned until the next sitting of the Senate.

Motion of Senator Forrestall negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kenny
Atkins	LeBlanc
Bosa	Lucier
Chaput-Rolland	MacDonald (*Halifax*)
Cools	MacEachen
Corbin	Neiman
Davey	Perrault
De Bané	Petten
Fairbairn	Riel
Forrestall	Robichaud
Frith	Sparrow
Graham	Stanbury
Hastings	Stewart
Hébert	Watt—28

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Lavoie-Roux
Bolduc	Lynch-Staunton
Cochrane	Meighen
Cogger	Murray
Comeau	Oliver
DeWare	Phillips
Di Nino	Rivest
Doody	Roberge
Ghitter	Rossiter
Grimard	Simard
Gustafson	Stratton
Jessiman	Sylvain—31
Kelleher	

ABSTENTIONS

THE HONOURABLE SENATOR

Ottenheimer—1

• (1600)

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator MacDonald (*Halifax*), seconded by the Honourable Senator Atkins, that the bill be not now read the third time, but that it be amended by striking out Clauses 35 to 72 inclusive, and renumbering the subsequent clauses accordingly.

Is it your pleasure honourable senators, 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 the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen.

The Hon. the Speaker: Please call in the senators.

Motion in amendment of Senator MacDonald (*Halifax*) negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kenny
Atkins	LeBlanc
Bosa	Lucier
Chaput-Rolland	MacDonald (*Halifax*)
Cools	MacEachen
Corbin	Neiman
Davey	Perrault
De Bané	Petten
Fairbairn	Riel
Forrestall	Robichaud
Frith	Stanbury
Graham	Stewart
Hastings	Watt—27
Hébert	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Lavoie-Roux
Bolduc	Lynch-Staunton
Cochrane	Murray
Cogger	Oliver
Comeau	Ottenheimer
DeWare	Phillips
Di Nino	Rivest
Doody	Roberge
Ghitter	Rossiter
Grimard	Simard
Gustafson	Stratton
Jessiman	Sylvain—31
Kelleher	

ABSTENTIONS

THE HONOURABLE SENATORS

Doyle
Meighen—2

• (1620)

Hon. B. Alasdair Graham: Honourable senators, I speak now to the main motion. You are well aware of the disastrous detrimental effects of the recent budget on certain well-known Canadian institutions and sectors of our economy. The cuts that I want to address at the moment are those which I consider to be the most serious, and involve regional economic development.

The impact of these cuts is very difficult for Atlantic Canadians. For Cape Bretoners, the problem is compounded by the fact that Bill C-93, an act implementing the government organization provisions of last year's budget, proposes the elimination of the Enterprise Cape Breton Corporation. In other words, Cape Bretoners will now find themselves without their own distinctive regional development agency which, to me, is the worst cut of all.

Allow me to give you a broad overview of the history of the problem, because it is all related to the unique policy thrust underlying the creation of the Cape Breton Development Corporation, or Devco, in 1967. The chief architect of the establishment of Devco, of course, was our colleague Senator MacEachen. Devco was formed in response to the serious economic distress caused by the abandonment of coal mines in Cape Breton by the Dominion Steel and Coal Corporation — the island's largest employer. The economic and social disruption of the shutdown was potentially so devastating to Cape Breton that, as one observer put it, the island would have turned into a slum. Therefore the then Government of Canada created Devco to take over Dosco's mines, and to provide jobs and new industries outside the mining sector.

In order to deal with the separate tasks of rationalizing the coal industry and promoting new industry on Cape Breton Island, the Cape Breton Development Corporation Act provided for two divisions to be set up within Devco; namely, the Coal Division and the Industrial Development Division. The Coal Division was responsible for the reorganization and operation of coal mining and related works in Cape Breton. The purpose of the industrial development division was to promote and assist the financing and development of industry on the Island of Cape Breton.

The Industrial Development Division of Devco was designed to work hand in hand with the coal division to ensure that economic diversification and gradual economic transition accompanied mine phase-outs. While popular economic thinking was still entranced with subject matters such as "growth poles", "industrial parks", and "mega-projects", Devco gradually took the attitude that "small" was indeed "beautiful." An array of small scale enterprises were established that fit Cape Breton's resources and community skills — in tourism — in aquaculture — indeed, hundreds of small-scale projects. In that, the IDD was in many ways ahead of its time. In some ways you could refer to Devco as the quintessential community development corporation.

The Industrial Development Division was also referred to by many as the social conscience of the Cape Breton Development Corporation. However, the present government decided to dismember Devco in 1988. Unfortunately, it stripped the Industrial Development Division from the corporation. In doing so, the historical link between the two divisions of Devco was broken. It must be remembered that the corporation was set up not as two separate divisions with two mutually exclusive mandates. In reality, the mandate was the same: to modernize and diversify the Cape Breton economy.

And so, in 1988, the new Enterprise Cape Breton Corporation — popularly known as ECBC — was created. The new corporate structure of ECBC did not imply that the Industrial Development Division would simply continue under the guise of a new name. The Industrial Development Division had reported to the Devco Board of Directors, reflecting the absolute integration of the operations. ECBC was to report to the President of ACOA in Moncton, New Brunswick, a symbol of the severing of the original Devco mandate.

There is great irony to all of this. Enterprise Cape Breton, ECB, as distinct from ECBC, was already in place. Originally, ECB was to be a unique regional development agency to complement the Industrial Development Division of Devco. ECB turned out to be just the Cape Breton branch office of ACOA. But ECBC was allegedly created to carry on the mandate of the Industrial Development Division of Devco. For example, it could own land, take equity and support certain projects that were not within the mandate of ACOA or ECB.

Sounds confusing? It was. It is. And I believe it was intended to be confusing.

I sensed at the time that dismemberment of Devco would precede privatization of the coal division. I was apprehensive then, and I warned in this chamber that once a privately owned corporation started to drastically reduce workforces there would be no Industrial Development Division to soften the blow. I argued that what the government was really doing was giving back to Cape Bretoners the old Dominion Coal Company. I felt that what we were witnessing at the time was the thin edge of the wedge in a move towards privatization.

In response to my concerns, the then Minister of ACOA, Senator Murray, stated in this chamber on June 7, 1988:

> ...if it needs saying, I will certainly say it on behalf of the government: Devco is not a candidate for privatization. The coal operation of Devco is not a candidate for privatization.

My honourable colleague also stated during the course of that debate that "there is no hidden agenda here." Well there was, and there is, a hidden agenda!

Moreover, the present government, it must be pointed out, understands full well the significance of its actions over the last few years. In response to concerns raised over the ACOA-ECBC legislation — concerns now realized by Bill C-93 and the recent budget — the Leader of the Government in the Senate, Senator Murray, stated — and again I go back to the debates of 1988:

> The social conscience of the Industrial Development Division will not be weakened as a result of the new corporate structure. A social conscience does not reside in a statute but in the hearts and minds of the employees and directors of a corporation. The ECBC will have its own board of directors, and Cape Bretoners will have a strong voice in the policies of the new corporation.

That voice, honourable senators, will now remain conspicuously silent. All this at a time when the official unemployment rate on Cape Breton Island is at 30 per cent. Unofficially, it is closer to 40 per cent. All this at a time when the government's plan for 'economic renewal' has been accompanied by the closure of the Lingan Colliery and the elimination of 800 jobs. Now Devco employs less than half the workers inherited by the present government when it took office in 1984. That represents a loss of over 2,000 direct jobs.

• (1630)

Honourable colleagues, 800 jobs are now lost at the Lingan Colliery. However, there is no Industrial Development Division at Devco to work hand in hand with the Coal Division to ensure that other measures are being taken to help provide alternative employment for our workers. There will be no Enterprise Cape Breton Corporation with a specific budget for economic development on the island to fund new ventures. Enterprise Cape Breton Corporation, as a result of this legislation, will no longer exist to work with affected communities and business organizations to ensure that communities survive and new business opportunities arise from within. Quite simply, Cape Breton will no longer be represented at the tables where decisions are made and community futures determined.

My earlier suspicions — that the elimination of ECBC is undeniably intertwined with the proposed sale and privatization of Devco — may turn out to be true. To add insult to injury, it should be noted that if Bill C-93 is passed, it will not be possible for ACOA to own land. This has very special significance for my area of Canada. Specifically, ACOA will have to divest itself of both the demonstration farm in Cape Breton and of Sydport. Both of these organizations have been invaluable assets in the area, and their demise would have a further heavy detrimental impact on Cape Breton. The demonstration farm is very popular with our farmers. It has helped promote new farming techniques for Cape Breton and has assisted greatly in the raising of

livestock. It is just now realizing its full potential. Sydport is a major industrial park located on tidewater with rail service and substantial wharf space. It is a site which is very much tied to the economic future of Cape Breton.

Honourable senators, I wonder if Senator Murray was alerted in advance that the Minister of Finance was about to pull the rug from under all the statements and undertakings he made when speaking on Bill C-103 in 1988. I wonder if the Minister now responsible for ACOA, Mr. Crosbie, was consulted in advance about the destruction of ECBC. I wonder if the Minister of Public Works, the former ACOA Minister, Mr. MacKay, who is the sole voice for Nova Scotia at the federal cabinet table, was given the courtesy of consultation. I can only guess, but I would wager that Ministers Crosbie and MacKay were not consulted. They cannot speak for themselves in this chamber, but Senator Murray can. Perhaps Senator Murray could take the time to simply tell us why. Perhaps he can justify the difference between his explanation and assurances of 1988 and the irrational somersault of today.

The people of Cape Breton feel that they have been misled and, indeed, betrayed by the present government of Canada. Last September, in my response to the Throne Speech, I pointed out that a group of my fellow Cape Bretoners, the Committee for Concerned Citizens, had at the time published an urgent agenda for economic renewal. The agenda served up lots of charts and graphs which translated into great physical privation for many families in my part of the world. Physical privation remained secondary, its authors reminded us, to what they themselves called "the starvation of the spirit".

In their urgent appeal for economic renewal, the Committee of Concerned Citizens has called for a comprehensive development organization based on the combined energies of local community practitioners in developing a framework for renewal. Cape Bretoners know that it is at the community level that an environment conducive to local enterprise will grow. It is now understood and widely articulated that relationships acquired within the community are catalysts to meaningful enterprise. It is there that decisions will be made and actions will be taken to determine the future course of development. It is there that the quality of our human resource will be defined and liberated. I submit that the recent budget signifies a retreat. It is not a retreat of Napoleonic proportions, and therefore it will not be widely analyzed in the national media. This is a great pity. A retreat from Cape Breton, from the local politics of a small place where people are learning to build on their strengths, is really a retreat from all of us, from all Canadians, because Canada is only as strong as the regions which compose it. It is my conviction that the task of government is to define a politics of place. That does not mean retreat from Cape Bretoners. That does not mean withdrawal from Nova Scotians.

I remind honourable senators of the reflective thoughts of Donald Savoie whose work *Establishing the Atlantic Canada Opportunities Agency* in 1987 set out the guiding principles for a distinctive approval to what he called "endogenous development". Savoie counselled the agency to concentrate on "growth from within". He recognized that planning had to start around the local institutions, the local culture, the historical processes, around attitudes and assumptions that local populations have about themselves. In other words, government must define a "politics of place". A politics of place will be devised through collaboration, and it will be anchored around the needs and resources and talents of local practitioners at the local level.

As I said earlier, the retreat from Cape Breton is not a retreat of Napoleonic proportions, but we must remember as we reflect upon the cut and thrust of history that the secret of making change in life happen lies in the spirit of ordinary people. Without it, no victories are won, no adversity is conquered, and no challenge is endured. Government must keep company with all of its people and all of its regions. No government, particularly of a country as vast and heterogeneous as ours, can afford a politics of retreat, a politics of withdrawal.

It is monumentally sad and unconscionable that the present Government of Canada is systematically stripping the poorest and most disadvantaged regions of some of our most important assets. The government has retreated. It has withdrawn from its responsibilities in a manner which challenges the imagination, offends our basic dignity, and is humiliating in the extreme.

There are some things, however, that the government cannot take away: our spirit, our will and our determination. Hopefully, the people of our region, and indeed the people of Canada, will have an opportunity to give their thunderous condemnation in the not too distant future.

Hon. Royce Frith (Leader of the Opposition): I move the adjournment of the debate on the main motion. I have some notes ready for a speech at the next sitting.

• (1640)

The Hon. the Speaker: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Hébert, that further debate be adjourned until the next sitting of the Senate. Is it your pleasure, honourable senators, to adopt the motion?

An Hon. Senator: Agreed.

The Hon. the Speaker: Carried.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think there is a general disposition here to have the vote on the third reading of this bill.

Senator Frith: Where does it say that?

Senator Stewart: There will be other amendments.

Senator Murray: Then move them.

Senator Perrault: What is going on around here?

Senator Frith: There is a general disposition to what? I thought it was understood we were voting on the amendment.

Senator Murray: We voted on the amendment.

Senator Frith: Yes, and now we are back on the main motion. We have had one speech and I want to make a speech on the main motion. Is the house rejecting that motion for adjournment?

Senator Murray: No, honourable senators. If the honourable senator wants to make a speech on the main motion, he can do that tomorrow morning.

Senator Frith: Anytime you like. At the next sitting.

Senator Murray: Tomorrow morning.

Senator Frith: Is something happening that this cannot be dealt with next week? We have been told we will be here until June 18. I want to make a speech on third reading, and I expect there are others who would like to make a speech on third reading. What is all the rush?

Senator Murray: Honourable senators, this discussion is rather irregular. However, yesterday my friends opposite reproached me for having moved the adjournment of the debate.

Senator Frith: The debate on the amendment, because we said we were ready on that amendment.

Senator Murray: Let me quote what my friend said yesterday. It is to be found at page 3348 of Hansard:

> Let me put it this way, honourable senators: I do not think there is anything I can add that will change anyone's mind. I have discussed the matter with various senators and I get the impression that the Senate has heard enough to have made up its mind about this bill, particularly about the aspect of the bill with which the motion of Senator MacDonald deals.

Senator Frith: That is right.

Senator Murray: He said that the Senate had heard enough to make up its mind about this bill.

Senator Frith: You know very well I was talking about the amendment. I referred to Senator MacDonald's notes. You left out the first part of what I said.

Senator Murray: The first part?

Senator Frith: When I said I was considering whether I had anything to add to what Senator MacDonald had said on the amendment.

Senator Murray: The honourable senator said he did not think there was anything he could add, that he thought the Senate had heard enough on the bill. If the honourable senator wishes to address the main motion, that is fine; we will agree to the adjournment and we will meet tomorrow morning to hear the honourable senator.

Senator Frith: You are just automatically refusing motions for adjournment. You refuse them even from your own side.

Senator Murray: On the contrary, honourable senators, I am agreeing to the motion for adjournment. I am telling the honourable senator that we look forward to hearing from him tomorrow morning.

Senator Frith: You know very well that you intended to adjourn until Monday. You are sliding this in as an indication that it is all very well to have further debate on the motion, providing it only goes for one more day. That is what I understand from your explanation.

At any rate, there is no question that, in general, with the majority that exists, and with all the rules, this place runs precisely as you want it to run, and only as you want it to run.

Senator Stewart: And it should be abolished!

Senator Murray: Honourable senators, my friend has moved a motion to adjourn the debate. I have told him that we accept that motion. We look forward to hearing from the honourable senator tomorrow.

Senator Frith: And you are now sitting on Friday for that purpose when you had not planned to. Why don't you just admit it? That is fine. I will be here tomorrow. We will see what happens if someone else wishes to speak to it on another day.

Senator Perrault: Even your own members don't support this kind of stuff.

Senator Murray: If my friend is concerned about the vote, it can be deferred until next week, whatever the honourable senator wishes.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion of Senator Frith?

Hon. Senators: Agreed.

Senator Di Nino: On division.

Senator Frith: Who said, "On division"? Senator Di Nino. No adjournments, right? Don't let anybody speak. Gag them all. Gag Forrestall. Don't let anybody speak.

Senator Perrault: Achtung!

Senator Frith: The adjournment is until tomorrow, and Senator Di Nino doesn't even want it adjourned until tomorrow at nine o'clock. We will remember that.

On motion of Senator Frith, debate adjourned.

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Cogger, for the second reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators —

The Hon. the Speaker: I wish to inform the Senate that, if the Honourable Senator Lynch-Staunton speaks now, his speech will have the effect of closing the debate on the motion for second reading of this bill.

Senator Lynch-Staunton: I have just a few comments to make in response to remarks that were made by both Senator MacEachen and Senator Stewart.

Senator MacEachen has disputed my attributing credit to the free trade agreement for the tremendous gains in exports to the United States and in investments in Canada since the FTA came into effect. He called them unjustified claims. I am the first to agree that it is difficult to support the claim with clear, hard evidence. However, surely no one could be other than impressed with the fact that significant export and investment gains have been made since January 1, 1989. Surely, too, this cannot be attributed to coincidence alone.

The value of the dollar, the nature of the recession, inventory adjustments — these and a host of other ongoing factors obviously enter into play. But the greatest credit by far must be given to the FTA. Results with our other major trading partners simply do not match up. The question I wish to have answered is: What would the results have been had there been no free trade agreement?

Senator Stewart has expressed great concern about the nature of the side agreements and of their being adopted without the consent of this or a future Parliament. Let me reiterate as emphatically as I can that the three governments have agreed from the outset not to reopen the NAFTA during the side agreement discussions. Our definition of "no reopening of the NAFTA" means exactly that, directly and indirectly, which includes any agreement which would negatively affect the benefits Canada will derive from the NAFTA itself.

It is good to remind ourselves that during the NAFTA negotiations Canada proposed a trilateral commission on labour. Canada also pressed for stronger provisions aimed at discouraging the creation of pollution havens through the lowering of environmental standards to attract investments. The former American administration rejected these proposals. It is the Clinton administration which has picked up on what was first urged by Canada.

The side agreements are intended to find an enforcement mechanism respecting laws and regulations governing environmental and labour matters. The objective, on which there is no disagreement among the three governments, is to promote compliance with existing national laws and regulations, not to design some common body of standards. Therefore, on this basis any likelihood that the conclusion of the side agreements would require parliamentary involvement is very remote indeed.

I had some comments on the trade sanctions, but I think that was fairly well covered by the exchange between Senator Murray and Senator Stewart. I want to add that the government's position is to be opposed to their inclusion in the side agreements because they would undercut the certainty and predictability of the market access that the NAFTA is intended to create. There is also widespread doubt with regard to sanctions to promote environmental and labour objectives in any event.

Those are the only remarks I have, honourable senators.

Hon. John B. Stewart: Honourable senators, might I ask a question of the Honourable Senator Lynch-Staunton before he yields the floor?

Senator Lynch-Staunton: Yes.

Senator Stewart: My question relates to the first part of his comments this afternoon. At the time the free trade agreement with the United States was being discussed, we were told again and again that, by reason of the various rounds of the GATT, the barriers to the free flow of goods between Canada and the United States both ways had been greatly reduced.

• (1650)

Insofar as tariffs were concerned, it was said that they were not a very considerable element anymore. Security of access was emphasized.

On the other hand, we are told that, by reason of the elimination of that fragment of tariffs which remain, the United States has become a much better market for Canadian goods and the volume of goods exported to the United States is largely responsible for the great prosperity we are now enjoying.

I wonder which foot the government wishes to stand on, because it seems to move from one to the other from day to day.

Senator Lynch-Staunton: I am not too sure what the question is. I am simply stating that, since the FTA has been in force for a little over four years, investments and exports have shown a remarkable increase, and surely the FTA was not a measurable factor in that happening. To quantify that is impossible, but I ask the rhetorical question, what would happen if we had no FTA?

Senator Stewart: Yes, but we were told that the genuine tariff barriers to trade had become minimal and were being phased out. Now we are being told that, although they were minimal, and only a small part of them have already been phased out, that is responsible for our glowing prosperity.

If they were so minimal in the beginning, and if they have only been phased out to a small extent, how can the honourable senator say that this is the cause of this great increase in exports to the United States? Surely there must be some other cause — perhaps the reduction in the value of the dollar. We were always told that a one cent reduction in the value of the dollar was much more important than some degrees of tariff protection in the American market.

The government ought to decide which line it is going to advance, because changing its lines simply confuses the public and convinces them that either the government does not know what it is talking about or it is trying to mislead the public.

Senator Frith: Honourable senators, I want to say something about the reference to the committee. I ought to have said it before Senator Lynch-Staunton closed the debate, but I ask for leave to make a short comment about that.

The Hon. the Speaker: Is there leave, honourable senators?

Hon. Senators: Agreed.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, because we feel that there is undue haste with this whole process, undue in the context of what is happening with the other partners, we will be voting on division at second reading. I want to explain also that we feel that it is a bill which merits very careful study by committee and that that is the appropriate place for the time to be taken. Debate has not been cut off at second reading on the principle of the bill, so we will be saying "on division" simply because the general process is too swift, and unduly so.

However, this is a matter which we think should get long and careful study in the committee, and for that reason I think it is appropriate to have it referred to committee today.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, bill referred to the Standing Committee on Foreign Affairs.

EXCISE TAX ACT
ACCESS TO INFORMATION ACT
CANADA PENSION PLAN
CUSTOMS ACT
FEDERAL COURT ACT
INCOME TAX ACT
TAX COURT OF CANADA ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion by the Honourable Senator Simard, seconded by the Honourable Senator Grimard, for the second reading of Bill C-112, to amend the Excise Tax Act, Access to Information Act, Canada Pension Plan, Customs Act, Federal Court Act, Income Tax Act, Tax Court of Canada Act, Tax Rebate Discounting Act, Unemployment Insurance Act and a related Act.

Hon. Raymond J. Perrault: Honourable senators, Bill C-112 purports to amend several acts, among them the Tax Rebate Discounting Act, the Tax Court of Canada Act and the Federal Court Act. At first glance it appears to be a rather inoffensive, routine and even nondescript piece of legislation. However, when one examines why amendments to these acts are, in the view of the government, necessary, one can only conclude that the real purpose of Bill C-112 is to amend the goods and services tax.

Doubtless, I need not explain to honourable senators what the GST is or where it came from. I do not have to describe its shadowy origins. I say "doubtless", because the story of the GST is a sordid and shocking tale. I think some of our newer colleagues would blanch and wish to leave the chamber were I to recount the story of the GST in all of its sordid and gory details. Suffice it to say that Bill C-112 in fact is "GST Part II".

Like the original debate on the GST, the spin doctors and myth makers on the government side are frantically rewriting history to defend the indefensible. Led by Senator Simard — and it was quite an oratorical charge — last Thursday, the government started the second reading process of Bill C-112 by attempting to explain to Canadians that the GST was part of the government's plan for economic reform way back in 1984, suggesting that somehow this was the long-range planning of the Conservative Party and the Conservative government. However, Senator Simard's statements are in total and utter conflict with those of his colleague, the Minister of National Revenue, Mr. Jelinek.

When the infamous and discredited GST bill arrived in the Senate in the spring of 1990, the government, led by the GST minister, the chief apologist, Mr. Jelinek, said the tax was part of the 1988 election platform. He had a different version about the dubious origins of this measure.

Not to be outdone by his colleague, the minister, in fixing the birthdate of the GST proposal, Senator Simard now would have us believe that the GST was before the public in 1984, which is complete rubbish.

On pages 3280 to 3281 of the Senate *Debates* he said:

> You remember that when the government took power in 1984, it launched an important series of measures for long-term economic growth and prosperity.

The measures taken included a wide-ranging tax reform of which the goods and services tax was a part.

• (1700)

Senator Simard continued by explaining that the GST was necessary because it replaced — and I should like to use his exact words, to be fair — "...an economically destructive federal sales tax which had been in effect since 1924 and was clearly outdated."

It is utterly incredible that from 1924 to 1990, over half a century, Canada survived and thrived as a nation with such a so-called "destructive federal sales tax". It is also incredible that Conservative Prime Ministers, Arthur Meighen, R.B. Bennett, John Diefenbaker and Joe Clark, somehow failed to recognize that this tax was ruining the Canadian economy. Perhaps if they had had Senator Simard there at the time to explain it to them, they might have understood.

In fact, when Brian Mulroney took office, the "destructive federal sales tax" referred to so belligerently by Senator Simard stood at 9 per cent. So what did Brian Mulroney do about this destructive measure which was crushing Canadians? He increased it! Did the Prime Minister immediately remove it? Did he at least reduce it? Incredibly, he did neither.

In fact, when the GST took effect in 1991, this "destructive federal sales tax" stood at 13.5 per cent. In other words, it was jacked up from 9 per cent to 13.5 per cent — this by the Conservative party that is so concerned with equity and fair play! How can anyone supporting the government in this house defend this kind of nonsensical political charade? Senator Simard's government actually made what he called a "destructive" tax even more destructive. Shame! No doubt we will soon learn that this was all Pierre Trudeau's fault, or even Mike Pearson's fault, or Louis St. Laurent's fault, or Mackenzie King's fault. They have been known to blame things on Sir Wilfrid Laurier, this gang now in power — only now, thank God, for a brief period of time to come.

Senator Murray: Mackenzie King and Mr. St. Laurent and Mr. Pearson were fiscally responsible.

Senator Perrault: I wish the Leader of the Government would learn to rise sitting down.

Senator Doody: I wish the honourable member would learn some new lines.

Senator Perrault: After explaining why, in his opinion, the GST is good for Canada and why it is doing a great job for all of us, Senator Simard continued his remarks. With the deft touch of a comic genius — he is no Marcel Marceau, I can tell you — Senator Simard's defence of Bill C-112 and the GST it amends has gone from the absurd to the utterly hilarious.

On page 3282 of the *Debates of the Senate*, talking about Bill C-112, Senator Simard said, in words that filled every cranny of this chamber:

> This bill is typical of the Mulroney government, which listens to the people of Canada.

Whoever heard such nonsense! That is high humour. A few years ago, that would have qualified him to appear on the Ed Sullivan show.

Senator Doyle: Who is he?

Senator Perrault: Even though I am sure honourable senators did hear me correctly, let me repeat myself.

While all of us have known for some time that Senator Simard is a vigorous partisan — I hope I am not unfair in making that judgment; I detect that he is partisan from time to time, but I do not want to be unduly critical — I never fully appreciated the breadth and depth of his aptitude for comedy until now. Again those words: "...the Mulroney government...listens to the people of Canada." Well, I will tell you this: The people of Canada are no longer listening to the Mulroney government. In the province of British Columbia, our beer has a higher percentage of support than the Conservative party. Beer is at 10 per cent and the support for the Conservatives is around 8 per cent; that is the rumour.

I do not want to be partisan. Honourable colleagues know me better than that.

A poll was conducted on a leading radio station in Vancouver the other day. The biographical backgrounds of the two leading candidates for the Tory leadership were presented. The host said, "We will open the telephone lines, and we want you all to phone in. Which candidate would you support: Mr. Charest or Mrs. Campbell?" Well, the switchboard was absolutely inundated with calls. Ninety per cent of the people said they did not want either of them. Frankly, I do not think the people of Canada are listening to the Mulroney government, although you may still feel that you are listening to the people.

If what we witnessed over the past nine years is "listening", someone had better phone the good people at the Oxford English dictionary and inform them that their definition of "listening", at least in the view of Senator Simard, constitutes perpetuating a fraud on the English-speaking world. Perhaps they should see Senator Simard for the correct definition.

Throughout his remarks on Bill C-112, Senator Simard uttered phrases such as "this legislation responds to the concerns..."; "these measures respond to..." He was suggesting that this is a very sensitive process, and that the Conservative government has its ear to the ground and its eye on the horizon simultaneously. That is a great way to develop a sore neck!

He went on to say that "this bill gives significant relief"; "this legislation contains benefits". To find benefits in this bill, you would need a 10,000 power microscope!

His comments indicate that there were, and continue to be, big problems with the GST. I must confess that Senator Simard has hit the nail on the head. There are enormous problems with the GST because it is unfair. All the churches in Canada told you it was unfair. You ploughed ahead, despite all the warnings from the opposition in this chamber, and every single prediction about the shortcomings of the GST have been borne out by fate and experience.

Earlier this month, a report for the Ontario government found that the total revenue lost to all levels of government due to the GST in Ontario alone was $2.3 billion. That is listening to the people; that is showering benefits on the Canadian people. This was confirmed by Canadian officials to the International Monetary Fund, who said there had been a "surprising" amount of non-compliance with the tax. You have created an entire underground economy. The costs of collecting that money is far, far greater than you anticipated it would be, and your collections are way down. Everyone knows that. It was a dumb tax to introduce, and it has done nothing but create damage. Among other things, it has deterred the decisions of many people to buy goods. They are tired of being burdened and loaded down with this kind of inequity.

Nevertheless, in this Tory wonderland of baffle-gab, the GST minister, Otto Jelinek, steadfastly maintains that there has been no increase in the underground economy since the imposition of the GST. He, no doubt, believes that the Mulroney government was listening to the people of Canada when unilaterally, — and violating all democratic principles in this chamber — it shoved the GST on to the backs of the already overburdened Canadian people.

Honourable senators, if we are to believe the government, we now have a bill before us, Bill C-112, that makes changes everyone wants to a tax that everyone wanted. I suppose the Tory philosophy is this: Why are people complaining?

The cooperative movement still wants an amendment to ensure that people who shop at its grocery stores are treated like people who shop at Loblaws or the IGA. Small business is still concerned about compliance costs and simplicity. It is frightening, as you go from coast to coast in this country, to see how many businesses have gone bankrupt since the time you brought in your GST, and to see the economic distress out there. The attitude of this government appears to be, "Let them eat cake"!

That is not to say that everyone has gone away empty-handed and rebuffed from this government. Lawyers who complained about charging the GST on foreign arbitrations have received a sympathetic hearing from the government. The lawyers got their amendments; the co-ops did not.

Now we suspect who Senator Simard is talking about when he says the government listens to Canadians. Does he mean the well-to-do? Does he mean friends of the government? Does he mean the powerful lobbyists who infest Parliament Hill and park in government offices, asking for special favours? Does he mean the special interests who helped his party win the 1988 election and the big slush fund that they put together for this party? He certainly does not mean people who shop at co-ops to save money. He certainly does not mean the 85 to 90 per cent of Canadians who are opposed to the GST.

• (1710)

This legislation's only saving grace is its timing. It comes only months before Canadians will finally get their say with this government in a general election.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

On motion of Senator Lynch-Staunton, for Senator Simard, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I frankly thought that we would dispose of Bill C-93 today, which is why the word was going out that we would not come back until Tuesday. Now the Leader of the Opposition has informed us that he intends to move an amendment to Bill C-93 at our next sitting. Once that is done, would he confirm, as discussed, that on the day following his presentation of the amendment we could proceed to a vote on the amendment and on the main motion?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I can tell you exactly what my amendment is. I say it for the interest of those who followed the proceedings in the committee. My amendment will propose that the promise dealing with the separate votes be incorporated in the bill. I have some notes. I have a bit of work yet to do on them to get some of the committee proceedings for quotations.

I see no problem. If we sit Tuesday, I will speak on the main motion, propose the amendment, and then I think we should give any senators an opportunity to speak to that amendment, taking into account my intervention. I see no reason why we cannot dispose of the amendment and the main motion the next day. It is not a big subject, but it is a subject that several people may want to speak about. I do not imagine they will need to speak very long on it, but they may want to make an intervention, and they should have overnight to consider my reasons for supporting it.

Then, as far as I am aware, and I have checked with the acting house leader, we will have exhausted the Part III aspect we want to deal with, namely, the two amendments. I believe that Senator Corbin wants to speak on the main motion, and that could be done the following day, too.

Those are my observations, and I see no reason why we cannot dispose of it on that basis.

Senator Lynch-Staunton: Honourable senators, I have three adjournment motions, and I am happy to read out the one which will please the Senate the most.

With leave of the Senate and notwithstanding rule 59.1(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Tuesday next, June 8, 1993, at two o'clock in the afternoon.

The Hon. the Speaker: Honourable senators, before I read the motion, am I to understand that there is an order of the house that Bill C-93 will be disposed of by Wednesday?

Senator Frith: No, we have an understanding and we put on the record what our understanding is.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

SEIZED PROPERTY MANAGEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-123, respecting the management of certain property seized or restrained in connection with certain offenses, the disposition of certain property on the forfeiture thereof and the sharing of the proceeds of disposition therefrom in certain circumstances.

Bill read first time.

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

On motion of Senator Lynch-Staunton, with leave of the Senate and notwithstanding rule 58(1)(*f*), bill placed on the Orders of the Day for second reading at the next sitting of the Senate.

CANADIAN HUMAN RIGHTS ACT

BILL TO AMEND—THIRD READING

Hon. Noël A. Kinsella moved the third reading of Bill S-15, to amend the Canadian Human Rights Act (sexual orientation).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, for the reasons I set out in my second reading speech, which was December last, I think this is an ill-advised initiative which sets a bad precedent by confusing the legislators' role with the role of the jurists or of the court and, as I pointed out then, may very well frustrate the bill's own objectives.

My intervention at that time did not deal with the direct subject-matter of the bill, but rather with the procedural and constitutional confusion I thought it created and the possibility, because of that and in that context, of a frustration of the bill's objectives.

I recently received a representation from Professor Bill Black of the University of Ottawa in which he dealt with my intervention and put forward his views on the subjects I had raised. My own reading of his point of view is that it was carefully reasoned. I am obliged to him for having sent it to me. However, it really comes down to the fact that he and I disagree in our predictions of how the courts would interpret such an initiative.

An attempt to predict what a court is going to say is the kind of prediction which has brought grief to many lawyers over the years. So it is an honest difference of opinion.

Honourable senators, I admit that many senators may find my position as set out there technical and esoteric, so I do not ask any senator to support me either on partisan grounds or on the subject matter of the bill itself. However, because nothing has changed my mind about the representations I made then, if the bill is put to a vote, I will be calling out "on division". However, I will be calling it out on my own behalf, as far as I know, unless anyone wants to join me after rereading my December intervention.

• (1720)

Hon. Lowell Murray (Leader of the Government): Honourable senators will perhaps permit me a word on this matter. With regard to the subject matter in general, the government has, for some considerable time, taken the position that sexual orientation would be a prohibited ground of discrimination under the Charter of Rights and Freedoms. We would argue so in any case coming before the Supreme Court.

Second, and in parenthesis, I should point to the decision made recently by the chief of staff of the armed forces, with the agreement of the government, with regard to sexual orientation of members of the Canadian Armed Forces.

Third, a government bill introduced by the former Minister of Justice, Ms Campbell, contains amendments to the Human Rights Act which deal, among other things, with this subject. That bill is still in the House of Commons.

Finally, the bill that our friend, Senator Kinsella, has presented is a private members bill, not a government bill. I am not asking the members of this caucus to take a position on it. It deals with a matter which at least treats private, moral and, in some cases, religious convictions. Therefore, I am not taking a position on it as a caucus. It is not a government bill.

On that basis, therefore, I have no difficulty supporting the bill, and will support it. But honourable senators on this side should understand that, it not being a government bill, the government is not asking caucus as such to take a position.

Senator Kinsella: I should like to say a few words on the bill. We have the report from the Standing Senate Committee on Legal and Constitutional Affairs, which took a unanimous position to report the bill without amendment.

During the hearings of the committee, among the witnesses we had the Associate Deputy Minister of Justice and other officials from the Department of Justice, such as Ms Dawson, who testified that they found the bill to be a good bill. I do not have the testimony in front of me, but the words were, in effect, that they thought we should go through with it from a technical standpoint. We also had the testimony from Max Yalden, current chairman of the Canadian Human Rights Commission, who also testified that he thought it was a good bill and that we should go forward with it, as did a number of other witnesses.

I appreciate Senator Frith's position. It is quite clear. I am hopeful that, with the passage of this bill today, there will be a possibility that, as a Senate public bill going to the other place, it might be fast-tracked.

The Hon. the Speaker: It was moved by the Honourable Senator Kinsella, seconded by the Honourable Senator DeWare, that this bill be read the third time. Is it your pleasure, honourable senators to adopt the motion?

Senator Frith: On division.

Motion agreed to and bill read third time and passed, on division.

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY LAMONT-SPENCER CASE—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Robichaud, P.C., seconded by the Honourable Senator Kelleher, P.C.:

THAT the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, British Columbia, and David Spencer of Moncton, N.B. — *(Honourable Senator Carney)*

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I adjourned this Order in the name of Senator Carney because she will be here on Tuesday to speak to it. However, I know that she would want to hear the views of others, and so I am happy to have Senator De Bané speak on it now.

[*Translation*]

Hon. Pierre De Bané: Honourable senators, I would like to comment on the motion presented by Senator Louis Robichaud and seconded by Senator Kelleher, asking that the Standing Senate Committee on Foreign Affairs be authorized to examine and report on this case, for a number of very serious reasons.

As you know, the House committee has had access to all the documentation from the Department of External Affairs and all the transcripts. They found that these two young Canadians, Christine Lamont and David Spencer, were the victims of a miscarriage of justice in Brazil, and they recommended that the Canadian government address a request to the Brazilian authorities, and more specifically to the president, for the expulsion and release of these two Canadians.

As you know, the Minister of External Affairs, despite this unanimous report from all three parties, still claims that by going through regular channels these young Canadians will, in the end, obtain justice in Brazil.

This is a complete denial of the real situation in that country. This is not the answer. In fact, the judge who tried the case, Judge Barioni, told the parents of these two Canadians that he had been under tremendous pressure from the political authorities. Paolo Cardinal Arns, who was involved in this case, announced it was his profound conviction that these two Canadians were completely innocent.

The House committee that considered this matter concluded that not only had there been mistakes, but there was also a denial of justice. This conclusion was based on the fact that many of the accused were tortured and prevented from getting in touch with their lawyers and on the sensational way the case was reported by the various media.

As you know, these young Canadians were sentenced to 28 years in prison. It is also a fact that politicians and the police used this case for their own political gains, and that the judge who had initially given them a shorter sentence was removed from office and transferred elsewhere. Today, the chief of police is running as a candidate for the presidency.

What surprises me, honourable senators, is that our Department of External Affairs is incapable of taking a straightforward position on this case. At first, it said it could not file a request for expulsion with the Brazilian authorities because they would reject it. When the Deputy Minister of Justice told the parents that they were waiting for a request from the Canadian authorities for these two young Canadians who were social activists, the Department said no, that was not necessary because their appeal would soon be heard. This may take years. To show how far removed our Minister of External Affairs is from reality, she said there was no danger of riots occurring in Brazilian prisons. On the very day she made that statement, there was a riot in a Brazilian prison, during which 110 prisoners were shot down on the spot by the police.

The department also claims it is negotiating an offender exchange treaty with Brazil. That is not the answer, because the treaty will first have to be approved by both Parliaments, and that will not happen overnight. The treaty provides that nationals of either country will be able to serve their jail sentence in their country of origin. So that is not the answer.

Finally, Christine Lamont is now suffering from tuberculosis and is not getting adequate medical care. According to Amnesty International, prisons in Brazil are among the worst in the world, and in concluding, I may recall that the cardinal himself, who was involved in this case in connection with the release of the hostages, stated that he was convinced this young Canadian couple was completely innocent. That is why I wish to support the motion by my colleague, Senator Robichaud, seconded by Senator Kelleher.

Hon. Eymard G. Corbin: Honourable senators, I too want to speak briefly on the motion of our respected colleague, the Honourable Louis Robichaud, but not so much because one of the victims in this process is originally from New Brunswick. The interesting thing in the way the national press has treated this case is that it was covered in major large-circulation publications. Not only reading newspaper reports but also reading certain magazines led me to wonder if there was indeed a miscarriage of justice in the case of these two people or whether they were the victims of a political regime whose habits we know rather well.

Senator De Bané twice quoted what Cardinal Arns said. I have in my possession the statement of Paulo Evaristo Cardinal Arns, Metropolitan Archbishop of Sao Paulo. I have the original, but I will simply read the translation of this statement. I think it is important to have it put on the record of this house.

Before doing so, I believe that besides saying that I support Senator Robichaud's request to refer this whole affair to a Senate committee, it is important to do so quickly and as soon as possible, for the simple reason that Parliament, for all practical purposes, will not sit much longer. Both Houses will be shut down soon. We know that we are about to have a general election in this country and if the committee does not have the opportunity to deal with this matter before the election, months will go by before it can do so, assuming of course that the house agrees to refer this matter to a committee.

I hope that our colleagues on both sides will see that Senator Robichaud's motion is justified and that we can together do everything required to refer the question to the committee as soon as possible.

[*English*]

• (1730)

Therefore, I wish to put on the record the declaration of Cardinal Arns, Archbishop of Metropolitan Sao Paulo, and I use an English translation.

> Upon the request from Abilio Diniz's family I accepted to mediate the negotiations between the police and those who kept him captive. As soon as Abilio was released, I accompanied all concerned, police and accused, to the police station. This was one of the conditions of the surrender, the other being the naming of lawyers who would prevent any human rights violations. On the way to the station, the group leader, Humberto Paz, sat beside me. From this conversation, and whatever else I learned during the process, I developed a profound conviction about the innocence of Christine and her companion David. This impression was reaffirmed during my pastoral visit at Christmas time to the Penitentiary for Women when I spoke at length with Christine. Christine and her companion had no intention of participating in a kidnapping and had no knowledge that it was being carried out. My convictions crystallized even further after meeting Christine's family and listening to her life story and that of her companion.
>
> I authorize the use of this declaration for the purposes it might serve.

This document was signed in Sao Paulo on September 19, 1991, by Cardinal Arns.

[*Translation*]

There is not much left to say. I think several senators agree that the issue should be dealt with swiftly and seriously in committee. That is all I have to say for today. Thank you, honourable senators.

[*English*]

On motion of Senator Lynch-Staunton, debate adjourned.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, a little more of the record for the record. This Order is about promises versus performance.

As we have seen, Mr. Mulroney had been making promises from the very day he decided to run for the leadership of the Conservative Party. Promise-making continued nonstop over the next year and, with the election call, reached what might be called a fever pitch. In the last part, we heard but a few of the promises Mr. Mulroney and his team made during the general election campaign of 1984. Canadians, of course, wondered how much all these promises would cost. At that time they naively thought that Mr. Mulroney and his team took their promises seriously, so the question about cost was a legitimate one.

• (1740)

It became even more relevant with the accidental disclosure of the Mulroney team's estimate of the billions of dollars at stake. Very early in the campaign, an Ottawa *Citizen* reporter observed that a document being carried by finance critic John Crosbie estimated that promises made a week earlier by Mr. Mulroney, while in Prince Albert, Saskatchewan, would cost between $5.5 billion and $6.6 billion over five years. The Ottawa *Citizen* of July 11, 1984, reported:

> If the party goes ahead and unveils 'all the programs we have committed ourselves to,' the bill will leap to more than $20 billion, the document says.

This is Mr. Crosbie's document. The article continues:

> The document expresses concern about how the programs would be financed, but the part seen by the reporter did not outline options in that area.

What did Mr. Mulroney think about his finance critic's calculations? The article continues:

> Mulroney appeared stunned when asked by a reporter if he thought the $6.6 billion price tag on the Prince Albert proposal was excessive.
>
> 'Why? Are you...is there something that you'd, uh ... Uh ... I ... I'm sorry, I don't follow your question', he fumbled.
>
> Later he answered, 'I wouldn't comment on it, but clearly it is excessive...The Liberals have been pedalling that figure since this morning.'

> However, Crosbie, when asked later if the paper had been circulated by the Liberals, said: 'If you say you saw it and it was under my arm, then it would be my document...I had no Liberal papers.'

Mulroney could have relieved much of the anxiety by admitting that the actual cost would be negligible because the promises would not be kept anyway. That, however, would not enhance his election prospects, so the next day he gamely defended his orgy of promise-making. The full cost, he said, would be less than $20 billion but he gave no information about how much less. Whatever the figure, would this not mean increasing the deficit? Instead of pledging to wage war on the evil deficit, Mr. Mulroney replied.

> Our job creation proposals are set out in a responsible fiscal framework that calls for the full payment in a responsible and proper manner...From time to time certain costs may be involved that will have the offsetting effect of creating wealth.

That response, as it appeared in the Ottawa *Citizen* of July 14, 1984, suggested no preoccupation with the deficit. Economic growth, new government expenditures and the creation of wealth were the priority during this election campaign.

The *PC Campaign Handbook* at page 97 said, "We can reduce the deficit without increasing taxes or reducing the level of social services", and this is what Conservative candidates like Mr. Wilson and Mr. Charest, who was a member of the team then, were undoubtedly telling their electorates throughout the country. In the meantime, promises continued to flow like water.

While on a swing through the west, Mr. Mulroney repeated old promises and then proclaimed, "I'm not afraid to inflict prosperity on Western Canada." — as reported in the *Globe and Mail*, July 23, 1984.

While in the Maritimes, he said, "I have no hesitation in inflicting prosperity on Atlantic Canada — as reported in the *Chronicle Herald*, August 1, 1984. It was not only his words that were inflated but, apparently, so was his ego. The *Globe and Mail* of August 2, 1984 reports how Mr. Mulroney's entourage swept into New Brunswick.

> At the Charlo airport, he was greeted by a majorette corps and a band that played the *Stars and Stripes Forever*. At a Chatham shopping mall, it was music again befitting a U.S. presidential campaign as an organist played *Hail to the Chief*.

Mr. Mulroney has remained true to the presidential style ever since. He always seemed to feel like the President of Canada when standing arm in arm, literally or figuratively, with the President of the United States of America.

But back to promises. While in Halifax on August 2, 1984, he gave a major policy speech on his plans for the Atlantic region. He was so proud of it that he released the text under his party's letterhead. Part of that text reads:

> A Progressive Conservative government will guarantee to maintain and if necessary enhance the Maritime Freight Rate Subsidy Assistance Program.

I have heard that promise from him before. In a background paper released the same day to the press by the Atlantic caucus of the Conservative Party, there was the claim:

> ...the Liberal government continues to attempt to dismantle vital transportation assistance programs such as the Maritime Freight Rate Assistance Program and the "At and East" rates.

But as we have already seen, Mr. Mulroney's Conservative government went on to cut back the Maritime Freight Assistance Program and then abolished the "At and East" rates. When they were abolished by Bill C-11, ministers such as Kim Campbell and Jean Charest voted in support of the legislation though the Prime Minister himself was absent.

In his August 1984 speech, Mr. Mulroney also said:

> A Progressive Conservative government will reinstate VIA Rail routes, including the "Atlantic Limited" from Halifax to Montreal; support and continue to operate the Newfoundland railway (Terra Transport);

What actually happened is, we now find, quite predictable. There is no longer a railway in Newfoundland. As for reinstating VIA routes, the Conservative team abandoned existing routes throughout Atlantic Canada and the rest of the country. We know about Senator Corbin's and Senator Graham's interests in the Truro-Sydney line and what happened to it.

Senator Corbin: Tip of the iceberg.

Senator Frith: Yes. In his Halifax speech, Mr. Mulroney also promised:

> We will examine gasoline, alcohol, food and lodging taxes which are reducing the competitiveness of Canada's tourism industry.

What did he do? He increased the gasoline tax, and increased the tax on alcohol so many times that smuggling has become a major problem, and finally introduced the GST and applied it to lodging and restaurant meals. That is what happened. That is how this government decided to help tourism. For good measure, they got out of the promotion of tourism, though he promised the exact opposite in Halifax.

The Conservative team captain's tours through Quebec during the election campaign were particularly interesting. We have already seen how, on September 5, 1983, he said — and this is of new significance in view of his recent speech:

> By their referendum response, Quebeckers have put an end to the question of separation. As far as I'm concerned, the debate is closed.

The "I'm" is Mr. Mulroney, not Mr. Trudeau. Eleven months later in Sept-Isle, he reopened the debate with a vengeance.

> In Quebec — and it is very obvious — there are wounds to be healed, worries to be calmed, enthusiasms to be rekindled and bonds of trust to be established...The men and women of this province have undergone a collective trauma.

That was reported in the *Globe and Mail* on August 7, 1984.

• (1750)

According to Graham Fraser of *The Globe and Mail*, Mr. Mulroney's speech was:

> ...a remarkable appeal to nationalist sentiment in Quebec for a man who in the past had been very critical of his predecessor, Joe Clark, for his tolerant attitude towards the Parti Québécois.
>
> The speech was full of codewords aimed at those who voted for the PQ in 1981, and who were angry at the way Quebec was left out of the constitutional settlement the same year.

Later that month, according to *The Globe and Mail* of August 20, 1984, Mr. Mulroney accused

> ...the Liberal Party of having "a well articulated and well defined" policy to "brutalize the Government of Quebec".

For the remainder of the campaign, Premier René Lévesque had only nice things to say about Mr. Mulroney, and his separatist supporters flocked to Mr. Mulroney's side. The rest, as they say, is history.

In Ontario, Mr. Mulroney promised not only to safeguard existing social programs but to create new ones.

> No longer can child care be considered a luxury of the rich or a support program for the poor," he said. "It is an urgent problem for thousands of single-parent families and a major concern in every family where both parents work.
>
> Mulroney said child care would be a priority of the Conservative government because it would free more people to work or upgrade their skills. "It must become an integral part of the workplace. ... Urgency here is of paramount concern."

That is a quote from the *London Free Press* of August 11, 1984.

What has happened in the intervening nine years to address this urgent problem? The answer is: Not much. Notwithstanding even more promises, there is no national program for child care. In fact, the Mulroney team has actually cut back on Canada Assistance Plan funding, a Liberal program which helps provinces create new child care spaces. So this was a commitment that was broken with a vengeance.

The same newspaper article also describes Mr. Mulroney's usual promise of "a massive training effort", and describes how, almost without exception, the Conservative leader was greeted warmly by people wherever he went. The one exception was Alex Belanger, a technician in the Electrohome plant in Kitchener, who remarked:

> Conservative snake who slithers through the earth.

Apparently Mr. Mulroney was not fooling everyone, although he was trying hard.

While in Kingston, he promised to lift the lid off government secrecy, particularly where salaries were concerned.

> For all these highly placed public servants, a counter-democratic principle has been long enforced. It is that, while the Government has a responsibility to pay their salaries, the public has no right to know how much they are paying.
>
> The public should have the right "to know the salaries of all public officials, no matter how exalted," he said.

That is from *The Globe and Mail*, August 13, 1984.

So we just add that to the list of promises not kept.

He also promised changes to the personal income tax system.

> "Our goal is to ensure that wealthy Canadians with substantial unearned income cannot use tax shelters to avoid paying tax altogether — that they must pay a minimum amount of tax," he said.

That is from the *Toronto Star* of August 25, 1984. That is an interesting promise in the context of Bill C-92, the bill we passed the other day providing for huge family trusts created by the very wealthy.

That same article also described how he told reporters:

> ...that a Tory government would require rich people to pay a "handsome amount of tax".

Well, the only people who paid "handsome" amounts of tax under his administration and that of his colleagues, some of whom are still wishing to continue with more of the same, were the poor and middle class. In fact, they paid not handsome amounts but obscene amounts in comparison, even new taxes on vitamins and Aspirin and bandages for their children. What about the wealthy? Well, we will get back to them, to use an early Mulroney phraseology, to find out about the treatment they received. Handsome it was; most handsome. Handsome, we will see, is the "mot juste", the right word there.

It is a very long list, this list of broken promises: Promises of jobs, jobs, jobs; doubling of research and development expenditures; new training programs; sanctity of our universal social programs. As we have seen, we would not be exaggerating too much if we said that whenever a promise was made by Mr. Mulroney and his gang during the campaign, the result was a promise broken by the ensuing administration. With characteristic insincerity, while vowing to keep their promises, they charged that Canada's other parties could not be relied upon to keep theirs.

The introduction to the 1984 *PC Campaign Handbook* states:

> The Liberals do not believe in honesty and openness in government, no matter what they say.

In contrast, we have this high statement of principle about Mr. Mulroney's party.

> The Progressive Conservative party is proposing policies and a new style of government that can realize Canada's great potential. Our promises will be kept because they are realistic and genuine, and because we will work with all Canadians to fulfil them.

Canadians will soon have either Ms Campbell or Mr. Charest, both loyal active supporters of their team captain, trying to convince Canadians that that is exactly what happened between 1984 and 1993, and that his or her promises are equally "realistic and genuine." Well, if they are equally realistic and genuine, then we know that they are neither. Past performance shows they will be unrealistic and hypocritical.

But instead of more broken promises, let's end this chapter with the personal vision Mr. Mulroney shared with reporters while waiting for the election call. The quotation is from the *Whig Standard* of September 8, 1984.

> What is going to happen is that there is going to be an election campaign, and we're going to drive this government from office. And you're going to have millions of people cheering on the sidelines, including people who've got investments bottled up. As soon as Knowlton Nash comes on television saying the Tories have formed a majority government, investment is going to flow into this country ...
>
> The mere fact of the election of a PC majority government committed to the principles I've been talking about will create a hallelujah chorus around the world.

He did win the 1984 general election, but there was no "hallelujah chorus around the world", except, perhaps, in some corporate boardrooms south of the border and elsewhere. Those hallelujah choruses would be justifiably loud, and, while not necessarily challenging Handel in musicality, would do so in loudness.

As for the millions of cheering Canadians that Mr. Mulroney saw in his vision, they were not there. What was there, to switch from Handel to Dickens, were the great expectations of a population soon to suffer the disillusion and pain of cynically discarded promises.

I move the adjournment of the debate.

On motion of Senator Frith, debate adjourned.

[*Translation*]

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. Gérald-A. Beaudoin, pursuant to notice of June 2, 1993, moved:

> THAT the Standing Senate Committee on Legal and Constitutional Affairs have the power to sit at four o'clock in the afternoon on Tuesday, June 8, 1993, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

He said: Honourable senators, we have been sitting in committee for two days and will continue on Tuesday afternoon and maybe even on Wednesday. We want to hear certain witnesses. Therefore, we would want to start at four o'clock in the afternoon next Tuesday, instead of five o'clock or when the Senate adjourns.

That is why we are asking for leave of the Senate to sit at four o'clock.

Hon. Royce Frith (Leader of the Opposition): Is it just for this once?

Senator Beaudoin: Just for this bill, Senator Frith.

Senator Frith: Have the witnesses already been summoned?

Senator Beaudoin: Yes, but subject to the approval of this motion by the Senate.

Senator Frith: Of course. I was not trying to trip you up.

Senator Beaudoin: We cannot presume authorization will be granted.

Senator Frith: Can you tell me who the witnesses are that are to be heard at four o'clock, because I am interested in this bill?

Senator Beaudoin: If I remember correctly, the first witnesses we will hear at four o'clock are from Cantel, followed by Mr. Bryant from the Association of Crown Attorneys.

The hearings are likely to continue into the evening.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. senators: Agreed.

Motion agreed to.

The Senate adjourned until Tuesday, June 8, 1993, at 2 p.m.

THE SENATE

Tuesday, June 8, 1993

The Senate met at 2:00 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:

Erminie Joy Cohen

Jean Noël Desmarais

INTRODUCTION

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; took the oath prescribed by law, which was administered by the Clerk; and were seated:

Hon. Erminie Joy Cohen, of Saint John, New Brunswick, introduced between Honourable Lowell Murray and Honourable Mabel M. DeWare.

Hon. Jean Noël Desmarais, of Sudbury, Ontario, introduced between Honourable Lowell Murray and Honourable James F. Kelleher.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, our newest colleagues come to us with truly splendid reputations for public service.

Senator Cohen of Saint John, New Brunswick has devoted many years to the cause of women's rights and is an acknowledged leader in that field. She was also a member of the New Brunswick Government's Commission on Canadian Federalism in 1990, served as co-chair of the New Brunswick "Yes" Committee in 1992, and is a member of the board and of the executive committee of the National Capital Commission.

[*Translation*]

Senator Desmarais of Sudbury, Ontario, succeeds the late Senator Rhéal Bélisle as the Franco-Ontarian community's representative in this chamber.

An eminent radiologist, he was a member of the board of directors of the University of Sudbury and of the board of governors of Laurentian University. In 1980-81, Senator Desmarais sat on an Ontario government committee studying the constitutional issue.

[*English*]

Honourable senators, it is with great pride that I welcome Senator Cohen and Senator Desmarais. I am confident that their contribution to Parliament will be of the highest quality.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I am sure no senator would either want or expect me to say anything more than I said about the last group.

Senator Lynch-Staunton: And you will have a chance to say it again.

Senator Frith: Let it be noted that Senators Murray and Lynch-Staunton have said that they expect that I will have a chance to say it again and again and again — and was there another again? You feel proud of that. Let the record show you are proud of it.

Senator Simard: Were you born in the Senate?

Senator Frith: Sometimes I feel as if I had been, yes.

The Hon. the Speaker: Order, please! Senator Prud'homme has the floor.

[*Translation*]

Hon. Marcel Prud'homme: Honourable senators, as one of the last senators to be appointed before the arrival of our two new senators, I would like to add my comments to those of the Leader of the Government in the Senate. It is a great honour to sit in these precincts with Mrs. Cohen, whose distinguished record is well known.

I had the pleasure of meeting Mr. Desmarais's brothers when I was a student at the University of Ottawa, and I am delighted that French-Canadians, and of course I am one, but I mean French-Canadians from Ontario, will through him have a voice in the Senate.

[*English*]

I have the pleasure, Sir, to say a lot more. I believe that both senators will bring to the Senate high civility. I strongly

and passionately believe in this institution, and will do so until Canadians decide otherwise. I wish to work in close cooperation with both new senators, other senators and my friends and colleagues to show that Canada is a great country and the Senate is a great institution. I am honoured, and will remember for the rest of my days that I was the first senator to welcome Senator Cohen and Senator Desmarais.

[*Translation*]

SENATORS' STATEMENTS

TRANSPORTATION

LACK OF MAJOR GOVERNMENT INVESTMENT IN HIGHWAY SYSTEM

Hon. Eymard G. Corbin: Honourable senators, I would like to proceed to some serious business. Documents prepared for the federal Ministry of Transport when the government was looking at the feasibility of major investments in the country's highway system have been released under the Access to Information Act. Otherwise, the Canadian public would not have been given this information.

Canadian Press reported yesterday that these documents, although heavily censored by the government, confirmed that Canada's highways are in very poor shape. In fact, 40 per cent of our national highway system is below minimum standards. About 800 of the 3,534 bridges in the system fail to meet the standard set by the federal Transport ministry. The main cause is neglect and years of underfunding by the federal government, as well as the government's failure to negotiate with the provincial authorities.

In fact, among all industrialized countries, Canada ranks last in highway investment. According to these documents, in 1988 Canada spent about $53,000 per kilometre on highway infrastructure, compared with $504,000 by Italy, $352,000 by the United States, $275,000 by France and $237,000 by Germany.

The federal documents show that the federal government contributes only about 5 per cent of the cost of highways in Canada, compared with 23 per cent contributed by Washington in the United States.

This neglect is directly responsible for $20 million in annual property damages and 160 deaths each year as a result of road accidents due to the poor state of our highways.

According to the censored documents, to return Canada's highways to minimum standards the system would require a cash infusion of at least $14 billion over 10 years. The federal government collects $11 billion annually on road and gas taxes. But what does the federal government do with this money?

New Brunswick alone would need $2.2. billion to repair its 961 kilometre stretch of the Trans-Canada. The $300 million highway deal signed by the federal government and New Brunswick last April merely continues a series of modest initiatives.

If Canada wants to maintain its ranking among the world's most industrialized countries, it will have to invest more money in a highway system commensurate with the demands of economic development and user safety. In any case, we can no longer count on this government to maintain and improve our roadway system, which is in a terrible state.

[*English*]

VETERANS AFFAIRS

FORTY-NINTH ANNIVERSARY OF D-DAY

Hon. Jack. Marshall: Honourable senators, each year at this time, members of the Senate and Canadians everywhere take a moment to reflect on one of the most decisive battles in military history. Forty-nine years ago, on June 6, 1944, the Allied armies landed on the beaches of Normandy and began the bitter struggle to break Hitler's hold on continental Europe. In some of the most vicious fighting, the Allies defeated the Germans and set the stage for the ultimate collapse of the Third Reich, one of the most nefarious regimes ever known to man.

I need hardly remind honourable senators of the decisive role Canada played in almost every facet of the Normandy invasion. Canadians in the RCAF helped ensure Allied command of the air, which was critical to the success of D-Day. Canadian destroyers, frigates and minesweepers were part of the vast Allied armada that protected the troops as they advanced toward the beaches. More than 10,000 Canadian seamen in over 100 Canadian warships shared in the operation.

Finally, Canadian soldiers stormed "Juno" Beach and overcame the stiffest German resistance encountered by any Commonwealth force. Canadian troops, who had trained for years in anticipation of this day, suffered over 1,000 casualties. Despite this loss, they moved further inland than any other Allied division in those first 24 hours.

In the weeks and months that followed, Canadian soldiers proved their mettle again and again in brutal head-on clashes with their desperate German opponents. Despite their inexperience and the heavy losses they suffered, they never once faltered. Their courage and perseverance is reflected in the grim statistics of war: no other division in General Montgomery's 21st Army Group suffered more casualties than the 3rd Canadian Division during the Normandy campaign.

The blood of Canada's youth was freely poured upon the Normandy soil that fateful summer, but it was not spilled in vain. With each passing year, the memory of D-Day and Canadian participation in the Second World War fades. Fewer and fewer veterans turn out at public ceremonies to remember the sacrifice of their fallen comrades. Those still alive must do battle with revisionist writers and film-makers who, in the cool detached light of the present, question the leadership and the competence of our soldiers during those desperate years.

Canadians who went to war over 50 years ago were not perfect soldiers. Setting sail from a peace-loving nation, they were expected to engage and defeat one of the most formidable military machines in history, and defeat it they did. Surely that is the truest test of their skill and courage. We have a responsibility never to forget their sacrifice, and to ensure that future generations, in particular our youth, are also aware of what they did those many years ago.

The story of the men who died on the beaches —

The Hon. the Speaker: I regret to interrupt the Honourable Senator Marshall, but his time has expired. Is it the pleasure of honourable senators that he be allowed to complete his remarks?

Hon. Senators: Agreed.

Senator Marshall: The story of the men who died on the beaches of Normandy one-half century ago must be told with fairness, accuracy and compassion, so that we might enjoy the gift of freedom they earned. They deserve not only our gratitude, but our respect as well.

Hon. Senators: Hear, hear!

JURASSIC PARK

PREMIERE OF FILM

Hon. Philippe Deane Gigantès: Honourable senators, on June 11 a very important thing will happen. With the mastery of mass communications and all the other great skills of those who make images, we shall be allowed to see how, at the bidding of greedy big business, innocent people are subjected to the dangers of unleashed dinosaurs, with children and their mothers being sacrificed — a truly horrific metaphor. I hope all Canadians will be watching this on some screen.

I refer, of course, to the Stephen Spielberg film, *Jurassic Park*, which opens on June 11.

VETERANS AFFAIRS

FORTY-NINTH ANNIVERSARY OF D-DAY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to associate myself with the comments of Senator Marshall regarding D-Day and the invasion of Europe. At the same time, I should like to make a brief report to the Senate. I was absent for two weeks, and all sorts of things happened during that time. I do not know if I dare be away on other occasions.

I extend my regrets to those who decided to leave us during my absence, and I welcome our new colleagues, something which I was unable to do before.

Hon. Senators: Hear, hear!

Senator Molgat: I do not want to set a precedent by reporting the reasons for my absence. However, in view of the fact that it ties in with the comments of Senator Marshall, I wish to inform honourable senators that my absence was due to the fact that I was helping to prepare next year's commemoration of the 50th anniversary of D-Day. Unfortunately, since it involved other people and other commitments, it could not be done during a recess of this place.

We met with the representative of the mayor of the town of Courseulles-sur-Mer, where my own regiment, the Royal Winnipeg Rifles, landed on D-Day, June 6, 1944, as well as the mayors of six other communities in the region and other local persons. Subsequently, we had meetings with the mayors or their representatives of a number of cities and towns in Belgium and Holland, notably Gent, Antwerp, Nijmegen, Deventer and Appingedam. The point of these meetings was to prepare for next year's celebration, if one can put it that way, of the 50th anniversary of D-Day.

I am particularly pleased to report that in Normandy, Belgium and Holland, the unanimous reaction by all was a great deal of thanks and appreciation for what our young Canadians did at that time.

The sad part of such a trip is the visits to the cemeteries, such as Bény-sur-Mer, Edegem, Grossbeek and Holten, where we saw row after row of graves of young Canadians. The uplifting part is the enthusiastic appreciation of the Europeans to the role of our young Canadians in the liberation of Europe in 1944-45.

• (1420)

ROUTINE PROCEEDINGS

THE ESTIMATES, 1993-94

REPORT OF NATIONAL FINANCE COMMITTEE ON MAIN ESTIMATES PRESENTED, ADOPTED AND PRINTED AS APPENDIX

Hon. H.A. Olson: Honourable senators, I have the honour to present the Twenty-Seventh Report of the Standing Senate Committee on National Finance concerning its review of Estimates for 1993-94.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings* of this day, and that it 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 today's Minutes of the Proceedings.*)*

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Olson: Honourable senators, that is the point I was about to raise. For the report to be considered at this time requires leave of the Senate, and I would ask that that leave be given now. I am prepared to give an explanation of why that is necessary, if honourable senators would care to hear it.

The reason I am asking that leave be given to proceed with consideration of the committee's report now is that it is necessary to deal, first of all, with the reports of the Main Estimates and of the Supplementary Estimates (A) before we can proceed with consideration of Bill C-134, which is the appropriation bill for both sets of Estimates. Therefore, if honourable senators will give leave, I will give a very brief report of the Main Estimates, the Deputy Chairman, Senator Bolduc, will give a brief report of the Supplementary Estimates, and then we can proceed from there.

Therefore in response to Your Honour's question, which is, "When shall the report be taken into consideration?", I move, with leave of the Senate and notwithstanding rule 59(1)(*b*), that it be taken into consideration now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Olson, the chairman of the committee, has spoken to me in this regard, and in view of the fact that these reports are tied in with a bill which is also before us, we have agreed to his request to grant leave.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Senator Olson: Honourable senators, I will be very brief, unless Senator Bolduc wants to proceed first. I will deal only with the Main Estimates, and I should advise at the beginning that this is an interim report of the Estimates, and not a final report.

This interim report indicates that the committee has held four meetings so far to examine the Main Estimates for 1993-94. Witnesses included the president of the Treasury Board and officials from the Treasury Board Secretariat and the Departments of Finance and National Revenue.

The total expenditures for 1993-94, as shown in the Main Estimates, are $161.4 billion, of which budgetary expenditures were $161.1 billion. Non-budgetary loans, investments and advances are $333 million.

Just under 70 per cent, or $112.2 billion of the budgetary estimates are statutory expenditures which are included in the Estimates for the information of Parliament, while Parliament is being asked to approve the appropriations of the remaining $48.9 billion.

• (1430)

As the report states, the Main Estimates do not anticipate the passage of proposed legislation by Parliament, nor do they include certain re-evaluations of the government's assets and liabilities. Taking account of these factors yields $1.75 billion in downward adjustments in the Main Estimates. Adding reserves and subtracting anticipated lapses results in total budgetary expenditures of $160.7 billion, which is the amount announced in the economic and fiscal statement of December 2, 1992.

As the committee's report on Supplementary Estimates (A) for 1993-94 explains, the limit on budgetary expenditures was reduced by the April 26 budget to $159.5 billion and reductions in statutory expenditures from those listed in the Main Estimates are expected to ensure that this limit is respected.

The committee examined a number of aspects of the goods and services tax in two meetings, including start-up costs, ongoing administration costs, compliance costs for the private sector, the economic impacts of switching from the former sales tax to the GST and the question of harmonization between provincial retail sales taxes and the GST.

This report, which is, as I said, an interim report, does not in any way hamper the committee from proceeding to complete its examination of the GST and all of the mattters I have just mentioned related to the introduction and administration of the GST. That being understood, the committee members felt that, when considering the options available to reduce the deficit, the next government might wish to examine its revenues at least as carefully as its expenditures.

We have had a great deal of explanation from the Minister of Finance and others, including the Leader of the Government in this chamber, of the fact that where they missed on their Estimates was more on the revenue side than on the expenditure side.

Senator Murray: We control the expenditure side, senator.

Senator Olson: When you are running the government you have to manage both sides of the ledger. Everyone knows that. I have explained to the Leader of the Government many times that it is necessary to manage both sides of the ledger, and we are acknowledging that in the committee's report.

It is very difficult for me to hear what the Honourable Senator Doody is saying when I am talking. He will have to wait until I stop talking before I can hear what he has to say.

Senator Carney: You said you would be brief.

Senator Olson: I am going to be brief, but certain things have to be said when dealing with $159.7 billion. I do not know whether Senator Carney understands that. Ordinarily, I would make a two-hour speech on this subject and still not cover all the pertinent matters, but I am cutting it down to less than five minutes. That is a record.

Senator Carney: We live in hope.

Senator Olson: The committee is also considering a number of possibilities for a major study under its reference to examine the Main Estimates, but the timing will depend to a considerable extent on the forthcoming general election and all of the implications and ramifications that may flow from that.

In keeping with my undertaking to be brief, I would simply thank honourable senators for their attention and note that that is the end of my speech. I would now ask Senator Bolduc to present his report.

Hon. Jack Marshall: Honourable senators, before Senator Bolduc tells his part of the story, could Senator Olson advise whether the committee took under consideration the Estimates of the Department of Communications with regard to the votes of the CBC, the NFB and the CRTC?

Senator Olson: Honourable senators, I cannot give a specific answer to that question, except to say that this is not a final report. This is an interim report on the Main Estimates. I know that there is going to be a request for a more specific study on the GST, and I have also heard from Senator Marshall before on this point. If there is the right kind of pressure in the right place at the right time, those specific votes can be taken up. This report does not preempt that.

Senator Marshall: Would Senator Olson consider looking at the Estimates of the Department of Communications?

Senator Olson: Senator Olson has already considered that in response to Senator Marshall's request, but I cannot yet give him a positive indication that we will do that, but we may, I think.

Senator Marshall: If I put more pressure on you.

Senator Olson: There are a few other people you have to put some pressure on too.

The Hon. the Speaker: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*b*), it is moved by the Honourable Senator Olson, seconded by the Honourable Senator Stanbury, that the report be adopted now.

Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and report adopted.

REPORT OF NATIONAL FINANCE COMMITTEE ON SUPPLEMENTARY ESTIMATES (A) PRESENTED, ADOPTED AND PRINTED AS APPENDIX

Hon. Roch Bolduc: Honourable senators, I have the honour to present the Twenty-Sixth Report of the Standing Senate Committee on National Finance concerning its review of Supplementary Estimates (A) for 1993-94.

I ask that the report be printed as an appendix to the *Minutes of the Proceedings* of this day and that it 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 today's* Minutes of the Proceedings.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Bolduc: With leave of the Senate and notwithstanding rule 59(1)(*b*), I move that this report be taken into consideration now.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I already gave the explanation when Senator Olson requested it. It is the same explanation. I agree to grant leave because we will have a bill on this before us later.

The Hon. the Speaker: Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*b*), Honourable Senator Bolduc, seconded by Honourable Senator Desmarais, moves that this report be adopted now. Honourable senators, is it your pleasure to adopt the motion?

[*English*]

• (1440)

Senator Bolduc: Honourable senators, as the committee report indicates, Supplementary Estimates (A) are the first set of Supplementary Estimates for the 1993-94 fiscal year. Those estimates consist of appropriations for six programs in five departments totalling $414 million. Of this amount, $215 million has already been funded by advances from the Treasury Board Vote 5, the Government Contingencies Vote, the use of which has been an object of ongoing scrutiny by the National Finance committee for several years.

Vote 5 totals $450 million in the 1993-94 Main Estimates, but currently has an available balance of under $211 million. Several large additional advances from this vote are anticipated over the next several months, including ongoing funding for research in the social sciences and humanities within the new Canada Council for the Arts and for Research in the Social Sciences and Humanities. Due to the fact that once Parliament adjourns for the summer it may not sit again until late autumn, the government is anxious to replenish the Government Contingencies Vote, and thus has brought forward Supplementary Estimates (A) relatively early in the 1993-94 fiscal year.

[*Translation*]

Honourable senators will also note that in its budget of April 26, 1993, the government reduced total budgetary spending in its financial plan to $159.5 billion. The budgetary spending in Supplementary Estimates (A) is $320 million, which brings the total budgetary estimates to date to $161.4 billion, or $1.9 billion more than announced in the financial plan. Spokespersons for the Treasury Board Secretariat have informed the committee that the legislative spending announced in the Estimates will appear in the next Supplementary Estimates. These reductions are mainly due to lower inflation and interest rates than expected, which will reduce indexed transfer payments and public debt charges respectively.

[*English*]

During the meeting held on Thursday, May 27, to examine Supplementary Estimates (A), committee members sought and obtained additional information on the specific appropriations, including the government's commitments to the Hibernia Project and the Canadian Patrol Frigate and Tribal Class updating and modernization projects. Details are provided in the committee report.

Motion agreed to and report adopted.

FOREIGN AFFAIRS

SUBJECT MATTER OF BILL C-115, TO IMPLEMENT THE NORTH AMERICAN FREE TRADE AGREEMENT—REPORT OF COMMITTEE PRESENTED AND PRINTED AS APPENDIX

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report.

THURSDAY, June 8, 1993

The Standing Senate Committee on Foreign Affairs has the honour to present its:

FIFTEENTH REPORT

On November 21, 1991, the Senate authorized the Standing Senate Committee on Foreign Affairs to hear evidence and to examine and report upon negotiations for a North American Free Trade Agreement among Canada, the United States and Mexico and any other related trade developments. Subsequently, on April 28, 1993, the Senate authorized the Committee to examine the subject-matter of Bill C-115, An Act to implement the North American Free Trade Agreement, in advance of the said Bill coming before the Senate. In obedience to these Orders of Reference, the Committee now submits this interim report.

The Committee met many times and heard from a wide range of witnesses. These included: the Minister for International Trade, the Honourable Michael Wilson, P.C., M.P., and officials of his Department and the Department of Justice. The Committee received testimony from spokespersons for major Canadian labour and business organizations. Other witnesses, drawn from all three North American Free Trade Agreement participants, included academics, members of private sector research institutions, consultants, and legal experts. (See appended list.)

On June 3, 1993, Bill C-115 was read a second time and was referred to this Committee. Much evidence was adduced under your Committee's two previous Orders of Reference. The Committee hereby reports its opinion that a substantive report on those orders would be neither timely nor particularly useful at this stage. However, the evidence already heard by the Committee will be taken into account as it considers Bill C-115.

Respectfully submitted,

JOHN B. STEWART
Chairman

Honourable senators, I ask that this interim report be printed as an appendix to the *Minutes of the Proceedings of the Senate* of this day and that it 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 today's* Minutes of the Proceedings.)

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Stewart, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

EXCISE ACT
ACCESS TO INFORMATION ACT
CANADA PENSION PLAN
CUSTOMS ACT
FEDERAL COURT ACT
INCOME TAX ACT
TAX COURT OF CANADA ACT
REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. C. William Doody, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

TUESDAY, June 8, 1993

The Standing Senate Committee on Banking Trade and Commerce has the honour to present its:

THIRTIETH REPORT

Your Committee, to which was referred the Bill C-112, an Act to amend the Excise Tax Act, the Access to Information Act, the Canada Pension Plan, the Customs Act, the Federal Court Act, the Income Tax Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and a related Act, has examined the said Bill in obedience to its Order of Reference of Thursday, June 3, 1993, and now reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

NUNAVUT LAND CLAIMS AGREEMENT BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-133, respecting an Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada.

Bill read first time.

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

[*English*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have had a brief discussion with my colleague on the other side. We realize the importance of this bill. The people of that area have been working for 17 years to arrive at this agreement. In light of the present "legislative circumstances" affecting the Government of Canada, we are prepared to give leave to proceed with second reading today, and have the bill sent to committee.

A question arises as to who is now the sponsor of the bill, unless someone else is prepared to take on that duty, but as far as we are concerned, we are prepared to give leave to proceed with second reading.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, perhaps we could hold off on Bill C-133 and Bill C-132 until later this day. Senator Twinn is now the sponsor. He was under the impression that the bills would not come up for second reading until Thursday. If we can find him, I am sure that he would certainly be happy to accede to the deputy leader's suggestion.

On motion of Senator Molgat, bill placed on the Orders of the Day for second reading later this day.

NUNAVUT 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 establish a territory to be known as Nunavut and provide for its government and to amend certain Acts in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on Orders of the Day for second reading later this day.

[*Translation*]

CANADA LABOUR CODE PUBLIC SERVICE STAFF RELATIONS 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-101, to amend the Canada Labour Code and the Public Service Staff Relations Act.

Bill read first time.

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

[*English*]

On motion of Senator DeWare, bill placed on the Orders of the Day for second reading on Thursday next, June 10, 1993.

• (1450)

CUSTOMS TARIFF

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-122, to amend the Customs Tariff (textile tariff reduction).

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, June 10, 1993.

CANADA SHIPPING 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-121, to amend the Canada Shipping Act and to amend another Act in consequence thereof.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday next, June 10, 1993.

[*Translation*]

INVESTMENT CANADA 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-89, to amend the Investment Canada Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, June 10, 1993.

EXPORT DEVELOPMENT ACT

BILL TO AMEND—MESSAGE FROM COMMONS

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons to acquaint the Senate that they had agreed to the amendments made by the Senate to Bill C-118, to amend the Export Development Act, without amendment.

[*English*]

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Hon. John B. Stewart: Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*a*), I move:

> THAT the Standing Senate Committee on Foreign Affairs have power to sit at four o'clock in the afternoon today, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

If I have leave, I shall be more than happy to explain the reason why the committee needs to meet today at four o'clock.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): May we have the explanation first and then decide?

Senator Stewart: I was misled by the example of Bill C-115, where Parliament is being asked to enact the bill and then we will see whether or not it will ever be brought into force.

The Foreign Affairs committee wants to meet this afternoon at four o'clock because the Senate has committed Bill C-115, the bill to implement the North American Free Trade Agreement, to that committee. The committee met this morning. We have witnesses scheduled for four o'clock and

we should like to expedite the work of the committee in order to expedite the work of the Senate.

Senator Molgat: Honourable senators, we are back in the same position in which we find ourselves in so often. On reading the *Minutes of the Proceedings of the Senate* for last week, I find that another committee is also meeting at 4 p.m. with leave of the Senate. I have voiced my objections in the past on many occasions. All I can do is repeat them and hope that committee chairmen try to adjust their work in such a way that we are not faced with this situation regularly. However, in these present circumstances I will agree to give leave.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

ENERGY, THE ENVIRONMENT AND NATURAL RESOURCES

FEDERAL GREEN PLAN—NOTICE OF INQUIRY

Hon. Pat Carney: Honourable senators, on behalf of my colleagues on the Standing Senate Committee on Energy, the Environment and Natural Resources, I give notice that on Thursday next, June 10, 1993, I will call the attention of the Senate to the fact that, in the face of dramatic landscape alteration occurring globally and nationally, completion of Canada's pristine areas system is increasingly being viewed as ecologically essential; and that the government must:

> fulfil the promises in the federal Green Plan;
>
> meet the recommendations of the United Nations Brundtland Commission; and
>
> meet commitments that Canada has made to the international community regarding retention of the long-term biodiversity;

as recommended in a report presented by the distinguished B.C. land use planner Ric Careless to the Standing Senate Committee on Energy, the Environment and Natural Resources on December 9, 1992, which has been printed in Issue No. 29 of the said committee.

VETERANS AFFAIRS

CANADIAN VETERANS ASSOCIATION OF THE UNITED KINGDOM—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Thursday next, June 10, 1993, I will call the attention of the Senate to my visit to the United Kingdom from May 12 to May 21, as required by the Sub-Committee on Agenda and Procedure of the Standing Senate Committee on Internal Economy, Budgets and Administration that a senator report his trip within 20 sitting days of his return to Canada.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 114 residents of Alberta who oppose the goods and services tax.

These petitions come mainly from Medicine Hat, Turner Valley, High River, Okotoks, Black Diamond and Calgary.

Honourable senators, I also have the honour to present petitions signed by 20 residents of New Brunswick who oppose the goods and services tax.

These petitions come mainly from Shippigan. They were signed on May 15, 1993.

These 134 petitioners join all those whose humble petitions I have tirelessly tabled right here, demanding the abolition of the GST from representatives of a government that not only pretends not to hear them but shamelessly mocks a procedure which is a credit to our parliamentary system.

For over two and a half years, I have continually received petitions and tabled them here. The total number of signatures must be 100,000, maybe 200,000.

Soon citizens will stop signing petitions against the GST; they will simply mark their ballot, and the people opposite will find that less funny!

[*English*]

• (1500)

QUESTION PERIOD

POVERTY IN CANADA

REDEFINITION OF POVERTY LEVELS—GOVERNMENT POLICY

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a question for the Leader of the Government in the Senate. Does the government support the initiative by a House of Commons committee, whose majority the government controls, to redefine poverty levels for Statistics Canada purposes?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the government has not yet taken official note of the committee report nor have we had the opportunity to consider it.

Senator Frith: Does the government have any views on the general subject — that is, the subject of whether or not such redefinition would be of any help to poor people?

Senator Murray: Honourable senators, the government does have views on the targeting of social assistance and other income support programs to those who are most in need, and we have made good on those views in the past nine years.

Senator Gigantès: You said that without blushing.

Senator Frith: That is a nice definition for the next election.

NORTH AMERICAN FREE TRADE AGREEMENT

USE OF TRADE SANCTIONS TO ENFORCE SIDE AGREEMENTS

Hon. John B. Stewart: Honourable senators, I have a question for the Leader of the Government in the Senate concerning the side agreements to the North American Free Trade Agreement. I am reading from a news report which says, in part:

> ...in the first signal of a possible breakthrough, Canadian Trade Minister Michael Wilson told the *Globe and Mail* newspaper in Paris Thursday that he had instructed his negotiator John Weekes to find a way around the impasse.

Then we have quotations from a person who is described as trade spokesman Richard Lecoq, who is alleged to have said:

> We are very much in favour of strong and effective enforcement mechanisms, so we are open to sanctions but as long as they are not trade sanctions.

Then there was reference to fines as a form of sanctions. Is this an accurate statement of the position of the government?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the position of the government is as I stated it in this very chamber the other day in reply to a question from Senator Stewart: We are opposed to trade sanctions for the enforcement of these proposed side agreements on the environment and labour.

It is true that the Minister of International Trade, Mr. Wilson, has instructed our negotiators to try to find a way around the impasse. It was not Mr. Wilson who mentioned fines against private companies as a possibility, but I suppose that is one of an infinity of possibilities that may suggest themselves. Just so the position is clear, however, we will not accept trade sanctions.

Senator Stewart: Honourable senators, may I follow up by asking whether the Leader of the Government is prepared to say also that the government is not prepared to accept sanctions that take the form of fines or perhaps incarceration imposed upon Canadians?

Senator Murray: Honourable senators, the position we have taken has to do with trade sanctions. We are opposed to them and we will not accept them. We do, however, believe in effective enforcement mechanisms on these questions of environmental standards. We have not proceeded to eliminate any or all other possibilities. Let us see what the negotiations produce.

Senator Stewart: Thank you.

FOREIGN AFFAIRS

MEXICO—ASSASSINATION OF CARDINAL OCAMPO— EFFECT ON NAFTA NEGOTIATIONS

Hon Peter A. Stollery: Honourable senators, my question refers to the assassination of Cardinal Juan Jesùs Posadas Ocampo, one of two cardinals of Mexico, on May 24, in the parking garage at Guadalajara. As I am sure honourable senators are aware the cardinal, who was one of Pope John Paul's best friends, was shot 14 times inside the parking garage. His driver was shot ten times and five witnesses were murdered.

It has been reported that the U.S. Congress has reacted strongly to this action as a possible indication of drug problems in Mexico and particularly in relation to the potential easing of the barriers of controls over drugs under the free trade agreement. Mr. Charles Rangel, the congressman in charge of the Select Committee on Narcotics of the Congress has said that this would "be a major obstacle for the free trade agreement unless it is taken into consideration."

Can the leader tell me whether the problem of drugs, in particular, has been the subject of conversations between the Canadian negotiators and the American negotiators, as it apparently has in the U.S. Congress, which will, of course, be making the final decision as to whether or not the free trade agreement will take effect.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will ask my cabinet colleagues, Ms McDougall and Mr. Wilson, whether there are any comments they can properly make on that matter at this time.

ASSASSINATION—POSSIBLE INVOLVEMENT OF POLICE

Hon. Peter A. Stollery: Apparently this is the first time a cardinal has been murdered in at least 200 years. According to the news reports, there were eight assassins, and AeroMexico flight 110 was told by the tower at the airport — this in a city larger than Toronto, with 4.5 million people, I believe — to pull over to the side and wait for eight extra passengers.

The pilot pulled Flight 110, bound for Tijuana, over and the rear stairs were dropped. Eight men boarded the plane, only six of whom had boarding passes and two of whom were

carrying large sports bags that were rather long. The airport tower, as I am sure the leader is aware, because it was such an important and world-famous murder, ordered the plane to take off. When it got to Tijuana it was asked by the tower there to pull over, park and allow the eight men to leave in cars.

My question to the Leader of the Government is: Have the Canadian police authorities been asked to provide any assistance, since there appears to have been some police connection with the assassinations? Normally, it would be very difficult to have all these things done, such as having airplanes take eight unknown citizens away after such a prominent murder.

• (1510)

Considering our new-found relationship with Mexico, I wonder if the Canadian police authorities have been asked for their assistance in solving this crime?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must give the same answer to the supplementary question that I gave to the original question.

NATIONAL FILM BOARD

REPORTS OF FRAUD AND CRIMINAL CHARGES—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, in reading the *Gazette* today, I understand that there have been some fraud charges alleged within the National Film Board.

The National Film Board was able to find money for *The Valour and the Horror* and for a movie maligning Billy Bishop, one of our national heroes who received the Victoria Cross. Perhaps the National Film Board Chairman, Ms Joan Pennefather, might be asked to appear before the Senate to explain the fraud and what has taken place within the National Film Board?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I have not had an opportunity to read the *Gazette* today, so I must confess that I am not familiar with the situation to which the honourable senator has referred.

If committees of the Senate are interested in the affairs of the National Film Board, then I presume at some appropriate time they may want to inquire into those allegations, if they have any foundation. However, I must add that if there is any foundation, one would assume that the police would be looking into the matter.

Senator Bonnell: Honourable senators, I do not know if there is any truth to the allegations. However, the article states:

> National Film Board of Canada chairman Joan Pennefather, acknowledging that reports about fraud and criminal charges within the National Film Board have caused "turmoil and uncertainty" among employees...

If she admits to that, would the Honourable Leader of the Government in the Senate agree that the Subcommittee on Veterans Affairs might ask her to appear and give evidence concerning what is going on in this respect at the National Film Board?

Senator Murray: Not necessarily, honourable senators. What I glean from the quotation that the honourable senator has read from the *Gazette* is that there have been, or are about to be, criminal charges laid. If that is the case, it is a matter for the police and the courts in the first instance, and I think not for the Senate.

Senator Bonnell: Honourable senators, I agree if the RCMP are involved and criminal charges are laid, then we should stay out of it. However, if there are no criminal charges and if the RCMP acknowledges that it is a cover-up, would the Leader of the Government in the Senate then agree that Ms Pennefather or some of her employees might be brought before the Subcommittee on Veterans Affairs to account for what is happening to taxpayers' money?

Senator Murray: Honourable senators, I was not aware that the affairs of the National Film Board came within the purview of the Subcommittee on Veterans Affairs. I would have thought that, if any committee were to become involved, it would be the Standing Senate Committee on Transport and Communications. However, my honourable friend has prefaced his question with a number of hypotheses which, if they eventuate, we can consider at that time.

Senator Bonnell: I can see, honourable senators, that I got nowhere with that question. Perhaps I might get further with the next question.

FOREIGN AFFAIRS

LAMONT-SPENCER CASE—REQUEST FOR ACTION

Hon. M. Lorne Bonnell: Honourable senators, some time ago, External Affairs Minister Barbara McDougall stated that she would take no action with respect to Christine Lamont and David Spencer, now in prison in Brazil, until they had appeared before the courts and had exhausted the appeal system in Brazil. Now that the appeal of their case has been dealt with in Brazil, and a judge has ruled that there will be no further appeal, these two young Canadians face 28 years in prison, although the first judge sentenced them to eight years in prison.

Since that ruling has now been made by the judge in Brazil, will Minister McDougall now appeal to Brazil to have those two young Canadians brought home to their own country, in order that they may serve out the remainder of their sentences in Canada rather than in Brazil?

Hon. Lowell Murray (Leader of the Government): Honourable senators, first of all I should note that our colleague Senator Robichaud has a motion before the Senate now to refer this issue to the Standing Senate Committee on Foreign Affairs. This is not a motion that I would oppose. In fact, I will support it in the hope and expectation that the Standing Senate Committee on Foreign Affairs would look into all aspects of this matter, especially the manner in which it has been handled by the officials and by the political heads of the Department of External Affairs.

Having said that, I must correct the honourable senator's impression that the appeals process in Brazil is at an end. It is not. The decision taken within the past couple of days may now be appealed to the Supreme Court of Brazil. My understanding is that lawyers for Ms Lamont and Mr. Spencer have already indicated that they are launching such an appeal.

AGRICULTURE

CANADIAN WHEAT BOARD—RELEASE OF BARLEY SALES—CROW BENEFIT—PAYMENT TO LANDOWNERS—GOVERNMENT POLICY

Hon. H.A. Olson: Honourable senators, my question is for the Leader of the Government in the Senate. The Minister of Agriculture, the minister responsible for grains and oilseeds has apparently made up his mind that he will release the grain barley from the exclusive single-desk selling agency of the Canadian Wheat Board, and further that he intends to change the rules so that the so-called Crow benefit of some $600 million will be paid to the landowners instead of to the railways. Does the government intend to go ahead with these two major changes without any reference to Parliament?

Hon. Lowell Murray (Leader of the Government): The short answer to that question, honourable senators, is no. The draft bill that Mr. Mayer has tabled in the House of Commons is the product of extensive negotiations with farm associations, railway companies and the provinces concerned. It is a draft bill and not a final document. It has been tabled as a basis for further negotiations and consultations.

Senator Olson: The minister seems to be intent on having this legislation, or these amendments, ready for the new crop year which begins on August 1. Does the government intend to move quickly to ensure that there is legislative support for this major change in the activities of the Canadian Wheat Board and the Crow benefit payments?

Senator Murray: Honourable senators, Mr. Mayer announced the formation of an independent panel which has a mandate to work out the details of the proposed changes to the method of paying the Crow subsidy. That panel will seek input from all the interested parties before making its recommendations to the government. I am not in a position at this time to put a precise timeframe around the whole exercise.

Senator Olson: Honourable senators, I am sure that the Leader of the Government in the Senate will understand that a little more precision with respect to dates is rather important. Every year the crop year begins on August 1 and ends at the end of the following July. The Honourable Mr. Mayer has indicated that he wishes to make these changes at the beginning of the crop year. Perhaps the Leader of the Government in the Senate could be a little more forthcoming about the dates, and whether, perhaps, it is the government's intention to negotiate past the first of the crop year. If that is the case, the amendments will not be operative at the beginning of the crop year.

• (1520)

Senator Murray: Honourable senators, first of all, I should perhaps distinguish between the two questions. On the question relating to barley, I cannot really help my friend at the moment. With regard to the payment for the Crow subsidy and the work of the panel, I am told that they expect the panel to report by November 30 of this year and that legislation will be introduced in early 1994.

Senator Olson: Presumably by the new government.

Senator Murray: There will definitely be a new government as of a couple of weeks from now.

ORDERS OF THE DAY

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Senate ought not yet abandon giving the government another chance to escape the consequences of its obvious mistake in Bill C-93, especially Part III, the Canada Council-SSHRC merger. We should give them at least one more chance.

Every witness who appeared before the committee, as we have heard, expressed a unanimity of reaction to this bill — that is, everyone except government representatives. Most senators who have spoken to the bill at this stage acknowledge that.

However, Senator Kinsella tried to reassure us by telling us that the witnesses, most of whom are involved with one of the two organizations, that is, Canada Council or SSHRC, simply did not understand the bill, clause 8 in particular. Clause 8, honourable senators, sets out the functions of the new, single, merged organization. Speaking of his experience before the committee, Senator Kinsella said on June 3, 1993, at page 3371:

> I also became aware that many witnesses did not clearly understand that the government had retained, in their entirety, the mandate and programs of both the current Canada Council and the current Social Sciences and Humanities Research Council.
>
> To be fair, —

I am not just clear whom he is being fair to, but I understood him to mean to be fair to the government.

> — we should at least look at the legislation ...

I pause there to indicate an implication that very few had looked at the legislation, perhaps except him.

> To be fair, we should at least look at the legislation we are debating. Surely we should turn to, and underscore, the three-fold distinct functions of the new council as provided for by clause 8 of Bill C-93. For your information, that is page 15 of the bill. Let us at least look at the legislation.

I inferred that he was implying that many of us had not looked at the legislation, including the witnesses. Who are these ignoramuses that cannot read a piece of legislation and understand what it says? Mr. Greg Graham, National Director, Canadian Artists' Representation; from the Université de Montréal, Dr. Paul Bernard, Professor, Department of Sociology and Chairman of the Research Committee; from the Association of Universities and Colleges of Canada, Dr. Claude Lajeunesse, President, Mr. René Simard, Vice-Rector (ensiegnement et recherche), Université de Montréal, and Mr. Robert Best, Director of Government Relations and Public Affairs; from the Canadian Conference of the Arts, Mr. Keith Kelly, National Director; from the Social Science Federation of Canada, Dr. Louise Quesnel, President, and Dr. Marcel Lauzière, Executive Director; from the Canadian Psychological Association, Dr. Pierre L-J Ritchie, Executive Director; from the University of Toronto, Dr. James Keffer, Vice-president, Research and International Relations; from the Canadian Association of University Teachers, Dr. Alan Andrews, President, and Dr. Donald Savage, Executive Director; from the Independent Film and Video Alliance, Mr. Michel Gélinas, Member, Quebec Representative, and Ms Fay Cromwell, Member, Ontario Representative; from the Royal Society of Canada, Mr. John Meisel, President, and Mr. Michael Dence, Associate to the President; from the Association canadienne-française pour l'avancement des sciences, Ms Maryse Lassonde, Ph.D., President, Professor, Université de Montréal, and Ms Françoise Braun, General Director; from the Canadian Mediterranean Institute, Mr. G. Hamilton Southam, Chairman; from the Professional Association of Foreign Service Officers, Mr. Colin Robertson, President, and Mr. Peter Roberts, Senior Advisor, retired Ambassador — I recall that he had been an ambassador to Romania and Moscow; from the Canadian Graduate Council, Ms Tricia Willink, Chairperson; from Glendon College, York University, Dr. Joanne Harris Burgess; from the International Council for Canadian Studies, Mr. John Halstead, Chairman, also a retired Ambassador, Mr. Alain Guimont, General Director, and Professor Pierre Savard, Ottawa University; also from the University of Ottawa, Mr. Chad Gaffield; from Queen's University, Mr. Keith Banting; from the Canadian Actors' Equity Association, Mrs. Miriam Newhouse, Officer; from the Association of National Non-Profit Artist Run Centres, Mr. Michael MacLennan, Managing Director; and from the Canadian Federation for the Humanities, Dr. Robert Nadeau, President, Dr. Judith Herz, member of the Executive Committee, and Mr. Craig McNaughton, Executive Director.

Are we to believe that those people cannot and did not understand what this legislation had to say? I think they would have good reason to find Senator Kinsella's remarks insulting, implying that they were not intelligent enough to understand this bill, including clause 8. They demonstrated to me that they knew quite well how harmful it would be to their professional lives, and they told us about it.

One solution, of course, was just to remove this part of the bill. All these people were opposed to it. Everyone admitted, including the government, that there had been no one complaining that the system was not working properly, so the only possible justification could be a savings. The savings that were offered were no savings in year one, no savings in year two, no savings in year three, possible savings but no idea of how much, if any, in year four, and a possible $5 million in year five.

• (1530)

I think there was some evidence that the government did feel that, perhaps, they had made a mistake. They did make one offer. They did not accept the amendment to remove Part III. I think it is reasonable to speculate that the main reason they did not, was because they do not want this legislation to go back to the House. They are afraid that if it goes back there, it might get caught in a log jam and not be passed, and it is a part of their budget proposals.

If we could have passed the amendment to delete just Part III with its minimum savings and, therefore, virtually no impact on the budget, it would be back here by now and passed. These Canadians from our intellectual and scholarly community would have known that they had been heard.

We had one other offer. The offer is not what I believe would be the correct solution, which is what the amendment of Senator MacDonald proposed. What the government has offered is to have separate appropriation votes for the budgets of each of the three organizations. I think many of us, and many of them, thought that was a small bone to throw, considering the very serious concerns demonstrated by the witnesses evidenced in the serious efforts they put into the briefs they presented to us.

For a moment let us have a look at what that will mean. Of course, separate votes do not guarantee a certain level of funding, or any level of autonomy; a separate existence dealing with separate government agencies. That is the present arrangement, the very one to which no one objected.

What it means is that these organizations will have a chance, if invited, to appear before a committee of the other place and the National Finance committee here and try to persuade committee members to call witnesses and to take action to solve the problems that the bill will create. After their experience with the majority, they, understandably, might be a bit cynical. However, they did ask us to do that. They asked the committee to recommend that and they asked the Senate to make that separation.

When I say it is a small bone, I think it is. I can understand why they might welcome it. At least it preserves some sense of individuality, which seemed very important to them.

The substance of this offer was acceptable, which is the way I read the evidence. Each of us who are on the committee can make up our own minds about that. The substance was acceptable, but certainly not desirable. The difficulty they also had was they did not feel it would be effective. Therefore, they asked us to consider further action.

What happened was that the President of the Treasury Board wrote to the committee and committed in his words, and I quote from a letter from the President of the Treasury Board, Mr. Loiselle dated May 26, 1993, addressed to the Honourable H.A. Olson, P.C., Chairman of the Senate National Finance Committee:

> Dear Senator Olson:
>
> I am writing in relation to your Committee's current study of the provisions of Bill C-93...
>
> To assist your Committee in its review of this legislation and to assure the members that a reasonable level of Parliamentary control over these funds can be established, I am ready, through this letter, to commit the Government's Estimates to display the vote structure and wording contained in the attachment to this letter, and to make an additional commitment that the vote structure will not be modified without prior consultation with Parliament.

We have, then, a letter. I felt that the witnesses, without in any way questioning Mr. Loiselle's sincerity, would have liked further assurances because whether Mr. Loiselle would go back on his word, and I wish to say quite clearly that I do not think he would, is not the point. I say that because neither Mr. Loiselle's nor any other minister's word binds a future government or another minister. Legislation does.

These witnesses seem to understand that. In spite of Senator Kinsella's impression that they were confused and did not understand the bill, I thought they understood the bill. I thought they understood this point, too. As Senator Stewart pointed out in committee; assurances, whether verbal or written, given by a minister or government of the day, in the long run are not binding.

Senator Stewart quoted the Leader of the Government in the Senate, Senator Murray, from the *Debates of the Senate* of May 17, 1989, on this very issue. Senator Stewart said in committee on this matter:

> The reason I am somewhat sensitive to this matter of ministerial or executive governmental commitments goes back to an incident that I think Mr. McDermid will remember. In the winter of 1989 the money appropriated by Parliament was exhausted. Parliament was not sitting but it could have been called back by the government within a few hours. However, the government did not wish Parliament to meet at that time. In that situation the government made use of Governor General's special warrants to authorize expenditures. It argued that it could use those warrants because of amendments made to the Financial Administration Act in 1951 and 1958. The government's interpretation of the amended sections differed radically from the explanation of that section provided by the Minister of Finance and by the Deputy Minister of Finance when that section was amended in 1951 and 1958. This matter was raised in the Senate. Just about four years ago, on May 17, 1989, the Leader of the Government said this:
>
> Honourable senators, a great deal has been made of the testimony of various ministers and officials when amendments were being proposed to the Financial Administration Act with regard to Governor General's warrants in the past. Senators today, in the committee, were asking Mr. de Cotret to try to square what the government did this year with what Deputy Minister Kenneth Clark —

• (1540)

He said "Kenneth", but it was another Clark.

> — said in 1951 or what Minister Donald Fleming said in 1958.

He continues to quote Senator Murray:

> Honourable senators, it would be more relevant to square the actions of the government this year, not with what Mr. Clark said or with what Mr. Fleming said but with what the act says...

Senator Stewart then continues with these words:

> In other words, assurances, verbal or written, given by a minister of the day or a government of the day in the long run are not binding...

That is according to very good authority, in addition to the excellent authority in this case of the Leader of the Government in the Senate.

Senator Corbin: As Senator Beaudoin would say, that is clear-cut.

Senator Hébert: It is crystal clear.

Senator Frith: Therefore, the Leader of the Government, Senator Murray, also affirms that a ministerial commitment is not as reliable as having the words in the legislation. To use his words, we are better to deal not with what the minister or the deputy minister said, but "with what the act says".

Inspired by Senator Murray's own analysis, and although I do not believe separate votes will do as much as perhaps anticipated to solve the problem which will arise from this shotgun wedding, I believe it might do something. It will give some reassurance.

Therefore, I propose an amendment to include separate votes in the legislation, as requested by many witnesses, because such commitments should be in law, not just in a Treasury Board letter. There will be one vote for the Canada Council, one for SSHRC, one for the External Affairs cultural programs, and one for administration of the new agencies.

Many groups who appeared before the committee expressed that, at the very least, they wanted to ensure that the three budgets would remain separate. This amendment will ensure that that is the case. It is a small bone, as we say, but it is something. We were unable to get Part III withdrawn and it is something.

Let us try for this amendment and show, I suggest, that the Senate not only listens, but does something about what it hears.

Honourable senators, just before I propose the amendment, I want to give an explanatory note for the record. I have the amendment in two forms, a long form and a short form. I wanted senators to understand the difference between the two because it is not an easy decision as to which one to take, and this is why.

The shorter form has the value of being short, for one thing. Second, it is perhaps in more rigorously correct legal drafting language. The second one, the longer one, has this to recommend it: It follows very closely the words of Minister Loiselle.

Knowing that we have an amendment which can follow those words very closely, I suppose we could always revert to that if we thought it was desirable, but because the first or shorter one has the imprimatur, at least a more favourable imprimatur, of our Parliamentary Council, that is the one I will propose.

I move, seconded by Senator Molgat:

> THAT Bill C-93 be not now read the third time but that it be amended by striking out line 38 on page 16 and substituting therefore the following:
>
> 43. Section 15 of the said act is repealed and the following substituted therefor:
>
> 15. Funds to be appropriated for the council as set out in the Estimates for the government for the fiscal year and laid before the House of Commons, shall be divided into the following four votes:
>
> Vote 1: funds for operating and capital expenditures in the fiscal year;
>
> Vote 2: funds for the purpose of paragraph 8(1)(*a*);
>
> Vote 3: funds for the purpose of paragraph 8(1)(*b*); and
>
> Vote 4: funds for the purpose of paragraph 8(1)(*c*).

I want to assure honourable senators, who may wish to support Mr. Loiselle and to translate into law his undertaking, that this version does it just as well as the longer version. In other words, the difference is not one that in any way undermines what Mr. Loiselle proposed.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat:

> THAT Bill C-93 be not now read the third time, but that it be amended by striking out line 38 on page 16 and substituting therefor —

Senator Frith: Perhaps, Mr. Speaker, since I read it all out, we can dispense.

Some Hon. Senators: Dispense.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Lowell Murray (Leader of the Government): Honourable senators, the situation before us is that certain assurances have been given by ministers of the Crown, specifically by the President of the Treasury Board, to a Senate committee concerning the establishment of separate votes for the various organizations that will make up the new agency. These assurances, I understand, were first stated verbally before the committee and then contained in a letter from the honourable President of the Treasury Board to the chairman of that committee. The leader of the opposition, while not reflecting at all on the sincerity or integrity of the ministers concerned, nevertheless seeks the added assurance of a legislative amendment to place in the new law, Bill C-93, a provision for the separate votes to which Mr. Loiselle referred.

First of all, I should point out that this amendment, if passed, would create a precedent. I suggest it is not a precedent that is conducive to good government. By entrenching the structure of appropriation votes in enabling legislation, we will be signalling a major departure from the long established practice of how Parliament votes moneys and how Parliament holds the government accountable for its stewardship of public funds.

To the best of my knowledge, Parliament has never established separate votes in the enabling legislation for organizations which it has created. I acknowledge, and I want to distinguish this point from the occasional practice where Parliament has appropriated in the bill the total amount of funding over a specified period for a new organization. This is what is commonly referred to as "statutory funding".

• (1550)

With this amendment we would be setting the stage to overturn the whole appropriation process. Subsection 7 (1) of the Financial Administration Act is the authority which Parliament has granted in these matters to the government, in the form of the members of the Treasury Board. I quote from the Financial Administration Act:

> 7(1) The Treasury Board may act for the Queen's Privy Council for Canada on all matters relating to
>
> (*c*) financial management, including estimates, expenditures, financial commitments, accounts, fees or charges for the provision of services or the use of facilities, rentals, licences, leases, revenues from the disposition of property, and procedures by which departments manage, record and account for revenues received or receivable from any source whatever;

Honourable senators, if we wish to contemplate a departure from our traditional accountability structure for parliamentary appropriations, we should seriously examine its implications and ask ourselves a few fundamental questions. It is hardly the sort of issue on which we should embark piecemeal.

Today this amendment might be seen by some to appease certain constituencies which are apprehensive that their future funding base may be encroached upon by friendly competitors for scarce resources. The future can change significantly in ways we cannot at present envisage, and I refer not only to the short term. This amendment today could cause its backers to regret the imposition of such statutory inflexibility in the future.

The government has alternatively proposed in this matter what I believe is a sensible compromise. The government has said that it will provide for separate votes in the Main Estimates and that will be reflected in the consequential Appropriation Act at the appropriate time. You will have your assurances in legislation in the Appropriation Act.

The vote structure will not be changed without consulting Parliament. I repeat, the vote structure will not be changed without consulting Parliament. My honourable friend says that no minister can bind his successor, much less a future government, on these matters.

Senator Frith: Not only your honourable friend, but your honourable self says the same thing.

Senator Murray: I want to come to that. That is why I made a note in the margin of my notes when my friend was speaking.

In this matter, you have not only the written assurances of a minister of the Crown as to how this will be done, you have as well the recent parliamentary precedent, convention and practice with regard to these matters. It has been the practice not to change the vote structure without consulting Parliament. This was the case in the reform of the Main Estimates, the introduction of Part III, (Departmental Expenditure Plans) in 1980-81 under the Trudeau government, and the changes made to the expenditure plans for Supplementary Estimates in 1988-89. Parliament is consulted on these matters.

In addition, as a result of representations made by our own Standing Senate Committee on National Finance, the government began the practice of identifying, within the Supplementary Estimates, those items which the Treasury Board has funded from contingency votes. In fact, for some time now, where the government has departed from the standard vote structure, it has been the practice to identify those changes up front, in Part I of the Main Estimates.

Therefore, my friends have much more than a simple undertaking by the responsible minister on this matter. They have the weight of recent parliamentary precedent and practice. This will be the case with the undertaking given by Mr. Loiselle to Senator Olson once this legislation passes and appropriations are sought, as they will have to be sought, for the new council.

We know that the supply process is a recurring one. It usually happens at least once a year. It is subject to review by both houses of Parliament. You have knowledge of that as

recently as last Thursday, when the National Finance Committee examined Supplementary Estimates (A) for the fiscal year ending next March 31 and questions were asked on this very matter concerning Part III of Bill C-93.

As we all know, the legislative calendar is crowded and there is intense competition for a place on it. Bill C-93 is an object lesson in that regard. We are still dealing with measures, in the middle of 1993, which were announced in the budget in February of 1992. I remind you that there are ten parts to this bill, not just Part III. At least with our current process of supply we have the opportunity to review the related appropriation legislation annually. We have the opportunity to review the appropriations for this agency annually.

This amendment is inviting a destabilization of that appropriation process. It is already a major burden on the work of Parliament. If we accept this, where do we stop? Do we do this for every group which expresses its anxiety about the future and the discomfort of change and make their funding operations statutory through the particular bill? Our time as parliamentarians would be increasingly displaced with time consuming and tedious bills, which have in the past been the duty and the responsibility of the executive government. The duty of all parliamentarians is to hold the government accountable for the administration of government. We cannot have the government building concrete walls for every financial transaction. This simply will not work.

Therefore, honourable senators, I argue that this amendment is not good public policy. It undermines the foundations for the accountability of government to Parliament. It ossifies the very structure that we are trying to limber up and make a bit more fathomable in the work of our own standing committees and elsewhere. It also proposes a precedent, the consequences of which we can only begin to contemplate, and with horror, for anyone seriously concerned about lessening the burden of government on the taxpayers of Canada.

Honourable senators, I ask you to reflect carefully on this matter and to reject this amendment.

Hon. Eymard G. Corbin: I wonder if the honourable leader would accept a question.

Senator Murray: Yes.

Senator Corbin: In the course of your remarks, you repeatedly stated that there would be no changes to the commitment made by the minister responsible for the Treasury Board with respect to the four separate envelopes without consulting Parliament. As the honourable leader knows, and as I know, there are various forms of consultation. There can be very abrupt consultation where the government makes a statement, puts the matter to a vote, and the vote is taken as an expression of opinion, therefore consultation, and that settles the matter. On the other hand, you can have an in-depth inquiry into the matter.

The assurance we would like is that the consultation would not be anything like the process we have been going through in the last two weeks. Most of the intervenors opposing the present way of doing business told us very bluntly that they were not consulted prior to the decision. In fact, the examination by the committee of Part III of the legislation specifically cannot be taken as consultation in the proper meaning of the word. I am sceptical as to what is meant by consulting Parliament at a future date before any changes are made to the proposed "four separate envelope system". Can we have commitments to that effect?

• (1600)

Senator Murray: Honourable senators, the first step, as I have explained, is that there will have to be an appropriations bill to fund the new agency. That appropriations bill will reflect the undertakings given by the present Treasury Board to the chairman of the Senate committee. Those votes will appear in the Estimates for that agency in the future.

Without going into detail, I have referred to the precedents of 1980-81, when the previous government made some changes in the ways of presenting the Estimates; and again in 1988-89, when the present government made changes. These are made up front and are explained in the Main Estimates.

Even with all of the changes that have taken place in the last 25 years or so, the power of the purse is still not only a vital prerogative of Parliament, but also an important power that Parliament has. Before making any changes in the presentation of the Estimates, any prudent government would want to consult at least with the committees most immediately concerned with the examination and consideration of these estimates.

Hon. Noël A. Kinsella: Honourable senators, I have a question for Senator Murray. One of the concerns that many individuals and groups had with the absence of a separate vote system, which is not in the legislation, was that if you have a separate vote, could the vote in the moneys appropriated for social sciences, for example, be applied to the arts?

I looked at section 31(1) of the Financial Administration Act and I should like to have your comment on this. Section 31(1) states:

> At the commencement of each fiscal year or at such other times as the Treasury Board may direct, the deputy head or other person charged with the administration of a service for which there is an appropriation by Parliament or an item included in estimates then before the House of Commons shall, unless otherwise directed by the Board, prepare a division of the appropriation or item into

allotments in the form detailed in the estimates submitted to Parliament for the appropriation or item or in such other form as the Board may prescribe and shall submit the division to the Board.

Section 31(2) states:

Where a division required to be submitted to the Treasury Board pursuant to subsection (1) is approved by the Board, the allotments shall not be varied or amended without the approval of the Board.

My question for Senator Murray is: Does the Financial Administration Act not give the assurance, when a vote structure is tabled and approved, that it cannot be changed without the authority of the board or of Parliament?

Senator Murray: All I can say to that, honourable senators, is that the purpose of the assurance that the President of the Treasury Board has given to the committee on this matter and the purpose of having four separate votes is to give some assurances to those interested and affected by this legislation as to the relative amounts that are to be available over a period of time; and, second, and most important, to enable Parliament and the public to understand the relevant priorities that are attached to each of these organizations.

Hon. P. Michael Pitfield: Honourable senators, I will not be long. I will simply take a few minutes to make it clear where I stand on this legislation.

In my view, it is a prime example of the stupidities that well-intentioned ministers can get themselves drawn into. Everyone who is not of the government recognizes that it is an unnecessary policy. Everyone who is not of the government, recognizes that it is a priority in the government's program only for its public relations value. Everyone recognizes that it is before us because it was necessary to enliven a limp and hollow budget. Everyone recognizes — those who are not of the government — that it is a mistake and that the government is sticking to it for fear of backing down. It is purely a propaganda hook; something that the government wants to cling to in order to show how serious it is in terms of the alleged seam of its budget.

The measure has no substantial value. It is a comment — no, it is a monument to the superficiality that ministers get drawn into as they come to the end of the fifth year of a government. It is something which the academic community, the learned community, the expert community and the cream of our society will have to live with and pay for. I will vote against it.

I respect enormously the good will of the Leader of the Opposition and the Leader of the Government in trying to amend this piece of legislation with arcane and complex voting procedures, but what is rotten in the core should not be decorated in the least in order to make it attractive. It is a lousy piece of legislation and it should be allowed to fall.

I should like to pay tribute particularly to Senator MacDonald, who has shown in the best tradition of the Senate that you can have reasonableness and that you can be supporting of the justifiable complaints of the minority. That is what the Senate shines best at doing, sober second thought, and I thank him for showing the way.

On motion of Senator Bonnell, debate adjourned.

• (1610)

APPROPRIATION BILL NO. 2, 1993-94

SECOND READING—DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government), moved the second reading of Bill C-134, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994.

He said: Honourable senators, Senator Olson, Chairman of the National Finance committee, presented the report on the Main Estimates with explanations earlier today and Senator Bolduc, Deputy Chairman of the same committee, has presented the committee's report on the Supplementary Estimates with an explanation. Anything I could add would be redundant, so I will end my remarks and move second reading of the bill.

On motion of Senator Molgat, debate adjourned.

CURRENCY ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Gérald J. Comeau, moved the second reading of Bill C-124, to amend the Currency Act.

He said: Honourable senators, the bill to amend the Currency Act that is before us for second reading has recently been passed in the other place and incorporates two amendments proposed by the Official Opposition and supported by the government. I want to briefly describe the purpose and nature of the bill, its main features and provisions, and the amendments to the bill that have helped to fill out this legislation.

The main purpose of this bill is to modernize and broaden the investment authority of the Exchange Fund Account, the EFA, which holds the bulk of Canada's international reserves. The proposed amendments will enhance the earning potential of the fund. It is estimated by officials that EFA's annual earnings could be increased by as much as $5 million to $10 million, while maintaining the highest credit quality standards for our investments.

Specifically, the proposed bill modifies the EFA investment authority in the following ways: First, in the area of government-related investments, securities issued by the agencies and institutions of eligible governments, as well as securities guaranteed by eligible governments, would now qualify as eligible EFA investments. Many highly rated government agencies or institutions are sponsored or supported by national governments without direct or automatic official financial banking. Fannie Mae in the United States, the American equivalent of CMHC, is an example of this type of institution. Investments in these kinds of securities would provide increased yields over "U.S. treasuries" while maintaining high credit quality standards. No investments would be undertaken in institutions having credit ratings below double A on long-term debt, or below the highest credit rating on short-term debt.

Second, the bill widens the list of eligible international financial institutions beyond the IMF and the World Bank which are already specified in the Currency Act, again subject to the same credit quality standards. New international organizations similar to the IMF and World Bank have been established over the years which the existing statutes do not name as eligible investments. Securities issued by institutions such as the European Bank for Reconstruction and Development, or EBRD, for example, would now be included as part of our eligible investments.

Third, the bill removes the restrictions that currently apply in the act on the maturities of non-U.S. government securities. This places the majority eligibility criteria on a more standardized footing by treating all eligible government issuers in the same way.

Fourth, investments in derivative products of the underlying eligible assets are also permitted under this bill, as well as the borrowing and lending of securities in the market. These are helpful tools in risk management that can generate supplemental earnings. Using these portfolio management techniques can also help avoid or postpone the outright sale of securities at a capital loss in periods when exchange market intervention is taking place.

Finally, under this amendment the concept of freely usable currencies is dropped and allowance is made for units of accounts other than the special drawing rights or SDRs. The definition of freely usable or convertible currencies has become unclear, and even obsolete, in the contemporary world. It encompasses many weak currencies which nevertheless are actively traded in the world markets. For that reason, currency eligibility would now be established by ministerial designation. In this regard, for the most part investments of the EFA are in the currencies of the leading and strongest industrial countries, such as the U.S., Japan and Germany.

Provision for investments in units of account other than the SDR reflects ongoing developments in international currency markets and monetary institutions. In particular, I refer to the creation and evolution of the European currency unit, the ECU, a unit of account which will likely take on increasing importance as the monetary and financial integration of Europe proceeds.

I now turn to the amendments to the bill that were moved in committee of the House of Commons and approved by the other place. The basic principle underlying these amendments is that, in areas where judgment and discretion are enhanced through these amendments, accountability to Parliament is protected and strengthened through full and public disclosure.

The first amendment involves publication in the *Canada Gazette* of currencies eligible for EFA investment and the designation criteria used for government and financial institutions. Making public this information will underscore the point that Canada's reserves are invested only in the soundest currencies belonging to the strongest economies in the world. It will further show that the broadening of investments to include government sponsored and supported institutions poses no additional credit risks.

The second amendment involves publication in the *Canada Gazette* of the minister's agents and derivative products held in the fund. I should point out that the Bank of Canada has been the agent of the government for the EFA for almost 40 years and that no change in that arrangement is planned. This clause does provide, however, for public notice should any change be made in the future.

With regard to supplementary notice of new derivatives, it should be pointed out that the main derivative products that are currently available and actively traded in the market are already listed in the bill. However, it was felt that some additional flexibility would be appropriate since capital markets in investment instruments can change quickly. We also feel it is appropriate to have a means of communicating our evolving strategy in this area. In the case of all derivatives, the highest quality credit standards will be maintained.

To sum up, this bill as amended is a good package that updates the EFA's investment powers and will increase the earning potential of the eligible assets held by the fund. At the same time, it maintains the high quality investment standards that are necessary and appropriate for Canada's official international reserve. I believe the bill deserves senators' support.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I understand that Senator Kirby wishes to speak on this matter. He is not here at the moment. I can adjourn it until later this day, or until the next sitting.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1993

SECOND READING

Hon. Normand Grimard moved the second reading of Bill C-125, to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a noncontroversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect.

He said: Honourable senators, Bill C-125 is a reprint of the proposals for a 1993 Miscellaneous Statute Law Amendment Act tabled in this house on February 23, 1993.

The purpose of this bill is to correct anomalies, inconsistencies, archaisms and errors in federal laws.

[*English*]

The bill also deals with other matters of a noncontroversial and uncomplicated nature in federal statutes, and repeals certain provisions of those statutes that have expired or lapsed, or have otherwise ceased to have effect. The proposals were studied by our Standing Senate Committee on Legal and Constitutional Affairs on March 24, 1993. Members of our committee objected to one proposal only. That proposal would have amended section 28 of the Federal Court Act.

[*Translation*]

In his report to this house, the chairman of the committee indicated that the committee's opposition was based not on the policy underlying the proposal but on the controversial nature of the proposal, which made it unsuitable for inclusion in such a bill. Honourable senators, the proposal to which our committee objected is not in this bill as it now stands.

The proposals were also examined by a committee of the other place, which accepted them all. The bill therefore contains no other amendment to these proposals than the one requested by our committee.

As a senator, I am pleased to note first that the other place sided with one of our committees and deleted clause 70(3) from Bill C-125, which is now before us. Secondly, I am even more flattered to note that a committee of the Senate, an institution whose usefulness is often contested these days, effectively proposed this improvement even before first reading of the bill in the other place.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my colleague the Honourable Senator Neiman intended to speak because she is a member of this committee.

As you know, two other committees are sitting at the same time as the Senate this afternoon and she must attend to the work of a committee. Nevertheless, she asked me to make some comments. In general, she agrees with Senator Grimard that many changes were made. She herself proposed some changes that were accepted.

We therefore have no objection to the bill. We support it. Nevertheless, we believe that it should still be referred to a committee, if only for a few minutes, in order to check that the changes on which we agreed were indeed made and are in the bill as the committee agreed.

I therefore agree to have this bill receive second reading, provided of course that Senator Grimard moves that it be referred to committee.

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?

On motion of Senator Grimard, bill referred to Standing Senate Committee on Legal and Constitutional Affairs.

[*English*]

• (1620)

EXPLOSIVES ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. William M. Kelly moved the second reading of Bill C-107, to amend the Explosives Act.

He said: Honourable senators, there are two areas of personal interest that brought Bill C-107 to my attention. The first is my engineering background and the fact that my profession must deal frequently with explosives and the regulatory framework for explosives set up under the Explosives Act. I intend to postpone an explanation of the second area of interest until later in my remarks.

The current Explosives Act first obtained parliamentary approval in 1914 and has not been significantly amended since. A high rate of unfortunate accidents in the explosives

and construction industries to workers and innocent bystanders provided the impetus for the original legislation. The original legislation set in place a regulatory system of tests, licences and permits enforced through periodic government inspections for the authorization, manufacture, import, sale, purchase, possession, and storage of explosives as defined by the act. Under the original act, the term "explosives" covers blasting explosives, detonators, propellants, sporting and industrial cartridges and all types of pyrotechnic devices such as fireworks. The definition did not include chemicals that are not made or intended to be used as explosives.

Obviously, since the original act was proclaimed there have been enormous advances in the explosives industry and technology. The number of, and host of sources for, imported explosives have increased the availability of a wide range of explosives.

The industry and the government to date have muddled through, establishing voluntary government-industry agreements and voluntary compliances in that growing number of areas where advancing technology and the expanding availability of explosives have outstripped the regulatory powers of the act.

The bill before us now, Bill C-107, would update and modernize the regulatory framework principally as follows:

First, it would bring chemicals not designated as explosives, but having explosive potential, under the purview of the act by a wider definition of "explosive" (section 2 of the Act) and would give the Governor in Council the power to include by regulation things it feels should be included within the definition. The bill proposes a collateral power for the Governor in Council to exempt explosives or not include things within this definition of explosives at its discretion.

Second, it would give the Governor in Council the power to limit the use of certain prescribed types of explosives to certain groups or persons such as police forces, military personnel, avalanche control personnel and so on.

Third, it would grant new and increased regulatory powers relating to safety markings for the safe packaging of explosives.

I think we can all agree on the importance and necessity of these reforms in the cause of worker and public safety.

Incidental to these substantive changes are the following points:

First, it would enhance clarity and modernity of language used in both the legislation and the regulations relating to explosives.

Second, it would adopt the UN system of classification for explosives to bring us into line with international standards and language. The UN system has already been adopted in our Transportation of Dangerous Goods Act regulations and by the Canadian armed forces.

Third, it would enhance the ability by and flexibility for the Government of Canada in recovering the costs for the administration of the act and in sharing costs with businesses regulated by the act.

Honourable senators, I am advised that Bill C-107 comes about after extensive consultation with the industry, provincial occupational health and safety regulators, fire marshals, police forces, and, within Ottawa, after consultation with a host of departments and agencies having some role with respect to dangerous goods in general or explosives in particular. It is this process of consultation that brings me to relate my second area of interest in this bill.

Many of you are aware of my long interest in the subject of terrorism and the need in our national counter-terrorism strategy to try to get ahead of events and not be forced just to react to them. When this bill to amend the Explosives Act was first called to my attention, it piqued my interest because I assumed that the amendments proposed would have some relevance to terrorism. I also assumed that those in our government responsible for our counter-terrorism strategy and its implementation would have been an important point of contact in the interdepartmental consultation phase.

What I found depressed, but did not surprise me. I found that officials in Energy, Mines and Resources, the department responsible for this bill, had not thought of consulting the people in our government responsible for counter-terrorism. While the federal law enforcement people in the Solicitor General's office had been consulted, as had the RCMP, the National Security Branch had not. I do not mean to imply that, as a consequence, the bill may be flawed or deficient. My point simply is that the National Security Directorate should have been consulted. The fact that it was not is a sad commentary on the importance and visibility of the counter-terrorism function accorded within the bureaucracy.

The first Committee on Terrorism's report expressed concerns that the counter-terrorism function was lost in the Department of the Solicitor General and had neither the political nor bureaucratic impact that it deserves. The consultation process with Bill C-107 appears to bear out these concerns.

My office also discovered that the National Security Directorate has gone through yet another reorganization and major transformation of personnel. This continues a trend first remarked upon by the committee in 1986 and does not speak well for the stability of the counter-terrorism function, nor of the long-term planning for it.

As I have said many times before, even though the Cold War is over, we live in an increasingly nasty and violent world in which the threat of domestic and international terrorism is on the ascendancy. I refer, for example, to the Serbian military

commander's threat that international bombing of Serbian positions would unleash terrorist bombings against civilian targets in England, the United States, and elsewhere. I refer to the bombing of the World Trade Centre in New York; to the hostage-taking of school children in a Paris suburb; to the criminal idiocy of Waco, Texas; and to the narco-terrorism which continues to spread its tentacles around the world.

Honourable senators, I know I ventured further afield from Bill C-107 than perhaps I should have. I will return at another time to a discussion of my concerns on the terrorism front.

In the meantime, for the purposes of worker and public safety, I urge you to give rapid review and assent to Bill C-107.

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

• (1630)

NUNAVUT LAND CLAIMS AGREEMENT BILL

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-133, respecting an Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada.

He said: Honourable senators, I make these remarks on behalf of Senator Twinn, who unfortunately is not here today, since he thought that the bill would only come up for second reading on Thursday. However, I know he will be delighted that both sides feel that this bill should be given second reading as quickly as possible. That will allow the committee to give the bill appropriate study, with the hope that we can have it back here for third reading and Royal Assent on Thursday.

On his behalf, I should like to make the following remarks. Bill C-133 is an act to ratify the Nunavut Land Claim Agreement, which will settle the largest land claim in Canada. This agreement is a modern-day treaty with the Inuit of the Eastern Arctic, who are represented by the TFN, the Tungavik Federation of Nunavut. It acknowledges thousands of years of Inuit occupancy and use of the settlement region, and will equip the settlement beneficiaries with the tools to build a better future within Canada.

A key component of that future will be Nunavut, a new territory that encompasses the traditional homeland of the Inuit in the Eastern Arctic. Nunavut will be created through Bill C-132, which has been drafted pursuant to principles outlined in the Nunavut political accord. This accord was negotiated last year by Canada, the Northwest Territories and the TFN as a requirement of the final agreement.

Land-related issues are at the very heart of comprehensive claims. The Inuit of the Eastern Arctic are among several aboriginal groups in Canada whose land-based interests have never been dealt with by a treaty or other agreement. This has had a negative impact on both Inuit and non-aboriginal northerners — on all Canadians, in fact, because uncertainty over land ownership has prevented many potential economic development projects from going forward.

The land claims agreement provides the 17,500 Inuit beneficiaries with lasting protection for their land-based interests. The Inuit will receive fee simple ownership of approximately 350,000 square kilometres of land, placing them among the largest landowners in North America. In return, they will surrender their aboriginal title to one-fifth of the Canadian land mass, opening up this territory to resource projects and other economic development initiatives. These projects will bring many benefits to northern residents, both within the settlement region and elsewhere; benefits in the form of employment, new business opportunities, improved transportation infrastructures and the financial means to support a better standard of living.

At the same time, honourable senators should be assured that the agreement does not mean that resource development projects will proceed in an uncontrolled manner. These projects will have to comply with strict regulations that are designed to protect the fragile northern environment and to safeguard traditional ways of life. In fact, the land claims agreement will provide even greater impetus for developers to respect the environment and the traditional lifestyle of the Inuit.

Under the agreement, the Inuit will be compensated if developers cause provable damage to property or equipment used in wildlife harvesting. Inuit will also be entitled to compensation if they lose income from wildlife harvesting as a result of development activities, or if they suffer a loss of wildlife harvested for personal use.

I also want to point out that the Inuit beneficiaries are not opposed to resource development projects, providing they are environmentally sensitive and responsive to local needs. In fact, they stand to benefit directly from such projects. On more than 10 per cent of the land they will receive under the agreement, the Inuit will own the mineral as well as the surface rights. Each year, they will receive 50 per cent of the first $2 million in resource royalties paid to the government and 5 per cent of royalties received in excess of that amount for all projects in the settlement area.

In recognition of their continuing economic reliance on traditional activities, the Inuit will receive special wildlife harvesting rights in the settlement territory. The land claims agreement also ensures that the Inuit will have economic

opportunities related to guiding, sports lodges and commercial marketing of wildlife products. It guarantees them equal representation on boards responsible for wildlife management, land-use planning, water management and environmental and socioeconomic impact reviews of development proposals. These provisions will ensure that the Inuit have the capacity to maintain traditional pursuits, as well as an effective voice in development decisions.

Maintaining links with the past is an important objective of the Inuit in the settlement territory. However, the Inuit also recognize that they must prepare for the many changes that the future will bring. Towards this end they have negotiated the inclusion of a $13 million training trust fund in the agreement. As well, mechanisms will be put in place to increase Inuit employment in government, and to help firms owned by or employing Inuit to compete for government contracts.

The agreement does not jeopardize the rights of any other aboriginal group. In fact, it provides explicit protection for the overlapping interests of other aboriginal groups within the settlement area; interests that include the traditional use of lands and waters for wildlife harvesting activities. The Federal Court recently ruled that the final agreement may even give certain aboriginal people rights they do not currently enjoy. Of course, all aboriginal groups in Canada enjoy the protection of section 35 of the Constitution.

Honourable senators, by supporting Bill C-133 we will be joining together so that we can send to all Canadians a message of hope and action on aboriginal issues.

Hon. Senators: Hear, hear!

Hon. Willie Adams: Honourable senators, I should like to congratulate the Deputy Leader of the Government in the Senate for moving the second reading of Bill C-133.

The land claim with which this bill deals comes after 17 years of negotiation between the Government of Canada and the Inuit people of the North. A couple of weeks ago a ceremony was held at Iqaluit to mark the signing of this agreement. The Prime Minister and the Minister of Indian Affairs and Northern Development, Tom Siddon, were there. The ceremony was televised across Canada's North. I heard that even some of our embassies in Europe received the telecast.

We have heard a lot about this agreement over the last couple of years. We read in the newspapers about the events involving the Nunavut boundary between the Dene and Inuit. Last year, at about the time of the referendum we had two votes which dealt with the territory. One was held about a year ago and the other was around Christmas. In the first vote, 77 per cent of those who voted agreed to go ahead with this claim. The second vote dealt with the boundary between the east and the west. Some 84 per cent of the people voted in favour of that proposal.

The Deputy Leader of the Government said that this agreement covers approximately 350,000 square kilometres. This will be good for the future of the people in the North.

Going back a few years to when I was younger, in 1950, the government stepped in to help the Inuit people to put up some housing and some schools in the Arctic.

• (1640)

It is 1993. We are talking about 40 or 50 years. I think we have done very well. During that time, we did not know where the government resided. Was it in Ottawa or some place else in Canada? At least today I am sitting here in the Senate. Myself, Senator Watt and Senator Marchand have been in this place for many years, but Canada is now 125 years old.

The negotiators of this agreement realize it is not easy to govern in the north. They negotiated a council consisting of 10 members. We will have a commissioner and judges. The system of governing will be a little different from the one we were used to, but Senator Lynch-Staunton says it will not change that much. If you want to live there, you can enjoy the people in the new territory called Nunavut.

We will see some changes in the education of our people. We have a different culture. It is difficult for our people to find jobs, thus we see many students dropping out of our educational system. Therefore, the government has put aside $13 million to facilitate the education of the people of Nunavut so that, in the future, they will be able to find work.

In committee last Wednesday it was suggested that some of the educational programs in the north may have to be changed to better reflect the traditional ways of our people. We used to teach our children about the land; to hunt and to fish.

A ministry spokesman travelled to Baffin Island not too long ago. He asked the owner of a dog team how he knew which way he was travelling in the north because there are few landmarks. The dog team owner said, "I look at the snow drifts." There are no trees, so we navigate using the direction of the snow drifts as a guide. The prevailing winds are from the north, and they can be very strong. They produce snow drifts about a foot high.

Senator Frith: I think I will take a guide, just the same.

Senator Adams: That is just one example of the difference in cultures and how we live in the territories.

The Inuit will benefit from the new territory called Nunavut. For example, the government of Nunavut will no doubt be discussing with mining and oil companies the possibility of joint ventures.

About 10 years ago we had a settlement claim in Inuvialuit, the western Arctic represented by COPE, the Committee for Original Peoples' Entitlement. Today it is working out well with the oil companies, especially around the MacKenzie Delta and the Beaufort sea. We have been working with some of the big companies in the south. We have worked together in exploration. Nunavut will not be that much different.

There is a lot of wildlife in the north. There are caribou, seals, whales and fish. These resources will now be locally managed.

For the last 30 or 40 years, the Department of Northern Affairs has been counting the caribou herd to determine the population in the Northwest Territories. Over one million caribou migrate around the territories. People still live off the caribou.

Transportation costs in the north are exorbitant. Food is very expensive as well. People must decide between northern stores and the co-operatives when they buy food. Some people hunt caribou to provide more food for the family.

It is expensive to fly in the north. We do not have the population to warrant reducing the rates to fly.

Honourable senators, I am glad that Bill C-132 will be passed this week. The people of Nunavut will be happy with the passage of this bill. I wish to congratulate those people who negotiated this agreement for the people of Nunavut.

• (1650)

The people of the territory were worried. At that time the premiers wanted an extension of their boundaries into the territories. We were worried that, some time in the future, a constitutional amendment could be passed that would not leave us any land in the territories. In 1982, Manitoba, Saskatchewan, and especially Alberta, wanted to take over more of the territory. At least we will now control our own land in the future, although we are still associated with the rest of Canada and the rest of the premiers.

I am glad that this bill was introduced today in the Senate. I thank honourable senators very much. After other senators have spoken, I think the bill can go to committee.

Hon. Len Marchand: Honourable senators, it is with a great deal of pride that I rise today to congratulate the Inuit people of Canada and the Government of Canada for this landmark agreement. The land claims settlement and, more important, the recognition of Inuit land and other rights is a major milestone in the evolution and development of the Canadian North and of Canada. All Canadians can feel justifiably proud of this historic achievement. To the negotiators, both past and present, you have done Canada proud.

The settlement, the largest of its kind, provides the Inuit with protections they require to maintain Inuit culture. It is the culmination of 17 years of negotiations between the Inuit, the governments of Canada and the territorial governments. The perseverance of the Inuit leadership has been remarkable, and demonstrates a level of commitment rarely seen in Canada. The Inuit have crafted an agreement that meets the needs and aspirations of their people.

Thomas Suluk, a former member of Parliament, remarked that the "Inuit like to avoid division, the breakaway of communities". He identified this as one of the reasons that the land claims process was taking such a long time in spite of the impatience of many of the Inuit. This sense of unity has enabled the Inuit to reach a comprehensive agreement involving all Inuit in the region. This is not a small achievement when you consider the difficulties of other land claims groups in the territories.

The process has been long and sometimes difficult. Majority support for the division of the territories in 1982 was followed by majority support for the boundary in the 1992 plebiscite. These plebiscites paved the way for the successful ratification of the land claims settlement agreement held in November of 1992.

The settlement agreement recognizes 350,000 square kilometres of Inuit land, with mineral rights over 36,000 square kilometres. The actual Nunavut territory covers some 2 million square kilometres. It calls for the payment of $1.4 billion over 14 years. In addition, the Inuit will receive annually 50 per cent of the first $2 million of resources royalty received by the government, and a share over and above $2 million. Inuit will also have the right to negotiate employment, training and other benefits with developers in the north. This will provide ongoing assistance to the Inuit, and will guarantee an Inuit stake in the development of the North.

Inuit will benefit from a training trust fund and will benefit from Inuit employment and contracting preference policies. The training trust fund will allow the Inuit to prepare themselves for the future.

With respect to control over lands, a Nunavut Wildlife Management Board will be established to ensure the sustained harvesting and management of wildlife. The board will provide for a broad cross-section of participation, as will other land and environmental management boards established for land use planning and for environmental and other developmental purposes.

I am pleased to see that a premium is placed on the environment in this agreement. The management provisions and the provisions dealing with protection of the environment will ensure that Inuit will be compensated for a broad range of injuries to their traditional harvesting practices that may result from development. The Inuit will also be in the driver's seat when it comes to expanding the development of tourism in the North. As stewards of the lands from time immemorial, there could be no greater security for the North than vesting Inuit peoples with expanded powers and opportunities in this area. The planned creation of three new national parks aided by Inuit guides and outfitters will benefit not only Canadians but

all people wishing to explore the beauty and splendour of the Arctic. Inuit will be involved in the planning and management of the parks and Inuit culture will be promoted and recognized.

Finally, the agreement expedites the political evolution of the territories. It recognizes the territory of Nunavut, the Inuktitut word for "our land". The Inuit peoples have chosen a public form of government open to all residents of the new territory. It is, by its very nature, an expression of partnership with Canadians.

Honourable senators, all of this has been accomplished without any loss to the existing aboriginal rights that Inuit possess under the Canadian Constitution. Inuit will continue to benefit from government programs and services, as well they should, as the income from the Nunavut trust will be subject to tax laws of general application.

I must, however, express my continued concern with the government's requirement to extinguish aboriginal title in claims settlements. In the face of viable and certain alternatives for recognizing land titles of aboriginal peoples, this anachronistic requirement is no longer acceptable in the claims policy. The government's own reports, notably the *Report of the Task Force to Review Comprehensive Claims Policy — Living Treaties: Lasting Agreements* recommended that blanket extinguishment of aboriginal rights should no longer be a precondition for settlement. Alternatives exist; they should be explored.

While the Inuit have assured themselves that their claim will not impair their ability to achieve their objectives or impair their constitutional rights, many aboriginal people continue to question the need for extinguishment. It is not necessary, it is not wanted, and until it is resolved to the satisfaction of aboriginal Canadians, the resolution of aboriginal claims will be slow.

I also want to address the concerns of the Dene in Manitoba and Saskatchewan. After examining the agreement closely, I have concluded that Dene traditional way of life and harvesting rights will be protected under the settlement agreement. Article 40 of the agreement clearly provides that the aboriginal rights of other aboriginal people are not ceded, released, surrendered, qualified or limited in any way. Moreover, nothing in the agreement is to be interpreted as abrogating or derogating from, or otherwise in conflict with, or inconsistent with, any aboriginal or treaty rights under the Constitution for any other people other than Inuit. I commend the Inuit for extending this protection to the rights of other aboriginal peoples.

Honourable senators, the resolution of the claims process also heralds the start of a new challenge for the Inuit. While the agreement will empower the Inuit to deal directly and forthrightly with their future, they must deal with the dark legacy flowing from dislocation and the social changes that have occurred in the North over the last several decades.

• (1700)

The relatively young age of the population, the high birth rate and the need to develop meaningful opportunities poses major challenges for the Inuit peoples.

Although the days ahead will be difficult, I am heartened when I watch the young and dynamic Inuit leaders who have come forward in the last several years. Young leaders such as Rosemarie Kuptana, the studied and experienced leadership of John Amagoalik, TFN president, James Eetoolook, Jack Anawak, Senator Willie Adams, Senator Charlie Watt and a host of others all fill me with confidence that the Inuit future is bright.

While we take time to mark these accomplishments, much work still needs to be done. The actual implementation of Nunavut still lies ahead.

The political accord reached to guide future negotiations is only as good as the political commitment that gives rise to it. It is my hope that the accord will be the political Inukshuk that will guide future negotiators to a successful conclusion.

Our chamber has a role to play in maintaining the Canadian commitment to Nunavut and to the Inuit people.

The Inuit have cared for the land for thousands of years. Canadian government stewardship of the land has been brief in comparison. History shows that Inuit are not only the rightful owners, they are the best placed to care for the land and its people.

That is why I lend my wholehearted support to this bill and urge its quick passage. It has been long in the making. It will serve Canadians well. We can demonstrate our commitment to the Inuit today by taking our first step and expedite the passage of this bill.

It is a great honour to play a role in this historic process and one that I will always cherish. I would like to say to the Inuit leaders, both past and present, that I am very proud of you all. To future generations of Inuit, I wish you good fortune and good luck.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I first wish to thank my colleague, the Deputy Leader of the Government in the Senate for having agreed to proceed with this bill today. This will facilitate the whole operation. The Standing Senate Committee on Aboriginal Peoples can meet tomorrow and I think it proper that a bill of this nature go to that committee because it is essentially a bill dealing with Aboriginal matters.

I will not delay the matter at all. However, I do wish to indicate that one of the reasons we believe it is important that this bill and all bills go to committees is so that if there is any opposition, if there is any possibility of persons who have another view, they at least have the opportunity to appear and the Senate have an opportunity to hear that view.

In the case of this bill, I had asked some questions, not regarding the bill, but regarding the proposal of having Nunavut established many months ago. There are Indian groups in my province in the northern part of Manitoba that have long-standing claims for hunting rights in the Nunavut territory. When, in its wisdom, the government established the 60th parallel as the northern limit of the provinces of Alberta, Saskatchewan and Manitoba, it did not take into consideration the movement of the caribou herds and indeed the movement of the local people. There are long-standing hunting rights of Indian bands in northern Manitoba that go across the 60th parallel into the Nunavut territory.

I received the assurance when I asked the questions that these had been settled, that there were agreements between the Indian bands. It is important that in committee, this again be ascertained and there be no question that we are doing anything that is prejudicial to any of the groups.

I support the bill going to committee. I hope we can have assurances at that time that the rights of all people concerned are properly protected.

Senator Marchand: Honourable senators, perhaps we could receive some direction from the Deputy Leader of the Government in the Senate as to when the Standing Senate Committee on Aboriginal Peoples could meet.

On Wednesday, our caucuses meet in the morning. As chairman of the committee, I would suggest the committee meet at four o'clock. I would like to make sure we can give the staff enough time and direction to ensure that we have an appropriate meeting.

Senator Lynch-Staunton: It looks as if the Senate will meet tomorrow at 1:30 p.m., as we have done for the past few Wednesdays, to allow committees to meet. If we have the vote on Bill C-93, then perhaps we might be able to adjourn around 3:30 p.m. or 3:45 p.m. That is the best indication that I can give at the moment. It depends on whether or not we will have the vote tomorrow. Otherwise, the Senate should adjourn as close to 3 p.m. as possible.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore*: Honourable Senators, when shall this bill be read the third time?

On motion of Senator Lynch-Staunton, bill referred to the Standing Senate Committee on Aboriginal Peoples.

NUNAVUT BILL

SECOND READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the second reading of Bill C-132, to establish a territory to be known as Nunavut and provide for its government and to amend certain Acts in consequence thereof.

He said: Honourable senators, once again I am pleased to make these remarks on behalf of Senator Twinn.

Bill C-132 will literally redraw the map of northern Canada. It will also provide for a new and improved political and economic future for the Inuit people of the Eastern Arctic, and permanently alter the socio-political development of the North.

The creation of a new territory with its own government has been a fundamental objective of the Inuit of the Nunavut region for almost 20 years. Division of the current Northwest Territories has also been endorsed in a plebiscite of all the Territory's residents, as has the boundary for division.

Nunavut is an Inuktitut word meaning "our land", and in many ways the new territory will truly be the land of the Inuit, who will account for more than 80 per cent of its population. Nevertheless, Nunavut is not being established under aboriginal self-government. The government of the new territory will be democratically elected by all residents of the territory, and it will be accountable to all residents of the territory. The new territory will have institutions of government similar to those of the existing territories, as well as a full range of law-making powers available to them.

To ensure certainty and continuity in the new territory, the existing laws of the Northwest Territories will continue to have force and effect in Nunavut after April 1, 1999, until they are revoked or amended by the territorial Legislature. As is the case in Yukon and the Northwest Territories, the chief executive of Nunavut will be a federally appointed commissioner. The commissioner is subject, under law, to the issuance of instructions by the Minister of Indian Affairs and Northern Development or the Governor in Council. These instructions must be in writing, and they must by law be made available to the legislative assembly. This is not currently the case in either of the existing territories. In practice, the commissioner will be expected to act in accordance with the conventions of responsible government.

In this regard Bill C-132 provides for the creation of an executive council for Nunavut. This council will be similar to a provincial cabinet and will be appointed by the commissioner on the advice of the legislative assembly.

• (1710)

In keeping with the terms of the political accord, Bill C-132 provides for the creation of a Nunavut implementation commission, which will advise the governments of Canada, the Northwest Territories and Tungavik on a range of issues critical to the establishment of the new territory and a new government. A majority of the commission's members will be residents of the Nunavut Region and it will be disbanded no later than three months after the creation of the new territory.

This legislation also makes consequential amendments to a number of federal acts. These are essentially housekeeping amendments to reflect the division of the current Northwest Territories into two separate territories.

Bill C-132 will enable the Inuit people of the central and eastern Arctic to reclaim the past and to begin to build a better future in conjunction with other northerners.

This bill will lay the foundation for a new and equitable relationship between Inuit and other governments in Canada, which is another fundamental objective of the native agenda. This legislation is historic in that it will reshape and redirect the political and economic revolution of the north, but it can also be brought down to a much more basic level, to the individuals and the families who will benefit from the creation of a new territory. Honourable senators, I urge unanimous support for this legislation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton bill referred to the Standing Senate Committee on Aboriginal Peoples.

CURRENCY ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Comeau, seconded by the Honourable Senator Grimard, for the second reading of Bill C-124, to amend the Currency Act.

Hon. Michael Kirby: Honourable senators, I rise to make a few brief remarks on Bill C-124, to amend the Currency Act. It is a short, straightforward two-page piece of legislation.

Senator Petten: I have heard that before.

Senator Kirby: Some of my colleagues have made the observation that you can do a lot of damage in two pages of legislation. I would agree, but this piece of legislation not only happens to be straightforward but was also supported unanimously in the other place. I will be recommending to my colleagues that we give it the same support.

By way of background information about the Currency Act, it originally became law in 1935. Interestingly enough, given all the changes that have taken place with respect to financial and banking legislation over the past four or five years in particular, the Currency Act has not been amended in any substantive way since it first became law. Bill C-124 essentially expands the powers that have been given to something called the Exchange Fund Account. The Exchange Fund Account, in layman's terms, is the depository in Canada of currency reserves of foreign governments held by the Canadian government. At the moment there are some significant limitations on the types of foreign currency reserves that can be held by our government. Essentially this bill modernizes the act to take into account the other types of foreign currency instruments and makes them eligible to be invested in or held by the Exchange Fund Account.

Specifically, it allows the account to buy securities in addition to currencies, which are guaranteed by a range of foreign governments, foreign agencies and foreign institutions. It expands the current powers of the Currency Act by increasing the number or types of financial instruments which can be held by the Exchange Fund Account and broadening the range of institutions whose financial instruments can be held by the Exchange Fund Account. The bill simply modernizes the act relative to pre-World War II days when, in effect, the only meaningful financial instrument was cash or currency.

There is one change to which I would like to draw members' attention. It was introduced as an amendment in the other place by the Opposition and was accepted by the government. That amendment increases substantially the public disclosure provisions of the act. Prior to the introduction of this amendment by Liberal members of the other place, the only disclosure required was an annual audit of the accounts by the Auditor General. This means of course that a year could go by and then the Auditor General could take up to five months to perform the audit. Therefore, a total of 17 months could elapse between the time a transaction took place at the beginning of the fiscal year and the time the Auditor General completed his audit. Given, first, the speed and impact with which these kinds of transactions can take place and, second, their impact in the financial world, the amendment introduced in the other place requires that the Minister of Finance publish the name of the currency, the unit of account, the nature of the financial instrument and the name of the purchaser, or alternatively the description of the investment in which the government is investing, in the *Canada Gazette* within 60 days of the transaction.

Under this bill subclauses 2.1 and 2.3, introduced by the Opposition, with the support of all members, in effect guarantee an element of public disclosure relating to transactions of the Exchange Fund Account, rather than these transactions not being available for public scrutiny for a period of up to 17 months. It ensures a greater degree of public accountability and of understanding by the technical experts interested in these issues.

Honourable senators, I recommend and support the motion from the other side, that the bill be supported by the Senate at second reading and that it be referred to the Standing Senate Committee on Banking, Trade and Commerce. I will be recommending to members of the committee that they support the legislation.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, for Senator Comeau, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

CONFLICT OF INTERESTS

REPORT OF SPECIAL JOINT COMMITTEE ADOPTED

The Senate proceeded to the consideration of the first report of the Special Joint Committee on Bill C-116, presented in the Senate on June 3, 1993.

Hon. Donald H. Oliver moved that the report be adopted.

He said: In moving the adoption of this report, I should like to make a few comments, honourable senators. You will recall that, last Thursday, our colleague Senator Stanbury presented to this chamber a report of the Special Joint Committee on Conflict of Interests. That report recommended that Bill C-116 be not proceeded with.

At that time, Senator Stanbury very ably provided honourable senators with some background to the committee's work and an overview on why Bill C-116 was unacceptable to the committee. I have no wish to repeat what he stated at that time and what he stated in the *Hill Times*. I do wish, however, to add some comments of my own on this very important matter.

I was a member of the first special committee on conflict of interests formed in December 1991, 18 months ago. That is a significant period of time. For six months, the committee worked extremely hard, hearing witnesses and contemplating its report. It was clear early in our deliberations that the approach taken by the bill then under consideration, Bill C-43, had a number of very serious flaws. That is why the special committee endeavoured to draft its own bill. I dare to say that no one on the committee would have maintained that our draft bill was perfect, but we did feel that the approach was a significant step in the right direction and that it corrected a number of the flaws that we had identified in Bill C-43.

Nine months passed before the government acted by tabling Bill C-116. It was disappointing to realize that Bill C-116 ignored some of the most significant recommendations of the committee, such as the jurisconsult. More important, it was constructed creating many confusing complexities which should have been avoided.

I think that this point bears amplification. You may have heard, honourable senators, that the committee's draft bill was included in Bill C-116 almost in its entirety. You may be wondering why this would give the committee cause for such complaint that we would reject the bill. After all, it sounds like a victory. In actual fact, however, our draft bill was used in a way which I am confident not a single member of the committee had foreseen or would have agreed with had we been consulted beforehand.

As Senator Stanbury outlined to you, instead of one regime governing all parliamentarians with additional rules for ministers and parliamentary secretaries, Bill C-116 proposed to create two separate systems. The regime in the original Bill C-43, with a number of its own flaws still intact, would govern ministers and parliamentary secretaries, and the committee's regime would apply to all other parliamentarians. We considered this simply would not work.

While the two regimes had many similarities, there were crucial differences which required reconciliation in order to function together and be fair to all parliamentarians, their spouses and their dependents. In drafting its bill, the committee never envisaged that it would just be appended to Bill C-43, almost as an afterthought, to deal with senators and backbench members of the House of Commons.

Even if the necessary work had been done to harmonize the two approaches, I am extremely doubtful that the committee could have accepted the principle of the two different regimes. Why introduce two bureaucracies to govern the same clientele? Why not ensure that the advice given to all parliamentarians is consistent by placing that trust in one source, the office we named, namely the jurisconsult.

In short, fellow senators, the closer we looked at Bill C-116, the more problems we saw. We did not take lightly the decision to recommend that the bill not be proceeded with. After all, this particular process had begun a full 18 months ago, and the first conflicts bill had been introduced over four years ago. Nevertheless, when it became clear that wholesale changes would be required to Bill C-116, changes that the government was unwilling to make, we reluctantly agreed to take this step.

Despite the undoubted failure of the process, I hope that some good may yet emerge. Members of both houses who served on the committee have developed a certain expertise which should prove useful in discussing any future bills which may be presented to Parliament. Staff research was undertaken upon which future work may build. Perhaps the bureaucracy has learned something of the importance of this issue to parliamentarians and will proceed differently in the future.

I personally hope that this will be the case in view of the importance of the subject matter to parliamentarians and the Canadian public, and particularly with a number of new parliamentarians who will be coming in the next session of Parliament.

In conclusion, honourable senators, I again want to thank Senator Stanbury for the leadership and the good positive work that he put into the study of this particular bill.

On motion of Senator Oliver, report adopted.

[*Translation*]

SCRUTINY OF REGULATIONS

CONSIDERATION OF NINTH REPORT OF COMMITTEE

The Senate proceeded to consideration of the ninth report of the Standing Joint Committee for the Scrutiny of Regulations (illegal exemption), tabled in the Senate on June 3, 1993.

Hon. Normand Grimard: Honourable senators, I am pleased to give you a brief outline of the ninth report of the Standing Joint Committee for the Scrutiny of Regulations which I tabled in the Senate last Thursday in my capacity as Joint Chairman of the Committee. In this report, the Joint Committee reaffirms its opposition to the proposition that an individual or an administrative authority to whom Parliament has delegated a legislative power be authorized to grant specific exemptions without the formal consent of Parliament from regulations made in the exercise of this legislative power. It is not the first time that this proposition is brought forward by the executive. The committee I am chairing today had already condemned this proposition as illegal in its second report back in 1977.

[*English*]

Honourable senators, a former joint chairman of the Committee for the Scrutiny of Regulations, the late Eugene Forsey said:

> Freedom depends on law. But law which can be set aside whenever the government sees fit, for as long as it sees fit, without Parliament or the people hearing a word about it, is no law at all. It is a shadow. It leaves the citizen utterly defenceless...No law is safe, and when no law is safe, no citizen is safe.

The purpose of the joint committee in adopting its ninth report is not to attack the policy reasons of the government for the decisions it has made. Its purpose is to warn both the executive and Parliament that the legal proposition invoked by the executive to justify the adoption of the regulations mentioned in the ninth report will, if accepted or left unchallenged, result in a significant alteration of the Canadian constitutional order, the consequences of which are described in the report. I invite you, honourable senators, to read it carefully.

[*Translation*]

Honourable senators, before closing, I must also correct the impression that certain newspaper headlines may have created. The ninth report of the Committee illustrated the point with two specific examples. The first one is an amendment to the income tax regulations by which the Governor in Council wants to give the Minister of Finance the discretionary power to decide that certain legal obligations to provide information do not apply to such or such taxpayer, without specific authority in the enabling legislation. The second example used in the report is the order concerning the guidelines on completion of the Kemano project. The purpose of this order was to exempt the project from the order concerning the guidelines on the environmental assessment and review process, again, without any provision of the enabling legislation authorizing specific exemptions to be made. I want to stress the fact that since the order concerning the guidelines never applied to the Kemano project, the exemption order was of no legal use. I think that it is important to stress this fact: because the order concerning the guidelines never applied to the Kemano project, the exemption order never had any legal value.

As pointed out in the report, had the exemption order not been approved or had it been invalidated by the courts, there would still be no legal obligation to hold public hearings on this project.

To conclude, honourable senators, the ninth report deals with a rule of law essential to the maintenance of civil liberties. The firm stand taken by the Joint Committee was summarized as follows by the late Justice Louis-Philippe Pigeon:

> The regulatory power does not entail the power to allow dispensations, unless there is specific written authority. In other words, the regulatory power provides for making the regulations we please but not for allowing dispensations or granting exemptions, unless there is specific written authority to do so.

The Hon. the Speaker *pro tempore*: If no other honourable senator wishes to speak on the subject, this concludes the debate on this report.

CONSIDERATION OF TENTH REPORT OF COMMITTEE

The Senate proceeded to consideration of the tenth report of the Standing Joint Committee for the Scrutiny of Regulations, concerning the Indian Act, tabled in the Senate on June 3, 1993.

Hon. Normand Grimard: Honourable senators, last Thursday, I tabled in the Senate the tenth report of the Standing Joint Committee for the Scrutiny of Regulations. The purpose of this report is to bring to the attention of the two houses the fact that, some six years after the tabling of the sixth report of the committee, the government still has not fulfilled its commitment to propose a bill to retroactively validate the proclamations reviewed in the sixth report. This commitment was made in the comprehensive answer to the sixth report, which was tabled in the House of Commons in March 1988 by the Minister of Indian Affairs and Northern Development.

As mentioned in the report tabled last Thursday, the proclamations reviewed in the sixth report were aimed at suspending the application of the words, and I quote:

> and is ordinarily resident on the reserve

which appear in section 77 of the Indian Act, in order to allow any member of a band to vote in the election of the band council, without having to be a resident on the reserve. These proclamations, which were made at the request of the Indian bands concerned, were made under section 4 of the Indian Act, which authorizes the Governor in Council to declare that the act or any portion thereof shall not apply to any Indians or any band of Indians.

[*English*]

• (1730)

It was the conclusion of the Standing Joint committee that the power to suspend the application of a "portion" of the act does not include the power to suspend the application of a few words within a section. The report stated:

> ...in purporting to suspend the application of a few words within a subsection of the act, the Governor in Council is in fact amending the Indian Act.

In its sixth report, the joint committee was careful to note:

> The issue is not whether voters in Indian band elections should or should not be ordinarily resident on the reserve in order to be eligible to vote. [The committee] readily agrees that if the members of a band wish to allow non-resident members to vote, they should be able to do so. As far as the committee is concerned, the issue is that the government has sought to achieve this result by means that are not authorized by law.

[*Translation*]

In its comprehensive response tabled in the House of Commons on March 18, 1988, the government, although denying that the declarations were ultra vires, still promised to prepare and to introduce in both houses a bill making them retroactively valid. On the other hand, after the tabling of the sixth report, the government also imposed a moratorium on such declarations for the future. The only other thing I want to mention, honourable senators, is that the tenth report acknowledges the federal government's commitment to consult aboriginal peoples before implementing any legislation concerning them, and such an approach is considered quite desirable. However, in the opinion of the committee, it is unfortunate that the points raised in its sixth report have not been dealt with as yet and the committee expresses the hope that the government will soon be able to introduce a piece of legislation to follow up on the commitment made in 1988.

The Hon. the Speaker *pro tempore*: Honourable senators, if no other senator wants to speak on this subject, we will declare the debate on the report complete.

PRIVILEGES, STANDING RULES AND ORDERS

CONSIDERATION OF THIRD AND FOURTH REPORTS OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Beaulieu, for the adoption of the third report of the Standing Committee on Privileges, Standing Rules and Orders (amendments to the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Corbin*).
>
> Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Beaulieu, for the adoption of the fourth report of the Standing Committee on Privileges, Standing Rules and Orders (amendment to Rule 4 of the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Corbin*).

Hon. Normand Grimard: Honourable senators, with leave of my colleague, Senator Corbin, I would like to speak for a few minutes on items 7 and 8 on the Orders of the Day. We note that both of them were adjourned at the request of Senator Corbin, who I repeat is letting me say a few words, especially to head off the trouble which appears to be coming on item 8; if no one speaks on it today, we will be at the thirteenth adjournment.

I want to thank Senator Corbin for his kindness to us and especially to me. I just want to say a few words first on item 7.

Honourable senators, item 7 suggests adopting 11 amendments. About a year ago, committee members from this side of the house submitted a thick sheaf of about forty amendments to members of the Standing Committee on Privileges, Standing Rules and Orders. The package was in the following format: first the present rule, then the amended rule and the reasons for the amendment.

The committee held three meetings, at which the 11 amendments were accepted in principle. I stress "in principle" because that was the opposition's wish. Let us say that they were accepted in principle with great difficulty, at a snail's pace. Nevertheless, the 11 rules covered by the third report of our committee are quite minor, especially since about half of them concern concordance between the French and English versions.

At first, we adopted these 11 amendments together in principle. Later, at the meeting that was to approve the committee's report, we encountered some difficulties.

The first meeting scheduled was adjourned at the request of the committee chair, Senator Robertson, who certainly had good reasons to make this request. We then set another date and again the committee chair, Senator Robertson, could not attend; as a result, I told our party's deputy leader to meet the deputy chairman of the committee, Senator Molgat, so that Senator Molgat could chair the meeting that was to adopt the report being discussed today, the third report.

Senator Molgat bluntly told our deputy leader that he was unable to chair the committee and that furthermore, none of his caucus members on the Standing Committee on Privileges, Standing Rules and Orders would attend the meeting. This meant, honourable senators, that we had no choice. We were faced with a boycott, so we had to proceed. Obviously, if our friends opposite had told us they could not attend the meeting for some very important reason, because they had a major caucus meeting or had to attend the funeral of an eminent member of the party, in that case, we would have agreed to adjourn the meeting.

We felt we had to call this meeting, during which we approved 11 amendments, which, I repeat, had been agreed to previously, in principle, by all members of the committee. Since all these amendments are minor or a matter of concordance between both versions, and they were approved in principle by all senators on the committee, it should come as no surprise that considering the report was tabled on March 23, 1993, and since then there had been no debate on the subject, we should insist that some action will be necessary before the Senate adjourns.

That wise old man Yogi Berra, in referring to a baseball game, used to say: It ain't over until it's over. He was right, because in case of a tie, there may be additional innings. In our case, after about 10 or 12 sittings the Senate will probably adjourn. That is why I want to appeal to our friends opposite to co-operate so that we can adopt this third report.

In concluding, I would like to comment briefly on the committee's fourth report, which seems more straightforward, since all we did was take rule 4, which had 29 definitions that were more or less scattered, and regroup them in 15 paragraphs.

For instance, under the paragraph "committee", we put seven definitions of "committee". However, in Rule 4 in its present form, the seven definitions of "committee" are not in any particular order. Honourable senators, that was the gist of the fourth report, the adoption of which is being requested.

I repeat, this report consists exclusively in regrouping, under 15 divisions, 29 items that were in no particular order. In fact, I was able to give Senator Corbin the assurance that no changes had been made and that it was only a matter of rearranging the text.

Honourable senators, I hope we will be able to discuss the third and fourth reports before the Senate adjourns. In concluding, I want to thank my colleague, Senator Corbin, for giving me this opportunity to speak, since both items were adjourned in his name. Thank you, honourable senators.

Hon. Eymard G. Corbin: Honourable senators, I move the adjournment of the debate on both motions, namely, items 7 and 8, since we agreed some time ago to debate both items together. Thank you, honourable senators.

On motion of Senator Corbin, debate adjourned.

[*English*]

FOREIGN AFFAIRS

MOTION TO AUTHORIZE COMMITTEE TO STUDY LAMONT-SPENCER CASE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion that the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, British Columbia, and David Spencer of Moncton, New Brunswick. — (*Honourable Senator Lynch-Staunton*).

Hon. Pat Carney: Honourable senators, on behalf of the B.C. Conservative caucus, I wish to support this motion to refer this issue to committee. One of the reasons is that we have had a briefing in our caucus on this issue by officials of the Department of External Affairs. It is important that the Department of External Affairs be asked to bring us up to date on the efforts that are being made on behalf of Miss Lamont and Mr. Spencer. The committee gives us an opportunity to do that, particularly in light of the fact that one of the appeals that we were awaiting was apparently rejected last week, according to reports from the embassy.

• (1740)

I want to be clear on this issue. Our hearts go out to the families of the people involved here. Our children always come first in our hearts at all times. We accept the pain that these families are going through. On the other hand, we must

remember that there are 800 Canadians in foreign gaols. What we do in this case must be consistent with the 800 other Canadians, all of whom stand first in the hearts of their families. We also must respect foreign jurisdictions as we expect foreigners in our country to respect ours. Therefore, this is not a simple case.

There is one crucial issue that, if I might suggest, could be the focus of the committee. The family and Department of External Affairs officials appear to be in conflict over the best route to take in dealing with the Lamont-Spencer situation. The family is pushing hard for expulsion. In other words, we ask Brazil to expel these young Canadians and to return them here. External Affairs feels that that is very risky, and will not work.

• (1750)

Minister Barbara McDougall wrote me a letter today pointing out that:

> We have been told that, in practice, expulsion is not an option while appeals are under way, or before the convicted prisoner has served his or her sentence.

She goes on to say:

> In light of the uncertainties surrounding the application of the expulsion law, it would be damaging in the extreme to the interests of Miss Lamont and Mr. Spencer to abandon the appeal of the sentences now.

That is the position of External Affairs.

Senator Molgat: Could I request that Senator Carney table the letter?

Senator Carney: Yes, I will table the letter.

External Affairs is pressing for the second option, which is ratification of the Transfer of Offenders Treaty. Therefore, while the family is asking for expulsion, External Affairs is saying that is not possible. They want the Transfer of Offenders Treaty ratified. It has already passed through the lower house and is now moving to the Senate. The letter outlines what would happen under the Transfer of Offenders Treaty.

Honourable senators, the problem is that in both cases the outcome is unknown. We do not know how long the appeal process will take. We do not know when the Senate will actually pass the Transfer of Offenders Treaty.

The letter outlines the minister's view. She says:

> I continue to hold the view that due process must be observed, and believe that the appeals should continue to be pursued vigorously.

One of the parties is from New Brunswick, and there are senators from New Brunswick; the other party is from British Columbia, and I know that Senator Ray Perrault and other B.C. senators have a common interest in this matter. Therefore, I think it would be useful, without prejudice, to refer this matter to committee. What the committee does is up to them, as we well know.

Senator Molgat: Fair enough.

Senator Carney: I do not think it is prejudging the case in either instance for us to hear the point of view of the Department of External Affairs.

With that in mind, on behalf of the B.C. caucus, I support this motion.

On motion of Senator Molgat, debate adjourned.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, today, as we begin Part 9 of our chronology, we reach a watershed because we leave behind the promises of candidate Mulroney and his friends and turn our attention to the performance of Prime Minister Mulroney and his friends. Actually, the performance began with more promises that would ultimately join his earlier promises on the pile of broken promises — but that is for later.

For now, let us set the scene with what turned out to be wise and enlightened words of candidate Mulroney, and important words for all Canadians if they want to assign responsibility for the current mess.

As the 1984 general election campaign began, Mr. Mulroney was quoted in the Ottawa *Citizen* of July 10 as saying:

> The government was not one man, not even a prime minister, and neither its record nor its accountability retired with him.

> Most Liberal candidates in this election were an integral part of that record — as ministers and MPs who proposed it and approved it — and now they must answer to the people of Canada for it.

Apply those words to today. Mr. Mulroney would say: "The government is not one man, not even the prime minister, and neither its record nor accountability retired with me."

"All Conservative candidates in this leadership race were an integral part of that record — as ministers and MPs who proposed it and approved it — and now they must answer to the people of Canada for it."

Who are these candidates? There are two ministers — Campbell and Charest — who sat and continue to sit around the cabinet table, dreaming up the policies that have caused such hardship to Canadians. As the editorial page of the June 7, 1993, issue of *Maclean's* magazine observes, the "front-runners are partners in the same cabinet, responsible for the same legacy."

These are not fringe ministers who might try to escape blame. Both sit on the powerful Cabinet Committee on Priorities and Planning which is chaired by the Prime Minister himself. This committee, as its name suggests, establishes and sets the priorities and policy goals of the Mulroney team — priorities such as the GST, free trade, and NAFTA.

Mr. Charest has also been chosen by the Prime Minister to be Vice-Chairman of the Cabinet Committee on Communications, which, incidentally, is chaired by the Leader of the Government in the Senate, Senator Murray. The committee is in charge of government propaganda — what we now know is usually disinformation. It decides how and where to spend millions of government advertising dollars in an attempt to dissuade Canadians from what they know — that Tory times are bad times.

According to leadership hopeful Patrick Boyer, both ministers are protégés of Mr. Mulroney. In a CBC radio interview aired on May 11 of this year, Mr. Boyer said:

> Well it's a case of both Jean Charest and Kim Campbell, each of whom is a protégé of Prime Minister Mulroney. He brought them in and gave them the advantages and promoted them...

Mr. Mulroney did more than merely promote them. In the case of Jean Charest, there was —

The Hon. the Speaker *pro tempore*: Honourable senators, I must point out that either we stop the clock, or the rules require that I leave the Chair at six o'clock and return at eight o'clock.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Can we not agree to stop the clock?

Hon. John Lynch-Staunton (Deputy Leader of the Government): We certainly would not refuse leave at that point, but we too have senators waiting to speak on certain items.

Senator Frith: I did not complain about anyone else. If you want to come back at eight o'clock, that is all right. My speeches usually last about 15 or 20 minutes.

Senator Lynch-Staunton: Consideration should be given to others, instead of having to listen to fairy tales at the end of every day.

Senator Frith: I am not giving any undertakings. No one else gave any undertakings with respect to time.

Senator Lynch-Staunton: I am not asking for an undertaking; I am asking for cooperation.

Senator Frith: I did not stand in this chamber to ask anyone else to shorten his speech for that reason. These speeches usually last 15 to 20 minutes.

Is leave given or not?

Senator Lynch-Staunton: Let's not call it a speech; let's call it a collection of fairy tales. We will come back at eight o'clock, then.

The Hon. the Speaker *pro tempore*: Honourable senators, is leave granted?

Senator Frith: Apparently not. The Deputy Leader of the Government says no.

Senator Lynch-Staunton: Honourable senators, I am merely asking the Leader of the Opposition to appreciate that a number of senators, now looking at the clock as it approaches 6:00, wish to know how long Senator Frith will be speaking so that they, in turn, will have time to make their presentations.

Senator Frith: I indicated how long I would be.

Senator Lynch-Staunton: You said usually 15 or 20 minutes. Half an hour later, what am I to do? Get up again? Could you not be more precise and cooperative?

Senator Frith: I did not stand with a clock and rehearse this speech. I gave you my estimate. The clock problem arose with others. I did not stand when Senator Grimard was speaking and say, "How much longer will you be speaking?" I do not understand what the problem is. You asked how long I thought I would be, and I have given you my best estimate.

Senator Lynch-Staunton: Let's go on and hope for the best.

The Hon. the Speaker *pro tempore*: Honourable senators, is leave granted?

Hon. Senators: Agreed.

Senator Lynch-Staunton: You say you did not rehearse the speech; you probably did not even write it.

Senator Frith: Mr. Mulroney did more than merely promote his protégés. In the case of Jean Charest, there was a resurrection. When Charest was forced to resign from cabinet following an injudicious telephone call to a judge, Mr. Mulroney carefully nursed him back to political health.

In the case of Kim Campbell, we have a minister who complains that Canadians misunderstand or fail to appreciate Mr. Mulroney. In the *Globe and Mail* of May 20, 1993, she was quoted as saying:

> He always comes down on the right side of an issue... I have enormous respect for his competence...

If she is right, then most Canadians are wrong.

• (1800)

Ms Campbell was quoted in the Montreal *Gazette* of October 30, 1992, as saying:

> Every time I go somewhere with the Prime Minister, I see warmth, I see great respect ...

Well, she sees what she wants to see, I guess.

Ms Campbell and Mr. Charest, Mr. Mulroney's protégés, ask for the chance to follow in his footsteps. They want to bask in the warmth they believe Canadians feel for him.

What about the other three leadership candidates: Mr. Edwards, Mr. Boyer, and Mr. Turner? Edwards and Boyer were first elected to the House of Commons in 1984 with Prime Minister Mulroney, and both served as parliamentary secretaries to his cabinet ministers. All three voted for his legislation when ordered to do so. They, along with their Conservative colleagues, furnished the votes needed to pass free trade and the GST, and dismantle our social programs. The record we have examined is their record. To quote Mr. Mulroney himself, they —

> ... were an integral part of that record — as ministers and MPs who proposed it and approved it — and now they must answer to the people of Canada for it.

What is it they have to answer for? The Speech from the Throne of November 5, 1984, would be a reasonable start, but we do not find much there. The speech repeated some earlier promises, studiously ignored others, and confidently proclaimed:

> This is the inauguration of a new Parliament. Let it be also the beginning of a new era of national reconciliation, economic renewal and social justice. In this spirit, my Ministers will honour the mandate entrusted to them by the people of Canada.

Did those ministers honour their mandate? Did the administration achieve national reconciliation? Did the team give Canadians economic renewal? Did they provide social justice? They did not, but they now want Canadians to invite them back for more.

Let us begin with Finance Minister Michael Wilson's economic statement of November 8, 1985. The first challenge the new Minister of Finance set for the Mulroney team was:

> ...to put our own fiscal house in order so that we can limit, and ultimately reverse, the massive build-up in public debt and the damaging impact this has on confidence and growth.

We did not hear much about the deficit during the election campaign, but now it became a priority. What was the fiscal situation in late 1984? What was the deficit? After two months of scouring over the books, Mr. Wilson had the answer. He told the members of the House of Commons that with—

> ...no policy changes, the deficit for this fiscal year (1984-85) would be $34.5 billion.

Mr. Wilson then said:

> This is what we inherited.

That is at page 4 of his financial statement.

He then brought in some policy changes which he calculated would raise the deficit to $34.577 billion. That is at page 16 of his economic statement. His calculator must have been defective, because at the end of 1984-85, the deficit had increased not by $77 million but by virtually $4 billion, to $38.4 billion.

This was not a very auspicious start for the new finance minister. If he had done nothing and simply sat in his office twiddling his thumbs, the deficit would have been $34.5 billion. That is what he said he had inherited from the Liberals. That is what he said the deficit would be if he did nothing, $34.5 billion.

What exactly did he do? This is where the story gets interesting. One of the things he did was juggle government expenditures. Some programs and departments got more money, and some get less. Who got less? Among the unlucky branches of government were those engaged in research and development, and scientific pursuits. They got less.

But can that be true? In previous instalments we heard Mr. Mulroney preach about the importance of R&D, and about how we would double expenditures on R&D as a percentage of gross domestic product. He preached about R&D while a businessman. He preached about R&D and made promises about doubling R&D while a candidate for his party leadership. He even devoted an entire chapter to this matter in his book *Where I Stand*, Chapter 4. I quote from page 40:

> The National Research Council, which acts as Canada's main research laboratory, needs a funding increase of at least 20 per cent...

He preached and made more promises while a Member of Parliament. He preached and promised throughout the 1984 general election campaign, but when given the opportunity after years and years of complaining and promising, what did he do? The answer is contained in the report the new president of the Treasury Board, Robert de Cotret, presented to the House of Commons also on November 8, 1984. The document is entitled *Expenditure and Program Review*, and contains an appendix of programs to be cut or eliminated. Let's read about some of those. That document, at page A.2, calls for the following reductions, and I quote:

> **Energy Research and Development.**
>
> This interdepartmental energy research and development program strives to increase energy self-sufficiency and diversify sources of energy in Canada. $60.8 million.
>
> Longer term or low priority research work will be curtailed in the following departments and agencies:

We see the National Research Council, $34.6 million.

Remember the section I previously quoted from *Where I Stand*, his book, at page 40:

> The National Research Council, which acts as Canada's main research laboratory, needs a funding increase of at least 20 per cent...

What happened? Funding was cut by $34.6 million.

We go back to Mr. de Cotret, page C.4. Research programs are cut by $4.4 million in —

> The areas of X-rays, Nuclear Radiation and High Pressure Chemistry have been exhaustively studied...

The Environment Secretariat, Research Facilities, are cut by $5 million for rocket and balloon launching facilities.

In Annex D, on the following page, there is a section on capital projects. Plans existed for the construction of a pharmaceutical testing laboratory, and they were cut — $4.9 million. These are all cuts that took place in the context of the promises of vast increases. At page D.5, the Manufacturing Technology Institute was cut — $23 million. The Research Institute was cut — $3.6 million.

We know what was promised, but this is what happened. What was promised was increases, but what was delivered was cuts. These were among the very first programs the new team slashed, and they were slashed within two months of taking office. Research and development had been assigned the very lowest priority.

Instead of going back to Mr. Wilson's Economic Statement, let us continue with the R&D story. Remember that for Mr. Mulroney, research and development represented, he said, the lifeblood of an industrial nation. Speaking at the University of Toronto on March 14, 1984, he said:

> We are spending 1.3 per cent of GNP on research and development. As the principal of McGill University has stated, "We are writing a suicide note for our competitive capacities in the 1990s."

On March 22,1984, in Montreal, he vowed:

> We're going to double our collective national commitment to research and development within the life of our first government mandate.

Both these quotations are from the PC election paper *On The Issues; Brian Mulroney and the Progressive Conservative Agenda — Statements of Policy and Principle, July 1984*, at page 15.

According to the Statistics Canada publication *Science Statistics, Vol. 60, No. 3*, the portion of GDP devoted to research and development in 1976 was 1.03 per cent. By 1984, under Liberal government policies, it had risen to 1.37 per cent. That is what Mr. Mulroney inherited, what he characterized as a suicide note for the future, and what he promised to double by the end of his first mandate.

However, in 1988, at the end of his first mandate, the percentage of GDP devoted to research and development was no longer what he inherited, 1.37 per cent, but 1.36 per cent. That is how he fulfilled his promise to double R&D expenditures during his first term.

As we approach the end of the second term, can we say expenditures have now finally doubled? No, we cannot. In 1991, the percentage of GDP devoted to research and development was 1.43 per cent. Over seven years, the Mulroney team just barely managed an increase — an increase of 0.06 points.

• (1810)

According to Statistics Canada, we are behind France, Germany, Japan, Sweden, the U.K., the U.S., and we are on the verge of being overtaken by Italy, over which we had a substantial lead in 1984 when Mr. Mulroney and his team made all the promises about increasing, doubling, et cetera, our R&D-GDP ratio. Statistics Canada reports that our R&D-GDP ratio is "lower than most industrial OECD countries". It also reports that "the federal government has become relatively less involved in both funding and performance of R&D".

How did this happen, particularly in light of the endless promises made by Mr. Mulroney and his team in 1984? Review the newspaper articles on the subject since the Mulroney team took over, and you will quickly find the answer.

Instead of reviewing the entire eight years, let us take 1986 as an example of how R&D has been nurtured, increased, and doubled, as promised.

Some of the headlines read: "Budget said blow to councils which fund scientific research"; "Government figures for research funding paint grim picture for university scientists"; "Government stalled on science spending goals"; "Ill effect of research cuts predicted soon"; "Canada lags far behind in R&D spending"; "Govt. chops research fund by $30 million"; "Cut in R&D support angers high-tech group"; "What's happened to Brian's lofty hi-tech vows?"; "More cuts in R&D"; "PM's research crusade evaporates"; "Canada mousy in R&D: Survey"; "Research groups 'fearing the knife'"; "Le budget du Conseil national de la recherche réduit de $20 millions" and "NRC budget axe fells world famous scientist". That last articles begins:

> It had been a year of glorious tribute for Zbigniew Basinski as he was decorated in the Order of Canada, one of the nation's highest honors, bestowed on the National Research Council physicist for his lifetime of scientific achievements and the world recognition they had earned for the country.
>
> His wife Sylvia had special reason to celebrate the occasion, having worked at his side for almost 30 years as a pre-eminent scientist in her own right.
>
> Prime Minister Brian Mulroney even wrote Basinski a letter congratulating him on receiving the Order of Canada and thanking him for his contribution to the country.
>
> Less than three months later, on Tuesday evening this week, Canada laid off one of its most renowned scientists.
>
> In fact, the NRC effectively canned both Zbigniew and Sylvia Basinski at age 58.

Another headline reads: "Federal cuts to research council end section that spawned winner". The article reads in part:

> The National Research Council plans to scrap its photochemistry and kinetics section — where John Polanyi, Canada's newest Nobel Prize winner, started his pioneering research...
>
> "It is an unfortunate coincidence," Dr. Ross Pottie, NRC senior vice-president of laboratories, said in an interview later. "We had no idea Dr. Polanyi was going to win the Nobel Prize today."
>
> Among the research programs and personnel also affected by the cuts announced by Dr. Kerwin yesterday — only two weeks after the Conservatives pledged in the throne speech to stimulate technological development — are electromagnetic and mechanical engineering, environmental toxicology, aeronautics, construction and physics.

Other headlines read, "Research cuts shame Mulroney"; "Save research group Canadian chemists urge prime minister"; and "A fervent plea for R 'n' D, Our Nobel winner's worried". That headline is in reference to our Nobel Prize winner, Dr. Polanyi.

Others read, "100 to 150 will lose NRC jobs, official says" and "Draft R&D plans ask Ottawa to cut thousands of jobs". That last article reads in part:

> The federal Ministry of State for Science and Technology is preparing policy guidelines that threaten to eliminate thousands of research jobs in at least four federal departments, while handing over most Government research to the private sector.

Other headlines read, "Industrial R&D spending slows"; "Ottawa thumbs nose at research"; and "Weep, don't laugh over research cut". The latter article begins:

> It is unfortunate when an individual or institution becomes a laughing stock. That's what is happening to Science Minister Frank Oberle and the whole federal government on scientific research.

An article entitled, "Canada will become third-rate if cuts continue, say scientists" reads:

> Canada will be reduced to a third-rate developing country providing raw materials instead of technology...
>
> One scientific researcher said it seems the government is bent on destroying the country's mind while snuffing out its soul through similar cuts in support of the arts.

Further articles are headlined, "Leaked NRC memo says observatory forced to shut down because of cuts"; "NRC appeals to Ottawa to save cancer program"; and "NRC axes renowned 'Canadarm' scientist", which reads:

> A National Research Council scientist, whose work on the U.S. space shuttle's robotic Canadarm was recently commemorated on a Canadian stamp, has been axed in the latest round of NRC cuts.

More headlines: "Mulroney policy devastating scientific research" and "Basic research is put in jeopardy by Ottawa's cuts".

Finally, the last item is from the Toronto *Star*. After all those bleak headlines, finally some good news. "Ottawa gives underwear firm $800,000 deal". That is a nice contrast to the other headlines. Unfortunately, there are no Nobel Prize winners in the field of underwear. After all those cuts and slashes, there is, in 1986, $800,000 for underwear and $41 million to build a new prison in the team leader's own riding. Meanwhile, the cuts and slashing in government research and development continued year after year.

Whose fault was it? We now know that nothing is ever Mr. Mulroney's or his team's fault. So whom can we blame for all of that? We cannot blame the Liberals, because these are all cuts that took place within months of the Conservatives taking office, all done by Mr. Mulroney and his cabinet ministers.

An article appearing in the *Ottawa Sun* of June 20, 1989, carries this headline as to whom to blame, "R&D must increase: PM". The first paragraph reads:

> Prime Minister Mulroney blamed business and high schools last night for Canada's poor research and development record.

Do you think I am joking? That is what it says. After all we have heard, Prime Minister Brian Mulroney blamed business and high schools for Canada's poor research and development. Yes, that is who was to blame — business and high schools.

What were the members of the team doing while all this slashing we have heard about was going on? Nothing. As Mr. Mulroney said in 1984, they "were an integral part of that record — ministers and MPs who proposed it and approved it — and now they must answer to the people of Canada for it."

But instead of answering to the people of Canada, they are doing more of the same right to the end of the dying days of the government.

This is from the Toronto *Star* of April 30, 1993:

> Canadian scientists are fearing a renewed brain drain after the federal government reneged on a promise to increase research money by 4 per cent a year for the next four years.

• (1820)

> They're also alarmed by reports that Ottawa plans to slash financing for its 15 centres of excellence, which do applied research in such fields as pesticides, aging, robotics and genetics.
>
> "We're going to have a brain drain crisis that you wouldn't believe" if the government carries through on its plans, said Howard Dickson, chairman of the newly formed Coalition for Biomedical and Health Research.

More recently, the Ottawa *Citizen* of May 7, 1993, reports:

> Funding for the federal government's flagship science program may be cut even though the program is considered a success says Science Minister Tom Hockin.
>
> Hockin says he doubts he can convince cabinet that funding for the National Networks of Centres of Excellence should be maintained at the current level.

That was one month ago and he is still trying to convince cabinet not to slash the spending. That is the same cabinet which includes those present candidates for the Conservative leadership.

Ms Campbell put out a press release on May 12 of this year:

> I am committed to a science and technology strategy that will support the growth of high tech companies and the creation of well paying jobs for Canadians.

Same stuff we heard in 1984. We also know how she helped Mr. Mulroney keep his own similar promises when she joined his cabinet.

Mr. Charest was no different. While sitting with Ms Campbell in Mulroney's cabinet, he joined in the R&D slashing. Now he states:

> ...the resource-based sector (of the economy) also needs strong support and recognition whether it's in technology or the training of people. They also deserve the strong support of our government if they are to remain competitive.

That is what he said during a televised candidates' debate on May 13, which is very similar to what his boss said in 1983 and 1984. Only the terminology changed. High-tech is the buzzword now.

That is the history of Canadian research and development under the Mulroney team, beginning with how R&D was the very first item targeted by Mr. Mulroney when he became Prime Minister, notwithstanding his earlier vows to double it. Within months, remember, the promises were broken. That is something to remember when judging promises against performance.

When we continue, we will return to the fiscal and economic house the Mulroney team began erecting in late 1984. You will see that it was erected out of straw, not bricks.

On motion of Senator Frith debate adjourned.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motion:

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 59(1)(*h*), moved:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, June 9, 1993, at 1:30 in the afternoon.

Motion agreed to.

FOREIGN AFFAIRS

COMMITTEE AUTHORIZED TO STUDY LAMONT-SPENCER CASE

Leave having been given to revert to Motion No. 59:

On the Order:

> Resuming the debate on the motion that the Standing Senate Committee on Foreign Affairs be authorized to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, British Columbia, and David Spencer of Moncton, New Brunswick. — (*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, earlier today I moved the adjournment of this debate because I have a direct interest in this matter. The Lamont family originally was based in Manitoba and still has some members in Manitoba. However, Senator Robichaud, my colleague who moved the motion, has indicated to me the urgency of proceeding with this matter.

In view of the fact that tomorrow will be a short day, we might not get to the matter at all and it would not be until Thursday that we could deal with it. Therefore, I am prepared to withdraw my motion to adjourn and let the motion pass.

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

Hon. Senators: Agreed:

Motion agreed to.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO STUDY REPORT OF NATIONAL TRANSPORTATION ACT REVIEW COMMISSION

On the Order:

Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator DeWare:

> THAT the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation; and
>
> THAT the Committee present its Report no later than September 30, 1993. — (*Honourable Senator Hébert*)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Oliver has spoken to me about this matter. Senator Hébert had adjourned the debate because of the possibility that there were other senators in our group who wished to speak. I now know of no honourable senator who wishes to speak and we are prepared to let the matter proceed.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to.

BATTLE OF THE ATLANTIC

FIFTIETH ANNIVERSARY—INQUIRY—DEBATE ADJOURNED

Hon. Michael J. Forrestall rose pursuant to notice of Thursday, June 3, 1993:

> THAT he will call the attention of the Senate to the Fiftieth Anniversary of the Battle of the Atlantic.

He said: Honourable senators, I will try to be as brief as possible. I know other events are taking place and I am all the more appreciative.

This is the week that some of us in this chamber, mostly because of our ages, are vividly reminded that we are here today because of the service of some in this chamber and of many others from all walks of Canadian life who took part in the great democratic process that was World War II.

For me, honourable senators, too young to participate, my knowledge of this great cataclysmic happening was learned from those who survived, so perhaps with these benchmarks in mind, I wish to pay my own tribute to the men and women

who served in either military or civilian capacity and to express the humble thank you in my own small way for allowing me the privilege to live in a free and democratic society, paid for by the courage, bravery, dedication and, unfortunately, at times, the lives of others.

I was recently privileged to be able to travel to Liverpool, England as a member of the official Canadian delegation and as one of the representatives of this chamber, to take part in the fiftieth anniversary activities which mark one of the most astounding periods in naval history, the Battle of the Atlantic.

I would make singular note of the efforts of our Canadian mariners, those mostly civilian seamen who manned the convoys and in a turmoil of winter seas and sudden death delivered the munitions, equipment, supplies and substance which supported the war effort.

• (1830)

Much has been written about the Battle of the Atlantic which conveys the overall picture in a broad sweep of heroic history. For me, being there just a few days ago in the port and city of Liverpool, it was a first-person experience not to be found in books and pictures, but rather a complete surrounding of sights, sounds and smells which make the emotions aware and the mind comprehend that it was at this place at "the other end of the supply line" from our North American continent that freedom was nourished.

We met in that port which became the British half of the supply line, a place where over 100,000 ships completed their journeys. We met to remember the sacrifice of sailors, airmen and merchant mariners of 17 nations, to honour their courage and to remember those who still bear the scars of war. We met to reaffirm our alliance in the continuing cause of peace. Among us, both in person and in spirit, were those who had once been the enemy, united with us now in common cause to defend freedom, to uphold the rule of law and to try and achieve more excellent and meaningful ways of resolving conflicts and in governing the affairs of all nations so that we may live in harmony and forsake strife.

There is no small irony in this now, honourable senators. Here I stand, the beneficiary of a life which has never had to suffer in a direct way the experience of war.

On September 3, 1939, I was seven years old living in blissful ignorance of what war was or even what it signified, even if I was then living at the site of CFB Cornwallis. On that same day, September 3, 1939, the Battle of the Atlantic had its beginnings when a German submarine sank the Montreal-bound passenger ship the *SS Athenia*, resulting in the death of 118 people, including four Canadian citizens. Thus began the most prolonged engagement of the Second World War, the Battle of the Atlantic.

The engagement was to last for 2,072 days, only two days shorter than the entire war. Early in the conflict, the onslaught against the convoys reached a terrible crescendo with Axis submarines sinking more than 300,000 tons of shipping a month and the losses running at three times our capacity to replace. Soon the resourcefulness of the Allies prevailed and the system of escorting convoys with groups of small warships working together to attack submarines began to turn the tables.

It was at this point that Canadian participation with a fleet of corvettes made its most significant presence. These little fighting ships, designed on the pattern of whalers were crammed with a crew of some 60 men in a space 250 feet long and 33 feet wide, designed to be produced quickly and cheaply, tore along at a maximum speed of 16 knots carrying a Mark 5 cannon, two twin Lewis Machine Guns, one Pom-Pom, two 20-millimetre Orlikon guns, one forward-firing hedgehog for anti-submarine mortars and four side-throwing depth-charge throwers.

It is small wonder that corvettes were also known as "wet boats". As the heavy Atlantic seas broke over them, salt water seeped through seams, hatches and their ventilators. For the crew who were intolerably crowded below, conditions were horrible.

Nevertheless these small ships, the first 14 of which were completed by the end of 1940, were an invaluable weapon in the anti-U-Boat war. When the war began, the Royal Canadian Navy had 13 vessels of which six were destroyers and a total complement of 3,500 personnel. When it ended Canada had the third largest navy in the world with 373 fighting ships and over 110,000 members, nearly all of whom were volunteers, including 6,500 women who served in the Women's Royal Canadian Naval Service.

During the battle the chief responsibility of the RCN was to escort merchant ship convoys, the first of which sailed from Halifax on September 16, 1939, escorted by the Canadian destroyer, *HMCS St. Laurent*. By mid-1942, the RCN with the support of the RCAF, was providing nearly half of the convoy escorts and afterwards carried out the lion's share of escort duty. Sadly, some 2,000 members of the RCN died during the war and 24 of our vessels were sunk. I would note however that Canadian ships and aircraft alone, in concert with other ships and planes, sank 52 U-Boats.

As I mentioned earlier in my remarks, it is not without some pride I call to mind the participation of those valiant civilian seamen from Canada who manned the merchant fleet and made the convoys possible and whose singular dedication kept the life line between Canada and Liverpool truly a pathway to freedom. On August 26, 1939, all Canadian merchant ships passed from the control of their owners to the control of the RCN, making the vessels and their full-time crew members members of the fighting force of Canada. It was the fighting force that went on to defeat the German war machine at sea.

I would note that my colleague Senator Marshall seeks to remind us and the government that we as Canadians still owe a debt to these men and women who served so unstintingly and somewhat unfortunately without proper recognition of their sacrifices. I should like to also note that the deputy minister has now agreed to meet further to resolve outstanding issues that remain between merchant mariners and the Government of Canada.

When the war began, Canada had 38 ocean-going merchant vessels of 1,000 tons or more and an additional 410 merchant vessels were built in Canada during the war. More than 25,000 merchant ship voyages were made to play their part in the Atlantic life line and as participants in the Battle of the Atlantic.

Canada's merchant navy veterans bore much of the brunt of the Atlantic war. The casualty rate for those brave seamen who chose to work those ships in such dangerous waters was one in seven, a higher percentage of total casualties than those suffered by any of Canada's other official fighting services. The merchant navy book of remembrance currently being prepared by the Department of Veterans Affairs will list the names of approximately 1,500 Canadians who died at sea during the war, including those of eight women. I would note that many of the seamen on board merchant marine vessels survived the mines and sufferings of the First World War and chose again to sail some two decades later. Such were the heroes of my father's time. To them I am grateful for the freedom in which I live today.

To me it is a tragedy that today we have no merchant fleet to speak of, both for the economic well-being it might bring to our nation and for the proud tradition it once held and the courage it once displayed.

In conclusion, cognizant as I am of the dates of this week, I would like to pay one last tribute to the combatants of the sea, those brave RCN sailors who took the battle to the enemy on the continent of Europe on D-Day, June 6, 1944. Senator Marshall and Senator Molgat made comments a little earlier today in this regard.

• (1840)

May I quote from an article in the *Globe & Mail* of last Friday written by Michael Marks, a former Royal Navy lieutenant, now a retired civil servant who lives in Kingsville, Ontario.

This article is a remembering of this day of idealism, when a young and brave man, Lieutenant Marks, was approaching the beaches of Normandy.

> We were all young guys in our little ship. At 24, I was the oldest man on board and the skipper; and the spirit of the crusaders was very strong in all of us. How's that for idealism!
>
> I stayed on watch on the bridge that night — this was far too important to leave to my first lieutenant, a former bank teller from Edmonton. After all, I mused, he's only 21 and this is certainly a job for an older man.
>
> Then the thought struck me: This isn't an exercise though. Somewhere out there are Germans — the might of a great army — with weapons and live ammunition. I realized I was feeling a trifle scared — NO, very scared.
>
> Then I began to feel patriotic and I pondered how lucky I was; how our children and grandchildren would remember us gratefully, we, the men of the Second Front, the victors of Normandy.

Perhaps that is how we should feel today. Our children, our grandchildren, should be taught that we do have heroes.

We are here, some of them are not. But Freedom reigns and we are indeed grateful.

I will just conclude with a final comment about those who accompanied us, because I think it is important that we remember names such as those on the pilgrimage, and it indeed was a pilgrimage. They included the Dominion Vice-Chairman of the Royal Canadian Legion Pat Watkins; Cliff Chaulk, CD, National President, Naval Officers Association of Canada; Dave Mills, his National Vice-President; Joe Frizzle, CD, Royal Canadian Air Force, Group Captain; Gordon Olmstead, Chairman, Merchant Navy Coalition; St. Clair Balfour, Order of Canada, DSC, Toronto, Royal Canadian Navy; Harry Blahout, London, Ontario, Royal Canadian Navy; Master Mariner Captain Paul Brick, Halifax, Nova Scotia, who is responsible for the Book of Remembrance and busily engaged in that; Francis Costello from Tecumseh, Royal Canadian Navy; Ted Hewitt, Royal Canadian Navy; Cully Lancaster, CD, West Vancouver, RCN; Flight Captain John McIntyre, Windsor, Ontario, Royal Canadian Air Force; Wing Commander Kenny Moore, DSO, CD, from Victoria; Leslie Norman, St. Thomas, RCN; Rod Pike, CD, Edmonton, Alberta, Royal Canadian Navy; Bill Riddell, Clarence Creek, Ontario, Merchant Navy; Donald Rutherford, CD, Royal Canadian Navy from London, Ontario; Roy Thorne, Bedford, Nova Scotia, seaman; Jim Tryhorn, Foster, Quebec, Merchant Navy.

The list goes on. They were there and we should remember them.

On motion of Senator Molgat, debate adjourned.

The Senate adjourned to tomorrow at 1:30 p.m.

THE SENATE

Wednesday, June 9, 1993

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

[*Translation*]

ROUTINE PROCEEDINGS

ACADIA

FACT FINDING MISSION WITH ACADIANS OF LOUISIANA—REPORT TABLED

Hon. Gérald J. Comeau: Honourable senators, I have the honour to table the report of a visit made as part of a fact finding mission with the Acadian community of Louisiana.

LEGAL AND CONSTITUTIONAL AFFAIRS

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO MEET DURING SITTING OF THE SENATE

Hon. Gérald-A. Beaudoin: Honourable senators, I give notice that on Thursday next, June 10, 1993, I will move:

> THAT the Standing Senate Committee on Legal and Constitutional Affairs have the power to sit at four o'clock in the afternoon on Tuesday, June 15, 1993, even though the Senate may then be sitting, and that Rule 96(4) be suspended in relation thereto.

[*English*]

TRANSPORT AND COMMUNICATIONS

RADIO CANADA INTERNATIONAL—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY IMPLICATIONS OF REDUCTION IN FUNDING

Hon. Raymond J. Perrault: Honourable senators, I give notice that at the next sitting of the Senate I will move:

> THAT the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the consequences and the implications of the reduction in funding for Canada's shortwave radio services — Radio Canada International; and
>
> THAT the Committee present its Report no later than September 30, 1993.

VETERANS AFFAIRS

OPERATION JUBILEE—MEDAL-RELATED RECOGNITION OF DIEPPE VETERANS—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Tuesday next, June 15, I will call the attention of the Senate to the long-overdue medal-related recognition of the valiant services of our Dieppe veterans on Operation Jubilee during the Second World War.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 180 residents of British Columbia who oppose the goods and services tax.

These petitions come mainly from Campbell River, Kamloops, Richmond, Surrey, Victoria, Kelowna, Nelson, White Rock, Langley, Aldergrove and Vernon.

Of course, all these people are counting the days until the blessed election comes!

[*English*]

QUESTION PERIOD

POVERTY IN CANADA

REDEFINITION OF POVERTY LEVELS—GOVERNMENT POLICY

Hon. L. Norbert Thériault: Honourable senators, I have a question for the Leader of the Government in the Senate. I think it is more than appropriate that I put this question to him, because I understand he is one of the leading supporters of one of the persons with whom Canada might be afflicted as Prime Minister in the next few days.

My question concerns a report presented in the other place — the report of a Tory committee, because the Liberal and the NDP members of the committee refused to be part of the process — dealing with poverty in Canada.

I am especially insulted by the comments of the chairwoman of that committee, who is reported as having stated that if the people in the rest of Canada knew of the poverty that existed in the Maritimes, they would be sending food to the Maritimes.

I ask the Leader of the Government in the Senate whether the government, of which he is a member, repudiates this report from that committee?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I would direct my honourable friend's attention to the answers I gave on that matter during Question Period yesterday.

Senator Thériault: I was not present for Question Period yesterday. However, I suppose a very plain and good answer was given.

Will the Government Leader in the Senate please see to it, if his candidate is chosen as the leader of the party, that the government will not proceed with the recommendations of that report?

Senator Murray: Same answer, honourable senators.

BUSINESS OF THE SENATE

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before proceeding to Orders of the Day, perhaps the Deputy Leader of the Government in the Senate could confirm that we will vote on Bill C-93 today, and that we will have a short day. I presume the intention is to call Bill C-93?

Senator Lynch-Staunton: Yes. The understanding was that we could be voting today, and we still might do so. I did not say that we would. If the honourable senator reads *Debates of the Senate*, it will confirm that that was the understanding. Since we may have a vote, I would like to dispose of all items before we deal with Bill C-93, but we will certainly deal with that bill today.

Senator Thériault: How many more appointments do you need?

Senator Lynch-Staunton: There are only four to go.

[*Translation*]

ORDERS OF THE DAY

EXCISE TAX ACT
ACCESS TO INFORMATION ACT
CANADA PENSION PLAN
CUSTOMS ACT
FEDERAL COURT ACT
INCOME TAX ACT
TAX COURT OF CANADA ACT
TAX REBATE DISCOUNTING ACT
UNEMPLOYMENT INSURANCE ACT

BILL TO AMEND—THIRD READING

Hon. Jean-Maurice Simard moved the third reading of Bill C-112, to amend the Excise Tax Act, the Access to Information Act, the Canada Pension Plan, the Customs Act, the Federal Court Act, the Income Tax Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and a related Act.

He said: Honourable senators, I have nothing to add on this subject.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion agreed to, and bill read third time and passed on division.

[*English*]

EXPLOSIVES ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Lynch-Staunton, for the second reading of Bill C-107, to amend the Explosives Act.

Hon. Dan Hays: Honourable senators, I should like to speak briefly on Bill C-107. I believe the legislation to be fairly straightforward based on my review of what occurred in the other place. I have also had the benefit of reading, although not hearing, Senator Kelly's speech presenting the bill for second reading.

The bill should be referred to the Standing Senate Committee on Energy, the Environment and Natural Resources, which I have the privilege of chairing. I am anxious to see this legislation come before the committee quickly, because there is a fairly short time between now and our recess at the end of June. The sooner this legislation goes to the committee, the sooner it can be reported back.

In reviewing the comments that have been made about the legislation, I am interested in picking up very briefly on Senator Kelly's concerns about terrorism and public safety. A special committee of the Senate, chaired by Senator Kelly, did some excellent work on that issue, and from time to time he reminds us of that committee's work, as he did on the occasion of speaking to Bill C-107. I share the concerns he expressed.

The comments Senator Kelly made are very pointed in terms of the special concerns we should have in these times about the misuse of explosives. We have had a number of very unfortunate incidents, and greater control over the distribution and use of explosives will, I hope, help to ameliorate if not eliminate those problems.

Other aspects of the legislation are reasonably straightforward and uncontroversial. Bringing the search and seizure provisions with respect to explosives in line with our Charter of Rights is a good idea and is provided for. Labelling and provisions for regulations for the use of explosives are all important advances in our legislation and the regulations that will flow from the legislation we are dealing with today.

With those few comments, honourable senators, I conclude my remarks on Bill C-107. I hope it can receive second reading today and be referred to the Standing Senate Committee on Energy, the Environment and Natural Resources so that we will be certain to deal with this legislation before the end of our June session.

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?

On motion of Senator Kelly, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ottenheimer, seconded by the Honourable Senator Simard, for the second reading of Bill C-72, to establish the National Round Table on the Environment and the Economy.

Hon. Dan Hays: Honourable senators, the comments I would make at second reading on this bill are much the same as those I made on Bill C-107. There are other senators, particularly Senator Kenny on my side, who wish to speak to this motion. I had a discussion with him, and he is supportive of the legislation. He has indicated to me that he will want to speak on this bill at the third reading stage.

Honourable senators, after discussion with Senator Kenny and others, I take the same position as I did with respect to Bill C-107. That is to say, in light of the time of month and the impending recess toward the end of June, we should move this legislation on at this time.

The legislation is supported by all parties in the other place. It is not a controversial measure, except to say that, perhaps, it gives rise to an agency, namely, the Round Table on the Environment with a current budget of some $3.5 million, at a time when we are eliminating other agencies that also serve useful ends. However, this is not the time to speak on that subject, and I will say no more than that about it.

The commitment in the Green Plan, the budget that was provided and the existence of the Round Table since 1989 have been helpful in getting Canada to move forward on its commitment to sustainable development. Formalizing the arrangements with the Round Table and its becoming a creature of statute, and all that is attendant in that move, is a step forward in the right direction.

I support this measure, and I urge all honourable senators to give this bill second reading at this time. However, as is the case with virtually all legislation, I believe that it should receive some scrutiny by the Standing Senate Committee on Energy, the Environment and Natural Resources.

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?

On motion of Senator Ottenheimer, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—MOTION IN AMENDMENT—VOTE DEFFERED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992;
>
> And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that Bill C-93 be not now read the third time but that it be amended by striking out line 38 on page 16 and substituting therefor the following:
>
> 43. Section 15 of the said Act is repealed and the following substituted therefor:
>
> 15. Funds to be appropriated for the Council, as set out in the estimates of the government for a fiscal year and laid before the House of Commons, shall be divided into the following four votes:
>
> Vote 1: Funds for operating and capital expenditures in the fiscal year;
>
> Vote 2: Funds for the purposes of paragraph 8(1)(*a*);
>
> Vote 3: Funds for the purposes of paragraph 8(1)(*b*); and
>
> Vote 4: Funds for the purposes of paragraph 8(1)(*c*).

Hon. M. Lorne Bonnell: Honourable senators, I have about a two-hour speech to give against this bill.

Senator Murray: In 15 minutes.

Senator Bonnell: However, the rules of this place say I am entitled to only 15 minutes to make my speech, and I know that the Leader of the Government in the Senate has promised to hold a vote on this bill later this afternoon. If I can persuade those people who are thinking about voting in favour of the bill to vote the other way, then I will cut out the preamble to my speech and get right down to the basics.

I am against this bill, and for the amendment.

• (1350)

How many times have we heard this government talk about the importance of research and development? Unfortunately, as in so many cases, the government's actions speak louder than their words and their promises. Seventy-five per cent of federal funding for university-based research and development is done through the three research granting councils: the Medical Research Council, the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council.

I ask you, honourable senators, what will become of research in the areas of social sciences and humanities if you allow this bill to pass?

I want to take a moment to review the Mulroney government's commitment to research and development. Needless to say, it is dismal. Prior to the 1984 election campaign, Brian Mulroney promised Canadians that, if elected, he would double Canada's research and development efforts as a percentage of the GDP. In 1987, the National Advisory Board on Science and Technology, chaired by the Prime Minister himself, recommended that the budgets of the three research granting councils be doubled over three years and subsequently indexed at 1.5 per cent times the real growth of the gross national product.

However, the federal government chose to ignore that recommendation. In 1990, Canada's investment in research and development trailed far behind that of the other G-7 countries. In 1992, the government also abrogated its commitments to increase the council's budget by 4 per cent. Instead it announced a two-year freeze based on the 1992-93 budget.

The negative effects of the Conservative government's research and development policies are compounded by the government's continued cuts in EPF for post-secondary education. These cuts not only diminish the quality and accessibility of higher education; they also weaken the infrastructure necessary to conduct government-funded research.

Social sciences and humanities research is a vital part of the entire research strategy in Canada, as noted by the Social Science Federation of Canada in its presentation to the National Finance Committee:

> The SSHRC has functioned very well over the past 15 years as an independent agency. Thanks to the support of the SSHRC, this period has seen the social sciences further evolve as academic disciplines and has seen the development of new and exciting research directions.
>
> While continuing to support basic research in the social sciences and humanities, the SSHRC has recently given greater emphasis to research on the social and economic problems which face Canadians. Questions, such as managing technology, improving literacy rates, promoting sustainable development and assessing the impact of an aging population — all questions which affect Canada's standard of living and its ability to compete globally — are being extensively examined by social scientists funded by the SSHRC.
>
> In addition, recent years have seen the increase of new partnerships with government departments and the private sector. These joint initiatives include the following research themes: science culture in Canada, family violence and violence against women, health promotion in Canada and aboriginal affairs.
>
> Finally, in concert with the Natural Sciences and Engineering Research Council (NSERC) and the Medical Research Council (MRC), the SSHRC is participating in several important collaborative programs, such as the ECO-Research Program on environmental problems and the Canadian Genome Analysis and Technology Program on human gene sequencing.

It is very apparent from reading over the testimony of the many witnesses that the government did not consult with the communities affected by such a measure. As noted by the Canadian Association of University Teachers in their brief to the committee:

> In a December 2nd open letter to Prime Minister Mulroney, CAUT President Alan Andrews expressed the association's disappointment with the merger plan.
>
> When this measure was first proposed in last February's federal budget, Canada's academic community was shocked. No prior consultation with any of SSHRC's stakeholders was conducted, and no convincing rationale has ever been offered for this measure.

• (1400)

In addition, not only did the government neglect to consult with any of the affected parties but the issue of cost savings as cited by the government appears to be quite contradictory. I refer honourable senators to the brief presented by the Association of Universities and Colleges of Canada which details the contradictions made by the government in this regard. It appears that no one really knows how much this takeover will save Canadians in terms of dollars and cents.

However, I think it is easily seen how much this action will cost Canadians.

In conclusion, I support many of the arguments brought forward by many witnesses against the amendments contained in this bill, and hope that we, the chamber of sober second thought, will eliminate Part III of this bill.

I will conclude with a quote from a commentary which appeared in the Toronto *Star* of April 22, 1993. The commentary, titled, "Ottawa's shotgun wedding wounds two agencies" was written by Keith Kelly, National Director of the Canadian Council of the Arts and Claude Lajeunesse, President of the Association of Universities and Colleges Canada.

> As the joint authorship of this article suggests, the cultural and academic community are not enemies and are not incapable of cooperation. Nevertheless, this shotgun marriage of fundamentally incompatible agencies risks generating conflicts that are wasteful of energy and resources. We are all in favour of administrative efficiencies in the delivery of academic and cultural funding, but these may be more easily achieved without the merger.

Honourable senators, I hope you will join with me in opposing this bill completely, or at least Part III of it.

The Hon. the Speaker: It was moved by the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, that this bill be read the third time.

In amendment, it was moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat:

> That Bill C-93 be not now read the third time but that it be amended by striking out line 38 on page 16 and substituting therefor the following:
>
> 43. Section 15 of the said Act is repealed and the following substituted therefor:
>
> 15. Funds to be appropriated for the Council, as set out in the estimates of the government for a fiscal year and laid before the House of Commons, shall be divided into the following four votes:
>
> Vote 1: Funds for operating and capital expenditures in the fiscal year;
>
> Vote 2: Funds for the purposes of paragraph 8(1)(*a*);
>
> Vote 3: Funds for the purposes of paragraph 8(1)(*b*); and
>
> Vote 4: Funds for the purposes of paragraph 8(1)(*c*).

Is it your pleasure, honourable senators, 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 the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Call in the senators.

Hon. William M. Kelly: Honourable senators, in accordance with rule 68(1), I request that this vote be deferred until 5:30 p.m. tomorrow evening.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I must say that I am extremely surprised by the request of my colleague. I was not here last Thursday, but my understanding is that, last Thursday, the government was pushing to have the vote taken immediately; that there then was a proposal by my colleague the Leader of the Opposition for an adjournment, and that it was only after considerable discussion that the government agreed to that adjournment. I understand that the deputy leader finally agreed to that adjournment, after discussion with my colleague the Leader of the Opposition, on the basis that the vote would be taken no later than today.

That was my clear understanding. I would defer to Senator Frith, since he is the one with whom the discussion was held. However, it was my clear understanding from Senator Frith that the decision on the adjournment was based on the understanding that the vote would be taken no later than today, Wednesday, and there are a good number of senators who are here specifically to vote on this motion.

We must operate in this house on understandings. If the situation is to be that when my friends opposite make an agreement on something they can suddenly decide unilaterally to change it, then we will have to consider how we deal with matters in this house in the future.

Senator Frith is better able to speak on this matter than am I, since the discussion was held with him and not with me. I was not here at the time.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I suppose it is worthwhile putting something on the record. The government will do what it wants to do. It is obviously playing some games. I do not know why it is playing the games, but there we are.

Last week, I wanted to propose an amendment the following week — namely this week. At first they refused the adjournment. Next, I was told that I would have to proceed with the matter on Friday. Next, I was told that we would not have to proceed with it on Friday, providing it was understood that the vote would be held on Tuesday of this week. I said that perhaps we should have it on Wednesday, because that would give other people a chance to join in the debate.

I can see that they are now about to get up and say "This is what the record says". It happened as I just said. It was supposed to be a condition of the adjournment and of not having to proceed on Friday that we have the vote no later than Wednesday. When my friends opposite asked whether it was a house order, I said that it was not; that it was an understanding, and that after Wednesday we will not have any more speakers on the debate, and we do not have any more speakers.

I want it to be clear that I certainly got the impression that it was important to have the vote right away. I am putting all of this on the record, honourable senators, so that you will realize that it is sometimes a little discouraging to have an understanding such as that and then not have it adhered to. No matter what you read from the record, there is no question that that was the understanding.

When Senator Molgat came back, I told him that we had a number of people who wanted to vote on this bill. We told him that there was to be a vote, and that it would have to be early. Why would we say that? We would say that because every time we try to sit beyond three o'clock on a Wednesday, Senator Lynch-Staunton is on his feet saying, "Come on, be reasonable. We have to be in committees. Stop everything. Get everything done by three o'clock." That is why we told our colleagues that if they wanted to vote on this bill they would have to be here before three o'clock, because Senator Lynch-Staunton does not like anything to go on after three o'clock.

At any rate, my friends opposite will do whatever they want. However, perhaps you will understand why we are sometimes a little reluctant to reach understandings upon which we make commitments to our colleagues opposite.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Since my name is being given so much importance, which it is not due, let me make a few corrections here.

Senator Frith: Why must it be 5:30 p.m., incidentally? Why, when you have always said you want things done by 3:00 p.m. are you putting it off?

Senator Lynch-Staunton: It is not a question of my wanting things done by 3:00 p.m. Senator Frith seems to forget, but I know most of the other senators do recall, that we came to an agreement, following a meeting of committee chairmen a year ago, that on Wednesdays, in order to allow committees to meet while the Senate is not sitting, the Senate would sit from 1:30 p.m. to 3:00 p.m., more or less.

Senator Frith: Is this not Wednesday?

Senator Lynch-Staunton: Please do not say "Senator Lynch-Staunton wants to sit until 3:00 p.m." It is more or less an informal order of this house to do so. Your side agreed. Senator Molgat was at the meeting when this arrangement was drawn up and then submitted to both caucuses, so there is no argument over that.

As for an understanding regarding the vote, Senator Frith says, "It does not matter what the record shows, this is what I recollect."

Senator Frith: Did that which I said took place not take place?

Senator Lynch-Staunton: The record shows, and the understanding —

Senator Frith: The answer is, "Yes, it did, but I do not want to admit it."

Senator Lynch-Staunton: The record shows, and the understanding is, that Senator Frith would discuss his amendment to the main motion —

Senator Frith: What a waste of time.

Senator Lynch-Staunton: Is it a waste of time for you, Senator Frith, to hear the facts?

Senator Frith: It is a waste of time to do business with you.

Senator Lynch-Staunton: Is it only your fictional version that counts for the record?

Senator Frith: This is a waste of time.

Senator Lynch-Staunton: Of course for you it is a waste of time, because you know that what I am saying is correct.

Senator Frith: Do what you intend to. You will do it, anyway. Get it done.

Senator Lynch-Staunton: Let the record show, next to the one that Senator Frith has invented, that —

Senator Frith: Invented? Invented? What record did I invent?

Senator Lynch-Staunton: You invented the version of what we had decided —

Senator Frith: You were sitting here, and you said everything that I said you said.

Senator Lynch-Staunton: I never said we would vote on Wednesday. I said that —

Senator Frith: You said it was a condition that we get rid of this bill by Wednesday.

Senator Lynch-Staunton: No, sir, I never said that, and it is not on the record, because when we came to make the —

Senator Frith: Maybe when this legislation goes through, I can wear a body pack and play the record back.

Senator Lynch-Staunton: When it came to put this arrangement on the record, I said:

> Once that is done —

— meaning when the leader finished presenting and discussing his amendment —

> — would he confirm —

— meaning the Leader of the Opposition —

> — as discussed, that on the day following his presentation of the amendment we could proceed to a vote on the amendment and on the main motion?

I did not firmly say we would vote, and that is what the record should show and does show.

• (1410)

Hon. Lowell Murray (Leader of the Government): We finished the debate. The Government Whip has invoked his right under the rules to defer the vote.

Hon. Joan Neiman: Honourable senators, I have a question for the Deputy Leader of the Government. Are we sitting right through this afternoon until the vote? A minister is appearing at the Standing Senate Committee on Aboriginal Peoples at 4:45 p.m. today. This vote would certainly inconvenience everyone.

Senator Lynch-Staunton: The Whip has invoked the rule to defer the vote until 5:30 p.m. tomorrow.

Hon. Eymard G. Corbin: What will be his excuse tomorrow? You are chickening out. You are headless chickens. You do not know which way to flutter any more.

Vote deferred.

[*Translation*]

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—BILL TO CHANGE NAME—SECOND READING

Hon. Gérald-A. Beaudoin moved the second reading of Bill S-20, to amend the name of the Canadian Medical Association.

Honourable senators, this bill will amend the legislation respecting the Canadian Medical Association. The purpose of this private bill is to change the English and French versions of the association's name.

The Canadian Medical Association was created by an Act of Incorporation adopted by Parliament in 1909. Since then, the legislation was amended once, in 1959, to expand the association's objectives and powers.

Today the association, whose headquarters are in Ottawa, has 45,000 members who practise medicine in all Canada's provinces and territories and in many other countries as well.

As I said earlier, the purpose of this bill is to change the name of the association in our country's two official languages. In the Act of Incorporation of 1909, the name of the association is designated as *The Canadian Medical Association* in English and *Canadian Medical Association* in French. The association would like to shorten its English name very slightly and acquire a French name.

Regarding the English version of the name of the association, *Canadian Medical Association* is easier to remember than *The Canadian Medical Association.* Consequently, the article "The" will be dropped in the English version.

For the French version, the association has chosen *Association médicale canadienne.*

This proposal, presented at the annual meeting of the association's general assembly in August 1992, was examined and approved by the executive committee and the board of directors of the association during meetings in October 1992.

Thank you for your attention, honourables senators.

[*English*]

The Hon. the Speaker: It is moved by the Honourable Senator Beaudoin, seconded by the Honourable Senator Berntson, that this bill be read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have had correspondence on this bill involving, as Senator Beaudoin says, a change of name at the request of the medical association. Our rules provide a straightforward procedure for private bills, and I think it is useful to start that procedure at this time. I therefore support both the motion for second reading of this bill and sending it to committee in accordance with the rules, unless Senator Beaudoin wants to suggest that it follow a procedure different from the one provided in the rules.

As I recall, the rules require a week's wait before the bill can be considered. The reason for that is not capricious. It is to permit anyone who wants to the time to object or to give evidence in support of the bill. I believe there is an advertisement in the *Gazette* in the meantime.

It certainly looks as if we will be here next week, so it is desirable to get the clock ticking and have the bill sent to committee today.

Motion agreed to and bill read second time.

[*Translation*]

REFERRED TO COMMITTEE

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

On motion of Senator Beaudoin, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*English*]

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

SPECIAL STUDY ON CANADIAN CITIZENSHIP—
REPORT OF COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the seventeenth report of the Standing Senate Committee on Social Affairs, Science and Technology, entitled, "Canadian Citizenship: Sharing the Responsibility", presented in the Senate on May 6, 1993. — (*Honourable Senator Di Nino*).

Hon. Consiglio Di Nino: Honourable senators, I do not wish to speak to this matter at the moment.

Hon. M. Lorne Bonnell: Honourable senators, I have been attempting to speak to this matter for three days. I gave way to Senator DeWare, and then Senator Di Nino cut in ahead of me. Perhaps I could speak to the matter at this time?

The Hon. the Speaker: Is it agreed?

Senator Di Nino: Agreed.

• (1420)

Senator Bonnell: Honourable senators, I rise to make a few comments with respect to the most recent report of the Standing Senate Committee on Social Affairs, Science and Technology entitled *Canadian Citizenship: Sharing the Responsibility*. There has never been a more pivotal point in our history for Canadians to reinforce the bonds that hold us together as a great nation and to recognize the value of Canadian citizenship.

As we witness the many conflicts taking place around the world, we should be proud of our nation and of our citizens. Honourable senators, as parliamentarians I maintain that it is our responsibility to encourage public awareness about the meaning and the value of Canadian citizenship. By studying the concept, development and promotion of Canadian citizenship, as we have in the committee, we have taken yet another step, be it small in the whole scheme of things, towards achieving full citizenship participation.

Great nations should not simply be held together by geographic borders, nor are they united by words written in the Constitution. At the heart of all great nations is the common belief in a set of fundamental principles. The Canadian commitment to its system of Medicare has come to be one of the first things Canadians point to in defining what their country stands for; how society cares for its sick, elderly and disabled reflects on its most basic principles. The cuts to federal health care funding attack those basic principles of equality, and the caring and fairness that make up the Canadian identity. For the sake of Canadians and Canada, the government must restore health care funding to the provinces.

It is time, honourable senators, that we Canadians learned to value and appreciate the many differences that make us uniquely Canadian. As noted in our report:

> It is important for Canadians to identify strongly with their country, but we can do so from different perspectives and with different emphasis on what it is we treasure most. This is not to preach a disengaged form of relativism but only to permit that a committed form of identity can come from different perspectives.

What values make us a strong yet caring and compassionate nation? Each individual should be empowered to be a part of the bigger picture, to sense that they have something to contribute and actively participate in our society. Equality and full participation are goals that we should strive to attain.

Some citizens face many barriers in attaining these goals and are unable to participate fully. Canada prides itself on being a tolerant nation. Nonetheless, we must accept that racial discrimination is still prevalent in Canada, and remains one of the primary barriers to full participation in our society. Racism excludes and isolates citizens, denying them their rights to respect, equality, fairness and justice. It is up to every one of us to take an active role in eliminating the barriers of racism.

Until Canadians reach an understanding of our common goals, we will never fulfil our potential as a country. Our cultural diversity should be viewed advantageously in this changing world as we are able to prepare ourselves fully for international trading relationships in addition to expanding our knowledge of other cultures.

Canada's economic prosperity will depend solely on a highly skilled and competent work force. Achieving these goals means not only putting more emphasis on post-secondary education and technology training but

increased awareness on upgrading basic reading and writing skills. Illiteracy costs everyone. For people who do not have basic literacy skills, there are fewer job opportunities. For business, it means difficulty in finding skilled labour. Most of all, illiteracy limits one's ability to participate fully in society. Both levels of government recognize the importance of combatting illiteracy. However, we must place increased emphasis on solving the many problems associated with illiteracy.

Honourable senators, there has been some negative press coverage generated surrounding the report and its recommendations. I specifically should like to refer to an editorial from the Charlottetown paper *The Guardian* under the headings, "More meanderings from the Senate". It states:

> Now that the issue of institutional and constitutional reform is so far on the backburner to be almost invisible, the Senate appears to be on a peculiar crusade to spruce up its image before the fight begins again. An example of that was a report by a Senate committee sent to *The Guardian* this week on Canadian citizenship. Accompanying the report was a letter, which in part said:
>
> > It's mid-week and getting dark — do you know where your Saturday think piece and Sunday editorial are? Well, they just might be right here in the attached Senate Committee report. Senate investigative studies are recognized nation- and world-wide for their conciseness, clarity and thoughtfulness.

The editorial then continues:

> Do you catch the tone here? Breezy, conversational — almost hip in warm greetings and willingness to help out. And the anonymous letter writer was correct. It is mid-week and it is getting dark. But after an hour of perusing the 28 pages of *Canadian Citizenship: Sharing the Responsibility*, the world hasn't gotten any brighter.

The editorial goes on to talk about a few of the recommendations, and it ends on this note:

> It's your money. You are helping to pay for foolish letters that accompany foolish reports that are forgotten before they are released. As far as the Senate is concerned, reform should be spelled this way: A-B-O-L-I-T-I-O-N.

Honourable senators, I find it troubling that our report is distributed in this fashion to the media. We should look at this incident quite seriously. Not only has there been damage to the integrity of this chamber but also to the purpose of the study.

I admit that some of the recommendations may be ambivalent. However, by completing our study and publishing our report, we have at least focused attention on the issue of citizenship and citizenship education.

With respect to the recommendations, I should like to make a few comments.

Specifically, I wish to comment on recommendation 3 and combined recommendations 4, 5 and 6.

• (1430)

Recommendation 3 states:

> That citizenship initiatives espousing responsibilities and rights be targeted at all Canadians and not only at new Canadians.

After reviewing the testimony given by the Canadian Citizenship Federation, I cannot underemphasize this point. As noted in their testimony:

> It is with some anxiety that we see our symbols being dubiously used. In some areas of the country, young people assume that the national anthem is something sung at hockey games or at the Olympics when a Canadian athlete wins a medal. The flag is draped carelessly and limply on tops of buildings or shoved into a corner at official functions or behind a screen. We are not proud to be Canadians. We lack the cutting edge. We do not offer excitement or challenge and we fail to make being a Canadian citizen a fervent choice.

Honourable senators, I agree with the preceding statement. As Canadians we take for granted our way of life. We tend not to appreciate the many rights and privileges granted to us. Therefore, it is imperative that the Department of Multiculturalism and Citizenship balance its approach and ensure that resources are directed towards creating an awareness program designed for all Canadians. Different sectors of the population respond to different approaches. However, the department must be given the necessary resources to handle such a task.

Recommendations 4, 5 and 6 state:

> That the federal government promote national initiatives addressing matters of citizenship education; that the Department of Secretary of State assess existing models of citizenship education; and that the Department of Secretary of State consult with the Council of Ministers of Education concerning the applicability of such models in school curricula.

It is vitally important that, while recognizing the provincial governments' constitutional jurisdiction for education, the federal government play an active role in developing a strong curriculum for citizenship education. I believe that only through our educational system will we be able to reach all our young Canadians. Furthermore, the federal government must be responsible for developing such a curriculum. National standards are necessary. I recognize the task ahead is daunting, but it is one of urgency. As Canada approaches the

beginning of the twenty-first century, we need a strong, vibrant citizenry to meet the challenges that will be thrust upon us. Only by understanding our differences will we be able to work together to ensure our goals are achieved. It is my hope that the provinces will immediately jump on board such initiatives and assist in the creation of a new dynamic approach to the issues of citizenship education.

Finally, from a personal perspective, honourable senators, there are a number of other issues I wish to raise during this discussion.

It is imperative that members of Parliament, both of the House of Commons and of the Senate, actively participate in promoting citizenship. To accomplish this goal, we should be available to attend, where possible, citizenship courts when new Canadians take the oath of citizenship. This is a good way of introducing ourselves to new Canadians and welcoming them to our country. At the very least, we should be advised of new citizens so that we can send a letter of congratulations.

Honourable senators, I would now raise the issue of the location of citizenship judges and their responsibilities. My province of Prince Edward Island must share a citizenship judge with New Brunswick. I believe that every province should be entitled to at least one citizenship judge. In the case of Prince Edward Island, I would recommend that we have a part-time judge, one who could perform the duties of a judge in addition to promoting citizenship values. Perhaps Mrs. Mulroney has another friend living in Prince Edward Island who would like to receive an appointment.

Honourable senators, I believe we must strongly endorse the few national symbols of citizenship we have as Canadians. I strongly support a return to the singing of our national anthem, "O Canada", and the British national anthem, "God Save the Queen", in our schools. Furthermore, I think it is important that we accord our beautiful red maple leaf flag the respect it deserves. Canadians must learn to understand that, while they are granted rights and privileges, they must also accept some responsibilities. These few symbols are fundamentally important to recognizing who we are as a country and they must be recognized as such.

In closing, honourable senators, I would reiterate the importance of Canadian citizenship and citizenship education. William Kaplan, in his essay, "Who belongs? Changing Concepts", states:

> Citizenship is a status that can be shared. Moreover, it is the one status in the modern world that can allow everyone in a community to participate individually, collectively and equally in national projects that transcend race, religion, language, ethnicity and region. Citizenship can be a unifying force — for everyone in society. Instead of keeping people out, citizenship reconceptualized in this way must seek to bring people in. The people who live and work in the country are the people who are entitled to belong and participate if they wish. Citizenship and citizenship laws must continue to draw lines but in doing so they must ensure that everyone has an equal right to participate and ultimately to belong.

Senator Kinsella: Will the honourable senator permit a question?

Senator Bonnell: Yes.

Senator Kinsella: When listening to the excellent address of the honourable senator, I focused on what I think is a problem in this institution, the area of communication. Would the honourable senator agree that our information services department, which I believe was the author of the letter that was referred to, should be doing a better job than it is in communicating the good work of the Senate?

Senator Bonnell: If that is where the letter came from. I thought perhaps the letter had come from the honourable senator, who did not wish to sign it because he is the chairman of the committee. If it came from a person who did not have the courtesy to sign his or her name, that was not very good communication. Apparently the letter addressed the good work of the Senate, but the author did not have courtesy to sign the letter.

Hon. Peter Bosa: Honourable senators, I too wish to contribute a few remarks on the subject of citizenship. I wish to thank Senator Kinsella for preparing the Seventeenth Report of the Standing Senate Committee on Social Affairs, Science and Technology and presenting it to the Senate, because it gives us an opportunity to take part in this debate.

When reflecting upon the concept of citizenship, one quickly comes to realize that ours is an increasingly pluralistic society. It is important to understand that pluralism not only describes the concrete reality in which we find ourselves, but also provides us with some of the precepts needed for positively managing our diversity.

In our report, *Canadian Citizenship: Sharing The Responsibility*, is the following statement:

> It is important for Canadians to identify strongly with their country, but we can do so from different perspectives and with different emphases on what it is we treasure most.

A committed form of identity can come from different perspectives.

Properly understood, citizenship becomes the vehicle through which we can share these perspectives, while at the same time ensuring that we all have a sound understanding of our basic laws, rights and obligations. Effectively used, citizenship can be the vehicle that helps encourage Canadians to participate in the social and political life of their country. It

is through such participation that a healthy commitment to our basic values and institutions is formed.

It quickly becomes obvious that accessibility is a necessary prerequisite for the development of a broad-based commitment to citizenship and for the maintenance of healthy social institutions. Thus, a legal system that remains closed to those suffering discrimination, whether for lack of affordability or knowledge of its workings, is not one that is ensuring civil rights. Similarly, given the perplexity of the political-bureaucratic decision-making system, many groups with legitimate grievances will find it difficult to gain influence. It is therefore important that institutions not be structured so as to be overly biased in favour of those already well organized and powerful.

• (1440)

As our society has become increasingly multicultural, we have witnessed demands for the expansion of cultural rights to a variety of groups, including francophones in and outside Quebec, native people, ethno-cultural minorities and the like. What is new about the demands voiced is that whereas it was once commonly believed that individuals were entitled to their rights irrespective of race, nationality or religion, current demands insist that cultural differences be taken very much into account.

Furthermore, these cultural differences are not merely to be permitted within the realm of civil society, so it is argued, but should be reflected in the very structure of society's institutions. However, there is a big difference between a society recognizing and tolerating differences and having these differences formally reflected institutionally. The extent to which we can build these differences into the very structure of our institutions remains an open question. We must always remain mindful that our efforts in this direction promote a pluralistic tolerance of difference rather than social envy. The challenge, perhaps, is to go beyond tolerance and to seek the richness inherent in a pluralistic society.

Pluralism, like other societal norms, can only become actualized over time. As legislators, our duty is to help provide the conditions necessary for its fruition. At the same time, it is the responsibility of individuals and groups to participate enthusiastically in the political and social dynamic of Canadian society. While governments can sponsor affirmative action programs and help provide access to the legal system, such opportunities and avenues need to be taken advantage of.

In the long run, it is also important to remember that the acceptance of citizenship rights needs to be balanced by the active exercise of citizenship responsibilities, including social, political, and economic responsibilities. These common tasks contribute to the construction, transformation and improvement of our country and society. Citizenship must entail a commitment to a wider realm beyond that of self-interest. Such a commitment need not be onerous and may require little more than participation in public debate or having an enlightened concern with public issues. What is important is the encouragement of wide-ranging information, active social movements, lobby groups and political parties representing the many facets of our social reality. All these are elements likely to create common ground for our community.

The strength of our nation lies in the fact that we have developed a civic virtue that permits diversity and degrees of attachment while recognizing the mutual benefits of our interdependence. Ours has been a history of cooperative achievement.

In terms of citizenship education, it is therefore important that we develop the appropriate dispositions relating to principles of equality and acceptance of diversity. In our increasingly pluralistic society, it is important we pay careful attention to the multicultural aspects of citizenship education.

Ideally, a democratic citizenry is one that no longer harbours negative feelings and beliefs about diverse groups. Indeed, democracy is the public ideal to which multicultural education should be directed. Free and open discussion is the essential bridging activity in which a racially and culturally diverse population finds itself engaged when multicultural education is successful.

One of the more obvious ways for us to promote active citizenship is to remove existing barriers from participation. While it may be regrettable that many lack the desire to participate in civic matters, it is an injustice if those who want to participate are prevented from doing so by social, economic, or cultural barriers. We must therefore continue to strive to remove such barriers and correct matters such as the under-representation of women and ethnic minorities in our political institutions.

Hon. Consiglio Di Nino: Honourable senators, I wish to speak on this subject, but I am not prepared to do so at this time. However, I certainly do not wish to impede any other honourable colleague from speaking on this matter. Unless someone else wishes to speak at this time, I will move the adjournment of the debate.

On motion of Senator Di Nino, debate adjourned.

MEETING NEW CHALLENGES: CANADIAN RESPONSE TO A NEW GENERATION OF PEACEKEEPING

ELEVENTH REPORT OF FOREIGN AFFAIRS COMMITTEE—DEBATE CONTINUED

On the Order:

> Resuming the debate on the consideration of the eleventh report of the Standing Senate Committee on Foreign Affairs (peacekeeping), tabled in the Senate on 25th February, 1993. — (*Honourable Senator Corbin*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, as you all know, on February 25 of this year the Standing Senate Committee on Foreign Affairs presented its report on peacekeeping entitled *Meeting New Challenges: Canada's Response to a New Generation of Peacekeeping*. The executive summary of the report explains clearly the importance of Canada's role in peacekeeping:

> Peacekeeping raises Canada's profile and strengthens our position across a broad range of international diplomatic negotiations. It also has become an important element in shaping the Canadian identity.

That quotation, honourable senators, is from page 3.

Of course, this should not come as a surprise to anyone, especially when we consider that Canadian soldiers have been involved in every United Nations peacekeeping operation since the first one in 1947.

I believe all Canadians are proud of our peacekeeping record. I know I am. However, we must not let such justified pride lead us to unworthy smugness. Are there any international activities we should examine in that light? For example, what about arms exports, which, depending on where they go, may affect our peacekeepers? What is our record there? Let us see.

I will first give an overview of Canada's arms exports industry, including how much we export and where those exports go. Second, and a bit more specifically, we will look at UN peacekeeping activities involving Canadians, and arms sales to those countries or areas.

Regarding Canadian exporting statistics, the subcommittee on arms export in the other place tabled a report entitled *The Future of Canadian Military Goods Production and Export* in October 1992. The report stated that $300 billion is spent worldwide on arms production. Of all global arms producers, Canada ranks eighth on the list and produces approximately $3 billion worth of military goods per year.

In 1990, Canada's arms producers exported $1.04 billion, falling slightly to just over $900 million in 1991. A proportion of those sales go to Third World countries. In 1990, $39.6 million went to the developing world. This increased to $57.7 million in 1991.

Over 70 per cent of these arms are exported to the United States, and here is where the story gets interesting. Much of our exports to other countries, including the U.S., are components. When Canadian defence manufacturers ship components, the country they ship to is considered to be the final destination or the end user, but this end user uses the components to build weapons which it then may export to other countries. Since Canada lists only the destination country as the end user and does not ask to be informed about where the finished product is going, there is no way of knowing or regulating where those components end up. Remember, honourable senators, over 70 per cent of our exports are to the U.S., and we all know that the U.S. supplies arms to most of the rest of the world.

• (1450)

What I think we must find out now is: Do the components we export end up in third countries where we later send our peacekeepers? Let us examine this question by taking a look at the United Nations peacekeeping activities in which Canada is currently involved, and try to assess where the weapons in those areas come from.

There are currently 10 military advisors assigned to the Office of the Secretary General in Afghanistan and Pakistan. One of the 10 is a Canadian. This office will be the basis for any future peacekeeping operations in the area. Direct Canadian military exports to Pakistan from 1988 to 1991 were $4.5 million. In addition, components such as aircraft heating, communications equipment, guns and guided missile remote controls were exported to the United States, which were then used to build F-16A fighter aircraft, the AH-IS helicopter and anti-tank missiles. These weapons were exported to Pakistan.

Of the 840 UN peacekeepers stationed in Angola, 15 are Canadian. The UN role is to verify cease-fire and demobilization arrangements agreed to by the government of Angola and UNITA resistance forces. Canada exports the PWC PT6A-25A turboprop engines to Switzerland which are then used in PC-7 turbo trainers that are sent to Angola. Furthermore, the U.S. has long backed the UNITA movement with arms which may have been produced with Canadian components. It is hard to know exactly, for the reasons that I mention.

Just as an aside, that UNITA movement ignored the results of a fair election in Angola late last year and went on a spree, terrorizing towns and villages with American-supplied arms.

There is currently a cease-fire in El Salvador between the government and resistance forces which the UN peacekeeping forces are monitoring. The cease-fire is a result of a UN-mediated peace accord signed in September 1991. Of the 1149 UN officers in El Salvador, 11 are Canadians. Canada has exported navigational instruments, aircraft landing gear components, aircraft structural components, gas turbines and jet engines to the United States. The Americans use these components to build C-130H Hercules aircraft and UH-1 Iroquois helicopters, which are sent to El Salvador.

The Military Observer Group monitors the 1971 India-Pakistan cease-fire in the Kashmir region. There are no Canadians involved. However, Canada supplies a Hercules aircraft for the twice-yearly moves of the headquarters between India and Pakistan. I have already mentioned that Canada's direct military exports to Pakistan amounted to $4.5 million from 1988 to 1991, excluding the components used in American weapons sent to Pakistan. Our direct exports to India amounted to $1.2 million in the same period.

The UN observer mission mainly monitors the cease-fire on the Iraq-Kuwait border, patrols the demilitarized zone and monitors the Khawr'abd Allah waterway. Of the 500 UN officers, 45 are Canadians; mainly engineers whose tasks include clearing mines in the demilitarized zones. It is well known that many of the arms the UN mission faced in the Gulf War were of American origin. It is highly likely that some of those were built with Canadian components. Canadian components were also used to supply both sides in the Iran-Iraq war of the early 1980s.

A UN Disengagement Observer Force supervises the Israel-Syria cease-fire on the Golan Heights. The 1,332 UN personnel, including 178 Canadians, conduct fortnightly inspections of armament and force levels in the area within their mandate. Canadian direct military exports to Israel were $182,372 between 1988 and 1991. We also sent PWC PT6T-3 engines to Italy, which were used to make AB-212 ASW helicopters that were sent to Syria.

There are currently 3,550 UN officers, including 750 Canadians, involved in UN activities in Somalia. The UN's role is to facilitate cease-fires, help distribute humanitarian aid and to seek a political settlement.

Prior to 1977, the former U.S.S.R. supplied Somalia with much of its arms. Since then, nearly $1 billion in aid has been received from the U.S., much of that earmarked specifically for weapons. According to an unnamed Pentagon official quoted in the February 1993 issue of *Harper's* magazine:

> Between the stuff the Russians and we stuck in there during the great cold war, there are enough arms in Somalia to fuel hostility for 100 years.

Once again, since we do not require countries who purchase our components to tell us where they end up, who knows what weapons we inadvertently supplied to warring factions in Somalia through the U.S.?

What is our conclusion? We started by trying to see if our outstanding and well-earned reputation as peacekeepers might lead us smugly to close our eyes to parallel international activity that we might be less proud of, and which might contribute to risk for our own peacekeepers.

We can now see that Canadian peacekeepers have, and may in the future, to face or be killed by weapons either made in Canada or made with Canadian components. On the one hand, we have the defence industry, which claims a right to produce and export arms as a means of livelihood. On the other hand, we have Canadians being exposed to the arms produced by that industry.

Canada has had indirect military sales to over 41 countries in the Third World in the period between 1989 and 1990 alone. Many of these countries are in unstable regions of the Middle East and Southeast Asia. What will happen if another major war breaks out in any of these areas? Could we end up sending Canadian peacekeepers to areas where our own arms exports may have contributed to the problems in the first place, and which then may expose them to risks while trying to keep the peace?

As policymakers, I believe that we should think about that to ensure that we have a rational, well thought out arms export policy, if needed. If one is needed, then it must fit coherently into our peacekeeping and other international responsibilities. This committee report gives us an excellent chance to do just that. I congratulate the committee on its work. Perhaps the committee would consider a corollary study on the very topic we have raised here today, namely, peacekeeping and arms sales.

On motion of Senator Corbin, debate adjourned.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, as it is close to three o'clock, I move that all further Orders, Inquiries, and Motions be allowed to stand. We can then adjourn to allow the committees which are scheduled for three o'clock to adhere to their schedules.

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

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 10, 1993

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

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that the following person has been summoned to the Senate:

David Tkachuk

INTRODUCTION

The Hon. the Speaker having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated:

Hon. David Tkachuk, of Saskatoon, Saskatchewan, introduced between Honourable Lowell Murray and Honourable Eric Berntson.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, our newest colleague is a businessman, former teacher and, yes, like many of us in this place has had extensive political experience as an advisor and former principal secretary to the former Premier of Saskatchewan. I should say for the benefit of our colleagues, Senator John Macdonald and Senator Orville Phillips, who were appointed to this place by Prime Minister Diefenbaker, that Senator Tkachuk is chairman of the Diefenbaker Society Incorporated, an organization that was established to support the late Mr. Diefenbaker's wishes to leave his papers and other matters to the University of Saskatchewan.

I know that all senators from Saskatchewan will be glad to have Senator Tkachuk here to fill out the full complement from that province. On behalf of all our colleagues here I want to welcome him and express the open expectation that his experience here will be entirely satisfying and the confidence that he will have a very positive contribution to make to the work of Parliament and the country.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it has not been my pleasure to know Senator Tkachuk personally and I have to say that certain of the qualifications suggested by my friend opposite do not necessarily endear him to me immediately. However, as a neighbour from Manitoba I welcome him to our body here.

Hon H. A. Olson: Briefly, honourable senators, I just spoke to the honourable senator. He says he is not a farmer but he knows a lot about farming in western Canada. We need that kind of support here.

SENATORS' STATEMENTS

FREE TRADE

RELATION TO EMPLOYMENT

Hon. Philippe Deane Gigantès: Honourable senators, I have just returned from a trip to Europe where I saw several news articles —

Senator Di Nino: Again?

Senator Gigantès: At my expense, not the public's — that suggest that your religion of free trade is being put under the microscope and examined in serious papers and by people who are Conservatives. They are questioning whether free trade can function in conditions of unemployment. Of course, the first apostle of free trade, David Ricardo, the great economist, said it was not possible, that it was only possible in conditions of full employment.

Let me give a simple example. Suppose you abolish 10,000 automotive jobs in Canada each earning $14 an hour. The 10,000 people you put out in the street will no longer be able to afford a car and 10,000 cars fewer will be sold in Canada. You move those jobs to Mexico and give them to workers who are paid $1.40 an hour instead of $14. They will produce the cars, but at $1.40 they will not be able to afford the cars either. The net result will be that we will have impoverished 10,000 Canadians. We will have somewhat improved the lot of 10,000 Mexicans, but before the slight improvement of the Mexican's lot will multiply sufficiently to create a market for Canadian products, 15 or 20 years will have passed. So we will grow poorer faster than they will grow richer.

Senator Simard: Wrong again.

Senator Gigantès: It has been said that consumers will benefit if things are produced more cheaply. Well, we have the recent example of the Vogue Bras Company.

They shifted their production to Mexico. They were paying their workers $8 an hour here, and they started producing the same garment in Mexico, paying workers 40 cents a hour. Guess what? The price of the garment in Zellers dropped from $20.95 to $19.95. Where did the remaining profit go? Why, into the pocket of the entrepreneur, of course. However, it did not benefit the Canadian consumers a sufficient amount to compensate for the loss.

ROUTINE PROCEEDINGS

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

REPORT OF COMMITTEE

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Foreign Affairs has the honour to present its

SIXTEENTH REPORT

Your Committee, to which was referred the Bill C-115, an Act to implement the North American Free Trade Agreement, has, in obedience to the Order of Reference of Thursday, June 3, 1993, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

JOHN B. STEWART
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading on Monday, June 14, 1993.

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY BILL

REPORT OF COMMITTEE

Hon. Dan Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

TENTH REPORT

Your Committee, to which was referred the Bill C-72, an Act to establish the National Round Table on the Environment and the Economy, has, in obedience to the Order of Reference of Wednesday, June 9, 1993, examined the said Bill and now reports the same without amendment, but with the following observation:

The Committee is committed to the objectives and purpose of the National Round Table on the Environment and the Economy. To this end, the Committee gives notice of its intention to request an Order of Reference from the Senate within the next two to three years to examine the progress and effectiveness of the Round Table.

Respectfully submitted,

DANIEL HAYS
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading on Monday, June 14, 1993.

EXPLOSIVES ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Daniel Hays, Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

ELEVENTH REPORT

Your Committee, to which was referred the Bill C-107, an Act to amend the Explosives Act, has, in obedience to the Order of Reference of Wednesday, June 9, 1993, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

DANIEL HAYS
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading on Monday, June 14, 1993.

• (1410)

CURRENCY ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. William C. Doody, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Banking Trade and Commerce has the honour to present its

THIRTY-FIRST REPORT

Your Committee, to which was referred Bill C-124, an Act to amend the Currency Act, has examined the said Bill in obedience to its Order of Reference of Tuesday, June 8, 1993, and now reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading on Monday, June 14, 1993.

[*Translation*]

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1993

REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTY-FIRST REPORT

Your Committee, to which was referred Bill C-125, an Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect, has, in obedience to the Order of Reference of Tuesday, June 8, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GÉRALD-A. BEAUDOIN
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading on Monday, June 14, 1993.

[*English*]

TRANSPORTATION AND COMMUNICATIONS

SEVENTEENTH REPORT OF COMMITTEE PRESENTED

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

SEVENTEENTH REPORT

Your Committee, which was authorized by the Senate on Tuesday, June 8, 1993 to examine and report upon the report of the National Transportation Act Review Commission, entitled *Competition in Transportation, Policy and Legislation in Review*, tabled in the Senate on March 23, 1993 (Sessional Paper No. 343-912), and other matters relating to transportation, respectfully requests that it be empowered to adjourn from place to place outside and within Canada, and to engage the services of such counsel and technical, clerical and other personnel as may be necessary for the purpose of such examination.

Pursuant to Section 2:07 of the Procedural Guidelines for the Financial Operation of Senate Committees, the budget submitted to the Standing Committee on Internal Economy, Budgets and Administration and the report thereon of that Committee are appended to this report.

Respectfully submitted,

Donald H. Oliver, Q.C.
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Oliver, bill placed on the Orders of the Day for consideration at the next sitting of the Senate.

NUNAVUT BILL

REPORT OF COMMITTEE

Hon Len Marchand, Chairman of the Standing Senate Committee on Aboriginal Peoples, presented the following report:

THURSDAY, June 10, 1993

The Standing Senate Committee on Aboriginal Peoples has the honour to present its

FOURTH REPORT

Your Committee, to which was referred the Bill C-132, an Act to establish a territory to be known as Nunavut and provide for its government and to amend certain Acts in consequence thereof, has in obedience to its Order of Reference of Tuesday, June 8, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LEN MARCHAND
Chairman

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

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, because Royal Assent is scheduled today at approximately 4 p.m., it was agreed on Tuesday that leave would be given to move the third reading of both Bill C-132 and Bill C-133 today. I ask leave to do that now, so long as the time taken to deal with the two bills does not encroach on the time usually allotted to Routine Proceedings.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I think it would be suitable to deal with the two bills together. I do not know if honourable senators wish to make speeches or not, although I am sure that, if they do, they will be brief.

NUNAVUT LAND CLAIMS AGREEMENT BILL

REPORT OF COMMITTEE

Hon. Len Marchand, Chairman of the Standing Senate Committee on Aborignal Peoples, presented the following report:

THURSDAY, June 10, 1993

The Standing Committee on Aboriginal Peoples has the honour to present its

FIFTH REPORT

Your Committee, to which was referred the Bill C-133, an Act respecting an Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada, has in obedience to its Order of Reference of Tuesday, June 8, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LEN MARCHAND
Chairman

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

NUNAVUT BILL

NUNAVUT LAND CLAIMS AGREEMENT BILL

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 59(1)(*b*), moved the third reading of Bill C-132, to establish a territory to be known as Nunavut and provide for its government and to amend certain Acts in consequence thereof; and the third reading of Bill C-133, respecting an Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada.

Hon. Len Marchand: Honourable senators, first, I wish to thank all honourable senators for agreeing to this procedure and for dealing with these two important bills in such a rapid manner. It has been a great honour for me to have participated in these landmark bills.

Committee hearings were held yesterday at which we heard from the minister, who described the process which the bill has gone through over quite a long period of time. It was an excellent presentation. We also heard from Paul Quassa of the Tungavik Federation of Nunavut, along with others, such as John Amagoalik, and other representatives of the Inuit people.

It is a record that many people should read. It was a tremendous exercise in nation building, to put it in its simplest terms. As people will see from the record, these two bills and this agreement will make Canada a much stronger place. As John Amagoalik said, this is really our entry into Confederation. These two bills and the agreement should be the blueprint for a meaningful and happy future for the Inuit people and for Canada. The agreement confirms this area as the homeland of those people, the place in which they can maintain their culture and live the kind of life that they want to live as Canadians within Canada.

• (1420)

Hon. Royce Frith (Leader of the Opposition): Honourable senators, since we will be moving right to third reading without an opportunity to read the transcript, I would like the chairman of the committee to reassure me on one aspect that I had raised with him, and which had been partly answered by one of the witnesses to whom he referred in his statement.

Am I correct in saying that this bill crowns some 20 years of negotiation during which persons who were, in their view, adversely affected were dealt with, and that concerns which were expressed over that period were dealt with and, according to the letter I received, settled?

Can the chairman assure us that, after all that work, there was no significant opposition, and that this process received virtually the unanimous support of the community and everyone affected by the legislation?

Senator Marchand: Honourable senators, I can assure the Leader of the Opposition that there was no opposition to the bill during the committee hearings. When you read the record, you will see the process through which the Inuit people and the minister went. It was not an easy process. It was a long and difficult process in which the Inuit people and the Indians of northern Manitoba and northern Saskatchewan raised questions. These were all dealt with before the bill came to us in Parliament.

We are satisfied that a lot of goodwill goes along with these two bills. The agreement that was made has the backing of a large segment of the Inuit people of that new territory and, indeed, of all Canadians. We were told in the committee that a poll showed that 70 to 80 per cent of the people of Canada are in agreement with the terms of the settlement.

Senator Frith: Honourable senators, I thank the chairman for that answer, and congratulate him and his colleagues on many years of excellent work. I am glad to share the justified celebration of the crowning of that work in this legislation.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I have previously asked questions about the bill. I want to join in the congratulations to the aboriginal members on both sides of this chamber for the work they have done to accomplish this goal. It is, as Senator Marchand has indicated, a very significant exercise in Canadian nation building. It was very interesting to hear at the committee that, throughout all the discussions, the feeling of the Inuit people was always that they were a part of Canada, and that this legislation was making them even more a part of Canada.

I compliment those members. I particularly compliment the Inuit people from Nunavut. It is pleasant to see some of them present in the gallery this afternoon to witness this crowning achievement. May they take back to their people the good wishes of every member of this chamber.

• (1430)

Hon. Charlie Watt: Honourable senators, I wish to thank Paul Quassa and his wife and his colleagues, who are present today with us. As Inuit, it is a day not only for joy for the Inuit, but also for being proud of what has been accomplished.

I am proud to stand here today to speak about Nunavut and the Nunavut Land Claims Agreement. I am proud both as a senator and as an Inuk leader. This is because, in my mind, Nunavut represents something that brings about a closer harmonization of Inuit and Canadian values. As I mentioned yesterday, what you see on a map realigning Canada does not mean that you want to begin a process to secede from Canada. That is not what it means. It means that it is now realized that a big piece of territory was left out of the process when the process was first put in place. It puts more strength into Canada. The Inuit have never shown any reluctance in terms of being part of Canada. This is one area that has been a milestone for the Inuit in enabling us to advance and move ahead.

It is true that this text is a negotiated text. It has been under negotiation for a long time — 17 years. I must congratulate the people who have had the patience to see this matter through to the end result that is taking place today.

Nunavut will be established as a territory within the Canadian system. It will be put in place in a manner that is in keeping with Canadian democratic tradition. It will make use of structures and institutions that are well established within Canada's constitutional framework. Yet, since Inuit constitute close to 80 per cent of the population in Nunavut, the new territory will very much reflect and accommodate Inuit culture, values and aspirations.

At times, people wonder what self-government is all about. At times, you have also heard that Inuit basically want to remain in Canada. But at the same time they want to have an opportunity — the same as everyone else does — to utilize the tools that are available to everyone, but not in a racist sense. This is where the differences have always been shown every time we have dealt with the Constitution. The Inuit always choose to go through the public democratic route rather than the racist line. Once again, this has been demonstrated by the Nunavut people, of whom I am proud to be a part.

This harmonization between the Inuit and Canadian systems has always been important to me personally. It has always been my objective to bring together my role as a senator and as a Inuit political leader. I see Nunavut bringing about greater harmonization between Inuit and Canadian values. This is important for Canada and for the future of all Inuit in this country.

I should like to take this occasion to describe Nunavut from the point of view of an Inuk who does not live in or come from the territory in question. I want everyone to understand that the creation of Nunavut has been the dream of Canadian Inuit for almost 20 years — probably it goes even beyond that, but I will limit it to 20 years because that is the time when we started to have close understanding and close relations with the people from the south.

I can remember back to the 1960s. Some of us who first met then are still here. Senator Austin was one of the persons whom I clearly remember I confronted when I was still a young man. At that time he was talking about the idea of transferring the Government of Canada's responsibility to the provincial government. My question was: "Why? The Government of Canada is the central government." It used to be viewed as a big government by the Inuit. The federal government was the big government, and the little government was the provincial government. Those two concepts were invented by Senator Austin in order to make the Inuit understand the difference between the federal government and the provincial government. That story tells where we are today.

This dream has been around for as long as the current generation of Inuit leadership. For us — including myself — the creation of Nunavut is what we have been attempting to accomplish for the past 20 years. In many ways it will be the realization of our effort to ensure that the Inuit have the opportunity to become full partners in Confederation. Let me assure honourable senators that this objective is shared by all Inuit. The creation of Nunavut will be celebrated by Inuit both inside and outside the new territory.

The Quebec Inuit have strong ties with the Inuit in the Northwest Territories. I, for one, have a large number of relatives up there. The people we see up in the visitor's gallery today also have a lot of relatives on the Quebec side. As you can see, the appropriateness of what has been accomplished is shared not only by the Northwest Territories' Inuit but by all the Inuit in Canada.

This is probably a landmark decision. The accomplishment of reaching an agreement of this magnitude has never been equalled since I can remember. As one of the first persons who entertained the new modern land claims settlement and signed the land claims settlement, and is very much proud of accomplishing that as a Quebec Inuit, I have 20 years experience in implementing something like this, and going through the hardships. You can be assured that the work does not end today; it is only beginning today with the passage of those two bills.

There are other reasons why all Inuit are happy to see the country move towards the creation of Nunavut. In northern Quebec, we realized the nature of land claims in the mid-seventies when we signed the James Bay and Northern Quebec Agreement that I spoke of. In the Western Arctic, both groups have been working hard to implement their respective agreements and develop their northern economy. However, we have been held back in realizing the full potential of our agreements and in developing our regional economies by lack of a land claim settlement in Nunavut.

• (1440)

As you can see, we can move ahead now. We can move ahead, being proud of what we are and who we are. Now we have the tools that we can work with. Now we can make some difference in our lives. Now we can begin to start focusing on the economy, which in turn will, we hope, answer some of our social problems.

At times in the past, we have focused on the social area. Maybe that was a mistake on our part. Today, we have come to realize that in the modern world, if we want to be part of it, we have to focus on the economy and use that economy to strengthen our social values. We thank you for giving us that opportunity.

The implementation of the Nunavut agreement will finally allow us to bridge the gap between the Inuit in the Eastern and Western Arctic in our efforts to develop a strong and lasting economy throughout the Inuit homeland in Canada. Probably this will also give us the opportunity to take part in the international initiatives that our brothers have been able to enjoy in Alaska, for one example, and in Greenland, for

another. Now we can proudly be part of and take part in such initiatives.

The opportunity to link up our efforts to develop our northern economies is exciting for all Inuit. I think Canadians will be surprised to see what we will be able to accomplish. In other words, we are saying to you, senators, that you will see us again. You see us today and you will see us again, probably more advanced, in the very near future, being effective and contributing to Canadian society, not only socially but economically.

We do not want to be looked at as a group that is draining the system. We want to join with you as part of the system, helping Canada to survive, and I think we can accomplish that.

I also want to stress that the creation of Nunavut is the logical evolution of a Canadian federation. I think it will serve as a timely reminder of Canada's ability to accommodate its many different peoples and regions under one Confederation.

I am not sure whether I expressed that in the proper English terms. I am trying to say that, under one Confederation, we can all live together. We can accomplish things. I think the world will be very different if we can all agree on the various issues we have to deal with. What makes us different as Canadians — and I am proud to be a Canadian and part of Canada — is that we have different values, different elements, which we can put through one system and make it succeed. I hope this will continue on, whether by this present government or the next government. What is established today should be looked at as a cornerstone and as a movement in the right direction.

I would also like to point out that the creation of Nunavut will mark the first time aboriginal people have changed the map of Canada since the Métis brought Manitoba into Confederation. The importance of this fact should not be lost in this International Year of Indigenous Peoples. It is also important because of expectation among Canadians that aboriginal self-government rights will be entrenched in the Constitution.

Nunavut will not be a constitutionally protected form of aboriginal self-government. This is an issue we may have to visit somewhere down the line. That is not the issue today. It will also not be a model applicable to many other aboriginal groups. As I mentioned earlier, some groups would prefer to adopt restrictive lines, while others would rather adopt a broader perspective. I, for one, am not a believer in hiding from the bigger society, not if my way of life, my culture, is to survive. I believe in using the bigger society, being supported and protected by the bigger society. Then my culture can survive. Not the other way around. I think that hope is shared by the Inuit across Canada.

Nevertheless, Nunavut will serve as a graphic symbol that change is occurring in this country and that aboriginal peoples are starting to take their rightful place in Confederation. Again, I thank you, senators.

I congratulate both the government and the Inuit of Nunavut for concluding a truly outstanding agreement and for moving ahead with the creation of Nunavut.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before we go to the vote, I want to highlight the main features of these two bills which are really of an historic nature.

Bill C-132 is an act of nation-building. It provides for the creation of the new territory of Nunavut in the traditional Inuit homeland of the Central and Eastern Arctic. As honourable senators are aware, the new territory of Nunavut will be created in what is now the central and eastern parts of the Northwest Territories. It will take a form of public government similar to that of the Northwest Territories.

This will not be aboriginal self-government. However, the Inuit will effectively have their own government, given that they account for more than 80 per cent of the population in the Nunavut region. Nevertheless, the government of Nunavut will be elected by and responsible to all residents of the new territory, aboriginal and non-aboriginal alike.

The new government of Nunavut will have all the powers currently granted to the government of the Northwest Territories.

Bill C-132 lays a foundation for a new partnership between Inuit and Canada, a partnership that will help Inuit achieve their cultural, economic and political goals within a strengthened Canada. The bill will redraw the map of northern Canada and lead to a more prosperous economic future for the residents of the Eastern Arctic.

Inuit of the Nunavut region truly have cause to celebrate. In fact, all Canadians have cause to celebrate, because, with the passing of this bill, we will take a huge step toward fulfilling our obligations to the aboriginal people and ensuring them a special place in Confederation.

Some two and a half years ago, the Prime Minister outlined the government's native agenda, a four-point plan of action to correct past wrongs, fulfil contemporary obligations and build a better future for aboriginal people.

Today, with Bill C-133, we are asked to address a key element of the native agenda, the settlement of land claims. We are being given the opportunity to forge a modern treaty with Inuit of the Eastern Arctic and to ensure for them a strengthened political future within Canada.

Bill C-133 is an act to give effect to the Tungavik Federation of Nunavut Land Claims Agreement, which will settle the largest land claim agreement in Canada. This agreement acknowledges thousands of years of Inuit occupancy and use of the Central and Eastern Arctic. It will allow Inuit to reclaim their past, but, more important, it will allow them to look to the future with optimism, confidence and hope.

• (1450)

Settlement of the land claim will bring to a successful conclusion more than 15 years of negotiations. Among other things, it will provide certainty of rights to lands and resources in a vast area, fully one-fifth of the Canadian land mass. The Nunavut Land Claims Agreement, which was negotiated in a remarkable spirit of goodwill by all parties, will end that uncertainty. It will allow resource development projects to proceed in a way that brings benefits to both Inuit and non-aboriginal residents of the settlement region, benefits that will include greatly enhanced employment and business opportunities, new transportation and communications infrastructures, and an improved standard of living.

In their ratification vote last November, the Inuit voted to exchange uncertainty of aboriginal title for the clearly defined and constitutionally protected rights set out in the agreement. In return for aboriginal title, the 17,500 Inuit of Nunavut will have fee simple ownership of approximately 350,000 square kilometres of land, placing them amongst the largest land owners in North America. On more than 36,000 square kilometres, the Inuit will own the mineral as well as the surface rights.

This is an important indication that the Inuit anticipate and welcome resource developments in the settlement region. In fact, they are depending on development projects to supplement the financial compensation they will receive under the final agreement.

As a constitutionally recognized land claim agreement, the TFN settlement will provide the Inuit with lasting protection for their land-based interests.

Ownership of land and the financial means to pursue socio-economic development are not the only tools the Inuit will need to build a better future. They must also acquire the skills to manage their lands and finances, to deliver social and economic programs, to take advantage of employment and business opportunities, and to participate fully in government.

Towards this end, a training trust fund will be established under the final agreement. As well, mechanisms will be put in place to increase Inuit employment in government and to help firms owned by or employing Inuit to compete for government contracts.

It is with great pleasure, honourable senators, that I urge unanimous support for Bills C-132 and C-133.

Hon. Senators: Hear, hear!

Motion agreed to and bills read third time and passed.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-SIXTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, June 10, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FORTY-SIXTH REPORT

Your Committee wishes to inform the Senate that it has adopted a Policy on Reliability Checks. A copy of the policy has been distributed to all Senators and additional copies are available from the Office of the Clerk.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

FORTY-SEVENTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

THURSDAY, June 10, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FORTY-SEVENTH REPORT

Your Committee wishes to inform the Senate that it has adopted a Policy on Scales of Entitlement. A copy of the policy will be distributed to all Senators and additional copies are available from the Office of the Clerk.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Hon. Thérèse Lavoie-Roux: At the next sitting of the Senate.

The Hon. the Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Eymard G. Corbin: Honourable senators, did I understand correctly? Will we receive copies of this report? What about the remark that copies will be available from the Office of the Clerk? Usually, we are given copies as the report is presented. We did not receive any. Will we receive them today? I am anxious to read them.

On motion of Senator Lavoie-Roux, report placed on Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

TELECOMMUNICATIONS BILL

FIRST READING

The Hon. the Speaker informed the Senate that a message had been received from the House of Commons with Bill C-62, respecting telecommunications.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Monday, June 14, 1993.

NATIONAL FINANCE

NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO STUDY AUDITING PRACTICES OF NATIONAL FILM BOARD

Hon. Jack Marshall: Honourable senators, I give notice that on Wednesday next, June 16, 1993, I will move:

THAT the Standing Senate Committee on National Finance be authorized to examine and report on the financial management and auditing practices of the National Film Board, and that the committee present its final report no later than September 30, 1993.

THE SENATE AND HOUSE OF COMMONS

INEQUITY IN TREATMENT OF SENATORS' PUBLIC BILLS AND PRIVATE MEMBERS' BILLS—NOTICE OF INQUIRY

Hon. Noël A. Kinsella: Honourable senators, I give notice that on Monday next, June 14, 1993, I will call the attention of the Senate to an apparent inequity in the procedure followed by the House of Commons in dealing with Senators' Public Bills after they have been passed by the Senate and the procedure followed by the Senate in dealing with Private Members' Bills passed by the House of Commons.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 159 residents of British Columbia who object to the goods and services tax.

Most of these petitions are from Vancouver, Richmond, Delta, Nakusp, Campbell River and Black Creek. They reflect the deep-seated resentment most Canadians have with respect to the GST.

[*English*]

• (1500)

QUESTION PERIOD

EMPLOYMENT AND IMMIGRATION

CITIZENS' PROGRAM—MONITORING OF FOREIGN INVESTMENTS—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the Leader of the Government regarding the program for foreign investments. Recently, the province of Manitoba has run into some serious problems with a number of these investments under the Citizens' Program. According to the information I have, back in March of 1991, Manitoba had approached the federal government to find out who was responsible. There were conflicting opinions at that time as to who should be monitoring such programs. Manitoba has now decided to withdraw from the program. Perhaps the minister could tell us

exactly who is responsible for such programs. Is it the province or the federal government, and what steps is the federal government taking to ensure proper monitoring?

Hon. Lowell Murray (Leader of the Government): Honourable senators, in the circumstances, I am extremely reluctant to extemporise on this matter. I will obtain a report from my colleague the Minister of Employment and Immigration and bring it in in due course.

Senator Molgat: While the honourable senator is obtaining that information, could he also ascertain whether the government proposes to continue this program, or is it planning to cease its participation in such programs in view of difficulties that have arisen?

Senator Murray: Honourable senators, I shall do that also.

CONSERVATIVE PARTY LEADERSHIP CONVENTION

ATTENDANCE FEES LEVIED ON AMBASSADORS TO CANADA—GOVERNMENT POSITION

Hon. M. Lorne Bonnell: Honourable senators, perhaps the Leader of the Government in the Senate could advise us as to whether or not it is true that the Conservative Party is charging the ambassadors of foreign countries something like $690 to attend the Conservative leadership convention this weekend? If that is so, are the only countries involved the ones to which this government has given money in aid, and will they use that same money to pay their dues at the Conservative convention?

Hon. Lowell Murray (Leader of the Government): Honourable senators, this is not a matter that falls within the administrative responsibility of the government.

Senator Bonnell: As to the responsibility of the government, perhaps the government should intercede in a matter of this kind where these foreign countries — European countries, African countries — need all of their resources to finance their own economies without having to pay that kind of money for their ambassadors to attend a convention of this nature, which should be open to the public in a country like Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): There is a matter that does fall under government responsibilities, however. If they are charged a fee, will they also be charged GST?

ORDERS OF THE DAY

APPROPRIATION BILL NO. 2, 1993-94

SECOND READING

On the Order:

Resuming the debate on the motion of the Honourable Senator Lynch-Staunton, seconded by the Honourable Senator Comeau, for the second reading of Bill C-134, for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, this matter is standing in my name because I wanted to read again the comments made by my colleagues Senator Olson, Chairman of the Committee, and Senator Bolduc, who also spoke on the work of the National Finance committee regarding appropriation.

I also took the time to check Hansard of the House of Commons to see what comments were made over there, and it was a singularly interesting process. Nobody said anything except, "I move, I move" and the bill went through in one afternoon with absolutely no consideration, which I found rather surprising.

In any event, honourable senators, I am prepared to let the bill go forward at this time. I have reread the material provided to us, including the statement by Senator Olson that the committee has agreed to provide interim supply only, and that the matter will be coming back to us. In view of the fact that we will have Royal Assent later this afternoon, the practice that we normally follow is that we give leave to proceed in those cases.

Senator Perrault: That is cooperation.

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. John Lynch-Staunton (Deputy Leader of the Government): With leave, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Agreed.

Motion agreed to and bill read third time and passed.

[*Translation*]

ROYAL ASSENT

NOTICE

The Hon. the Speaker informed the Senate that the following communication had been received:

RIDEAU HALL

June 10, 1993

Mr. Speaker,

I have the honour to inform you that The Honourable Beverly McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 10th of June, 1993, at 3:45 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

[*English*]

• (1510)

CANADA LABOUR CODE PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—SECOND READING

Hon. Mabel M. DeWare moved the second reading of Bill C-101, to amend the Canada Labour Code and the Public Service Staff Relations Act.

She said: I rise today on second reading of Bill C-101, to amend the Canada Labour Code and the Public Service Staff Relations Act. This bill consists of federal labour legislation amendments designed to reduce administrative and cost burdens for employers, increase efficiency and competitiveness, and enhance labour-management cooperation. These amendments are a balanced package to benefit employers, employees and taxpayers. They allow us to maximize our investment in workers and so preserve our competitive position in the world market.

Most of the amendments relate to labour standards set down by the Canada Labour Code. They are the product of a two-year consultation and development process with federally regulated employers, employees and their representatives, what we tend to term "stakeholder" groups these days. In this case, the stakeholders are 700,000 working Canadians who will benefit from these amendments.

To summarize these amendments, they will streamline procedures for modifying standards; clarify the relationship between collective agreements and minimum labour standards; allow more effective collection of unpaid wages; provide wage and employment protection for workers who are injured on the job; give greater flexibility to the timing of parental leave; and strengthen provisions for maternity-related assignments.

These proposals will modernize federal labour law, and their agreement in partnership with employers and workers reflects a common commitment to a more efficient workplace able to meet the challenges of the world. Unions and management are to be commended for the spirit of cooperation that led to these changes.

This bill will also make the Canada Labour Code and provincial labour standards more compatible, which will allow for equal treatment of federally regulated workers across the nation.

Finally, Bill C-101 also includes amendments to the Canada Labour Code and the Public Service Staff Relations Act to provide an additional mechanism, the directed vote, to assist in the settlement of labour disputes. No doubt there will be some discussion of these provisions, and I shall be adding my comments a little later. First, however, I want to inform honourable senators of the rationale behind and the substance of the improvements in the labour standards.

At the present time, for example, employers and employees who wish to substitute some other day for a general holiday under the Canada Labour Code are forced to use a cumbersome and time-consuming procedure. Up to five months may elapse before ministerial and departmental approval is granted. I am not speaking now of situations in which the employer and worker disagree, but of a delay in government approval of an agreed-upon substitute holiday. Such an agreement is a clear example of where government should step aside and facilitate, rather than hinder the will of the parties. Accordingly, we are removing the present complex procedures of ministerial and departmental approvals in favour of a system which allows agreements to be finalized in the workplace quickly and without complication.

To give another example, our present legislation has created an unnecessary duplication in redress procedures such that complainants may now choose one or both of the grievance procedures provided by their collective agreement and by Labour Canada, with resulting headaches for all involved. These amendments will prevent such problems and ensure the primacy of the third-party grievance process contained in the collective agreement. Provided that the collective agreements meet or exceed the standards set by the legislation for annual vacation, general holidays, minimum wages, and bereavement leave, they will be exempted from the redundant duplication of Labour Canada procedures.

This bill also provides for an administrative wage recovery procedure, modeled after the most successful of the provincial systems. This will improve Labour Canada's ability to assist

employees to collect the wages they are owed. This is a great improvement over the present system, which often requires a costly and time-consuming criminal prosecution before unpaid wages are collected.

These amendments will clarify an employer's obligation to return employees to work after an absence due to work-related illness or injury.

Bill C-101 will also ensure replacement wages and continuation of benefits, and it will protect injured workers from dismissal or other disciplinary action related to such absences. This bill will also clarify federal authority and remove the need for employers to conduct costly legal challenges of provincial jurisdiction.

Honourable senators, I think you will be especially pleased with the provisions in Bill C-101 which give parents greater flexibility in leave. Our proposal will allow one continuous period of leave at any time within the 52 weeks following a child's birth or its coming into the parents' care and custody. This will make the Canada Labour Code consistent with parental leave provisions in the Unemployment Insurance Act.

In addition, Bill C-101 strengthens provisions for maternity-related reassignment and leave. Approximately 6,700 federally regulated employees take maternity leave each year. Presently, the Canada Labour Code allows an employer to unilaterally require a pregnant employee to leave work if she is unable to perform part of her job. We propose to redress this inequity between the rights of the employer and employee. Under Bill C-101, the employer will now be required to make every reasonable effort to modify the job or reassign the pregnant or nursing employee if her physician believes that her temporary health needs so require.

For example, if a woman's regular job involves occasional lifting which her doctor has recommended against, her duties may be modified by having another employee do the lifting. If, however, the job requires repeated heavy lifting, it may be more appropriate to reassign the woman temporarily to another position if there is one available.

I should add that where reassignment is not practical or where the woman is unable to work at all, she would have the right of an unpaid leave of absence. Wage replacement during such a leave will continue to be available through existing programs such as UI or employer-sponsored benefit plans.

Overall, honourable senators, these amendments will support a woman's right to remain at work during pregnancy and will help keep experienced employees in the workplace.

Finally, I want to draw the chamber's attention to the proposed changes in the industrial relations provisions of the Canada Labour Code and the Public Service Staff Relations Act. These amendments would allow the Minister of Labour to direct that a vote be conducted among employees in a bargaining unit on an employer's last offer. In the case of a dispute involving the public service, a minister other than a member of the Treasury Board, as designated by the Governor in Council, could direct such a vote.

These changes are designed to serve the public interest by providing an additional mechanism to assist in the settlement of a collective bargaining dispute. It is fair to say that they are not supported by the union leaders who would prefer to have total control of when an offer is presented to the membership for a vote. However, I think it is also fair to say that this amendment would in no way take any power away from the workers, who both would and should have the final say on when an offer is acceptable to them.

Some union leaders have suggested that C-101 implies that they do not speak for their membership. I do not agree with that characterization. If indeed the leadership has the confidence of its members, I have no doubt that it will be able to convince them to reject the offer on which the minister has directed a vote. If not, however, I hope honourable senators would agree with me that it should be the rank-and-file membership as a whole which has the final say. Certainly I think such an option should be more acceptable to union leaders than back-to-work legislation. I hope that by allowing this less confrontational option, we will help to guide the course of labour relations to smoother waters.

Certainly we can expect to be reminded that these amendments leave power in the hands of the government and that power can always be abused. To this, I only remind the chamber that Parliament quite properly always retains the ultimate power of back-to-work legislation when it is needed to serve the public interest. To the extent that such discretion is exercised improperly, the government which does so must face the ultimate judgment of the electorate at the polls, so we should not find objectionable that the same standard of democratic rule should be applied to the employees' decision on an offer.

To conclude, honourable senators, I hope that my outline has made clear that Bill C-101 will bring real improvements to efficiency and cooperation in the workplace. The more equitable work environment they will help create will pay dividends to the nation's economy. I hope that all senators will see fit to give the bill their support.

Hon. M. Lorne Bonnell: Honourable senators, I thank Senator DeWare for her very intellectual lecture, but I advise you that she has only one side of the argument, and she told us the good side. There is another side.

I rise to speak on Bill C-101, which is an act to amend the Canada Labour Code and the Public Service Staff Relations Act. This bill, introduced in the other place by the Minister of Labour, the Honourable Marcel Danis, on December 9, 1992, contained proposals which, for the most part, were developed over a two-year period through consultation between the

employer and employee representatives. The Labour Standards Client Consultation Committee was initiated by Labour Canada and included such organizations as the Canadian Labour Congress and affiliated unions representing federally regulated workers, employers from the federal jurisdiction, and the National Action Committee on the Status of Women.

• (1520)

From all accounts, there appears to be broad-based support for most of the amendments contained in this bill, because of what both sides describe as a very successful consultation process. However, the government, without the knowledge of the employee representatives, included a controversial and questionable amendment with respect to clauses 2 and 42: the proposal for a directed vote on the employer's last offer.

I find this situation best described in an article in the *Globe and Mail* of December 10, 1992, entitled "Labour amendments get mixed review". It states:

> The federal government has introduced progressive changes in the Canada Labour Code to protect pregnant workers, but "set the clock back" with another proposal that would allow Ottawa to order union membership votes on contract offers, the Canadian Labour Congress said yesterday. Under proposed labour code amendments, which would apply to 700,000 workers in federally regulated industries, employers would be required to "make every reasonable effort to modify a job or reassign a pregnant employee when her temporary health needs so require," Labour Minister Marcel Danis said. ...Labour representatives have applauded that initiative. However, another proposal that would allow the government to order membership votes on contract offers, "regardless of what the union leadership says," is unwarranted interference in labour-management relations, said Mike Sheridan, a CLC representative specializing in social economic policy.

As Canada approaches the twenty-first century, it is extremely important that we recognize the importance of maintaining a stable work environment, one where Canadians are able to attain the necessary skills to meet the global challenges of the future. I find little rationale and logic for putting clauses 2 and 42 in this bill. Unfortunately, this amendment has once again created an atmosphere of confrontation between the government and the labour sector.

Before discussing the controversial nature of clauses 2 and 42 of the bill, I should like to take a few moments to review other parts of the legislation that are probably a little better.

The amendments contained in this bill relate mostly to Part III of the Canada Labour Code: Standard Hours, Wages, Vacations and Holidays; Part I: Industrial Relations, and Part II: Occupational Safety and Health, are also affected. An amendment is also proposed to the Public Service Staff Relations Act.

Proposed changes in this bill include clarification with respect to the relationship between collective agreements and Part III of the Canada Labour Code. Certain divisions of the code would not apply to parties that provide employees with rights and benefits at least as favourable as those conferred by those respective divisions in regard to the length of leave, rates of pay and qualifying period for benefits, and settlement of disagreements.

The bill also includes a provision to ensure that an employee is protected with respect to maximum hours of work and the ability of an employer to substitute a general holiday.

Of particular interest, honourable senators, the government has substituted provisions with respect to maternity-related reassignment and leave, maternity leave, and parental leave. I should like take a few moments to comment on those provisions.

A pregnant or nursing employee would be able to request a modification to her job functions, or a reassignment, if it was deemed her current job function might pose a risk to herself, the child or the foetus during the period from the beginning of the pregnancy to the end of the twenty-fourth week following the birth. Moreover, the onus is placed on the employer to show that a modification of job functions or a reassignment that would avoid the activities or conditions indicated in the medical certificate is not reasonably practicable.

With respect to entitlement to leave, the bill provides that an employee who is pregnant or nursing is entitled to, and shall be granted, a leave of absence during the period from the beginning of the pregnancy to the end of the twenty-fourth week following the birth, if the employee provides the employer with a certificate from a qualified medical practitioner indicating that she is unable to work by reason of her pregnancy or nursing, and indicating the duration of that inability.

With regard to maternity leave, every employee who has completed six consecutive months of continuous employment with an employer, and provides her employer with a certificate of a qualified medical practitioner, is entitled to and should be granted a leave of absence from her employment of up to 17 weeks beginning no later than 11 weeks prior to the estimated delivery date and ending no later than 17 weeks following the actual date of the birth.

While the amendments with respect to parental leave will not result in an increase in the leave now provided, they will provide for greater flexibility in scheduling that leave. The leave of absence could not exceed 24 weeks in the 52 week period beginning on the day of the child's birth or the day in which the child came into the employee's care.

I support these amendments with respect to maternity reassignment and maternity and parental leave. We should all recognize the importance of ensuring that the first few years of a child's life are guarded and secure.

This bill also provides security for workers who are injured or become ill on the job. No employer shall dismiss, suspend, lay off, demote or discipline an employee because of absence from work due to work-related illness or injury. Each employer shall subscribe to a plan that provides an employee absent from work due to work-related illness with wage replacement, payable at an equivalent rate to that provided for under the applicable workers' compensation legislation and in the employee's province of permanent residence.

Finally, honourable senators, this bill also contains amendments in regard to wage recovery and deductions from an employee's wage.

The above amendments cited will, I believe, help workers in a fair and respectable manner. I fully support the above provisions contained in this bill although I feel that in some cases the benefits could be extended. It is high time this government recognized the importance of maintaining a healthy balance between personal, family and work responsibilities.

While the bill does contain many good provisions, I wish now to direct my comments to clause 2 and clause 42 of the bill, the proposal for a directed vote on the employer's last offer. Clause 2 amends the Canada Labour Code by adding the heading and section titled "Vote on Employer's Offer." In summary, when the notice to bargain collectively has been given and it is deemed that the public interest will be served by such a vote, this section will allow the Minister of Labour to order a vote on the employer's last offer. Employees would vote to accept or reject the employer's last offer on all matters remaining in dispute. Furthermore, all parties would be bound by that decision.

• (1530)

Clause 42 amends the Public Service Staff Relations Act in a similar fashion. Clause 42 provides that, before or after the commencement of a legal strike, if it was felt that the public interest would be served, a minister designated by the Governor in Council, other than a member of the Treasury Board, could order a vote similar to that which the Minister of Labour could order. The vote would be held without delay and would be conducted by the Public Service Staff Relations Board. If the offer was accepted, any legal strike would cease at once and, unlike the proposal for Part I of the code, the employees would be required to return to work as soon thereafter as the employer deemed practicable. As in clause 2, parties would be bound by this decision.

The Minister of Labour, the Honourable Marcel Danis, described the bill as "federal labour legislation which will reduce administrative and cost burdens, increase efficiency and competitiveness and enhance labour-management cooperation." I find it most interesting that the minister believes that clauses 2 and 42 will "enhance labour-management cooperation." This infringement on the collective bargaining rights of workers is appalling. The government has placed itself in a very difficult position by bringing forward this amendment without the consultation of the organized labour unions and groups.

Furthermore, it is argued by the government that this bill will "protect" the public's interest by "offering another mechanism to facilitate the settlement of collective bargaining conflicts in federal jurisdiction." We must remember, honourable senators, that as the employer, the government has the power at any time to override collective bargaining, to legislate a return to work, and to legislate the terms and conditions of a contract. We have witnessed this government take such action three times, most recently with the passage of Bill C-113, which continues the suspension of collective bargaining and the wage freeze for a further two years.

The amendment makes reference to "the public interest". However, honourable senators, there appears to be no definition of "public interest," and under what type of circumstance the minister may act. I am sure my definition of "public interest" and that of the government of the day would differ significantly. I therefore would like to know the government's definition of "public interest".

This government has a poor record when it comes to labour relations. We should remember, honourable senators, that in 1991 the Public Service Staff Relations Board declared that this government was guilty of negotiating in bad faith. Furthermore, the International Labour Organization, a United Nations agency, criticized this government for ceasing to negotiate with its employees.

Honourable senators, what is this government's hidden agenda with respect to the workers of this country? Why did the government choose to include such a severe amendment in what I would consider to be a fair and just bill? Will this government continue to chip away at the right of employees to organize and bargain collectively? I find it sad that this government decided it was in its best interests to abandon its consultative process in favour of such high-handed games.

Anyone who has been involved in collective bargaining knows that that process involves trust. A collective agreement is reached by following rules established before the negotiations start. By introducing this amendment, the government has decided that it desires the ability to intervene at any time, or when it feels the negotiations are not proceeding to their satisfaction. By including such an amendment, the government now has little reason to sit down, negotiate and work on a mutually acceptable agreement. The government enjoys a terrible amount of power with respect to legislating employees back to work, imposing a freeze on wages, et cetera. It appears that this amendment is adding to that power by destroying our system of collective bargaining.

I believe many of the amendments contained in this bill are worthy of our support. However, because of the severity of clauses 2 and 42, I cannot support the entire bill. These clauses are not in the public's best interest. I hope the government understands the error of its ways and allows us to make the necessary amendments to this bill which will accord the workers of this country the respect and consideration that they deserve.

The Hon. the Speaker *pro tempore*: It has been moved by the Honourable Senator DeWare, seconded by the Honourable Senator Oliver, that this bill be 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 *pro tempore*: All those honourable senators in favour of the motion, please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: All those honourable senators opposed to the motion, please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator DeWare, bill referred to the Standing Senate Committee on Social Affairs, Science and Technology.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Donald H. Oliver moved the second reading of Bill C-122, to amend the Customs Tariff (textile tariff reduction).

He said: Honourable senators, I am pleased to rise to speak on second reading of Bill C-122. Bill C-122 is important legislation that contains the long-awaited textile tariff reductions. The bill will have the effect of amending the Customs Tariff so as to implement, as of January 1, 1993, the textile tariff reductions that were announced by the government's December 2 economic and fiscal statement.

Bill C-122 will simplify the structure of the Customs Tariff by reducing tariffs on all fibres, yarns and fabrics to maximum rates of 5 per cent, 10 per cent and 16 per cent respectively. Current tariff rates are an average of 8 per cent, 13 per cent and 18 per cent to 25 per cent respectively.

For years, Canadian textile tariffs have been significantly higher than those of other industrialized countries and this has negatively affected both the international and domestic competitiveness of textile-using industries in Canada, particularly the apparel and the furniture industries. It has also resulted in increased costs to Canadian consumers. As a result, the government announced in March of 1988 that it would be reducing Canadian textile tariffs to bring them more in line with those of Canada's industrialized trading partners, particularly the United States.

The thrust of this initiative is to ensure that Canadian producers who use substantial quantities of textiles in their operations are able to compete on an equal footing with other companies in the North American market and elsewhere. By doing so, these companies will be able to offer their products at more attractive prices to consumers.

• (1540)

In February of 1989 the government decided to get some assistance in determining how to deal with these tariffs. It asked the Canadian International Trade Tribunal to provide advice on how to reduce Canada's textile tariffs to levels comparable to those of other industrialized nations. The tribunal's study took over a year to complete and included a series of extensive public hearings with evidence presented by all interested parties.

In its 1990 report the tribunal recommended that Canada's textile tariffs be reduced by moving to a simplified tariff structure with maximum rates of 5 per cent for fibres, 10 per cent for yarns and 16 per cent for fabrics. It also recommended that tariffs on certain specially constructed textiles be reduced by one-third.

The Canadian International Trade Tribunal proposed that the textile tariff reductions be phased in at a rate of 1 per cent per year over nine years, once the result of the Uruguay Round of multilateral trade negotiations is known. However, the tribunal indicated that, in the event the conclusion of the round was delayed, the textile tariff reduction should be implemented no later than 1991.

The tariff reductions proposed by the tribunal would reduce Canadian textile tariff rates by just over one-quarter. This would leave most products with slightly more tariff protection than their U.S. counterparts and significantly more than the European Economic Community or Japan. The Canadian International Trade Tribunal concluded that its recommendations would provide overall net benefits to the Canadian economy. At the same time, the tribunal stated that its proposed textile tariff reductions would have a relatively minor impact on the textile industry.

The primary textile industry has, over the past 20 years, invested heavily in modernization and rationalization, recording very impressive productivity gains. As evidence of the gains made by the textile industry, exports to the U.S. by textile producers have increased by about 44 per cent since the implementation of the Canada-U.S. Free Trade Agreement.

It should be noted that the health of the Canadian textile industry depends to a certain extent upon the strength of its customers, notably the Canadian apparel industry, which uses about 35 to 40 per cent of its production. On balance, the tribunal concluded that the textile industry could successfully adjust to these tariff reductions.

The government has carefully examined all aspects of the tribunal's report, including the effect that it would have on the textile industry and its customers. In 1990, the government expressed its support for the general direction of the tribunal's advice and announced that it would act on it in the context of decisions to be taken in the Uruguay Round of multilateral trade negotiations. At that point in time, Canadian textile and apparel producers began to bear in mind these potential textile tariff reductions when making business decisions.

Honourable senators, you will appreciate from my earlier remarks that this is not a new initiative. Industry has been well aware of the government's intention to reduce textile tariffs for over five years. Bill C-122 contains legislative amendments to implement the Canadian International Trade Tribunal's recommendations effective January 1, 1993, with the following modifications:

One, the textile tariff reductions are being phased in at a rate of 1.5 percentage points per year rather than the 1 percentage point recommended by the tribunal. This will result in the reductions being fully phased in at about the same time as they would have been under the tribunal's proposal.

Two, the tariffs on all textile fibres, yarns and fabrics, including specially constructed textiles, are being reduced to maximum rates of 5 per cent, 10 per cent and 16 per cent respectively to further simplify the tariff structure.

Three, margins of tariff preference are being maintained for certain items of significant trade interest to Australia and New Zealand in keeping with our international obligations.

In conclusion, Bill C-122 is an important initiative. It represents a fair and reasonable approach to reducing Canadian textile tariffs to the levels of our major industrialized trading partners. The tariff reductions in the bill are constructive policy initiatives. They will not only enhance the competitiveness of the Canadian apparel industry and other textile industries, but will directly benefit many textile producers by reducing costs on their textile inputs. At the same time, the reductions will have a minimal adverse effect on the textile industry.

It is time to introduce these long-awaited tariff changes and remove the uncertainties that have resulted from the past delays in implementing them. I respectfully ask honourable senators to support the speedy passage of this bill.

On motion of Senator Molgat, debate adjourned.

The Hon. the Speaker: Honourable senators, pursuant to rule 136(8), I must interrupt the proceedings. The Senate will now adjourn during pleasure to await the arrival of the Honourable Deputy to His Excellency the Governor General.

The Senate adjourned during pleasure.

• (1550)

ROYAL ASSENT

The Honourable Beverly McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy 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 Acting 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 Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts (*Bill C-92, Chapter 24*).

An Act to amend the Customs Tariff, the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and a related Act (*Bill C-102, Chapter 25*).

An Act to amend the Export Development Act (*Bill C-188, Chapter 26*).

An Act to amend the Excise Tax Act, the Access to Information Act, the Canada Pension Plan, the Customs Act, the Federal Court Act, the Income Tax Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and a related Act (*Bill C-112, Chapter 27*).

An Act to establish a territory to be known as Nunavut and provide for its government and to amend certain Acts in consequence thereof (*Bill C-132, Chapter 28*).

An Act respecting an Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada (*Bill C-133, Chapter 29*).

The Honourable Charles DeBlois, Acting Speaker of the House of Commons, then addressed the Honourable The Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted certain supplies required to enable the Government 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 of Canada for the financial year ending the 31st March 1994 (*Bill C-134, Chapter 30*)

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.

• (1600)

The sitting of the Senate was resumed.

CANADA SHIPPING ACT

BILL TO AMEND—SECOND READING

Hon. A. Raynell Andreychuk moved the second reading of Bill C-121, to amend the Canada Shipping Act and to amend another act in consequence thereof.

She said: Honourable senators, as I rise for the first time in this chamber, I wish to express my appreciation to all those senators who have helped and assisted me so greatly in integrating into this chamber. My appreciation extends to the Clerk and all the staff of the Senate.

Honourable senators, I am pleased to present for second reading the government's latest initiative under the Green Plan, Bill C-121, to amend the Canada Shipping Act and to amend another act in consequence thereof. This legislation will oblige the private sector to fund further improvements to marine spills response capability, increase the maximum fine for polluters to $1 million from $250,000, and authorize the adoption by Canada of two international covenants on marine pollution and clean-up.

This legislation will place the onus of responsibility for spill clean-up on the polluter. It will introduce a new regime under which ships and designated oil handling facilities will be required to pre-plan for spill response and enter into arrangements with private-sector funded response organizations for response to any spills which occur.

This legislation will also allow for greater public input to the spill clean-up process. Advisory councils will be established in each geographic region of Canada to provide guidance and advice to the Coast Guard and to the minister on ways in which spill response operations can be improved. This bill will also provide for Parliamentary oversight of the new regime to ensure that the private-sector funded system continues to operate at peak capacity.

However, in addition to putting the responsibility for spill preparedness on potential polluters and providing for greater public input and accountability, this bill strengthens the government's ability to ensure swift and effective response to spills. If a shipowner or a response organization proves incapable of mounting a response, the minister, through the Coast Guard, can and will assume control of the response and take any action necessary to prevent, repair, remedy or minimize oil pollution damage.

In the future, private citizens will have access to the Ship-Source Oil Pollution Fund for reasonable costs incurred in cleaning up an oil spill. Those affected by pollution will be able to undertake clean-up knowing their legitimate damage claim will be dealt with quickly. We will also quadruple the maximum fine for pollutant discharge offences to $1 million and provide for the gaoling of marine polluters. This change will bring the CSA into line with other legislation dealing with pollution, including the Canadian Environmental Protection Act, the Fisheries Act, the Oil and Gas Production and Conservation Act, and the Transportation of Dangerous Goods Act.

We will also increase flexibility in sentencing polluters by introducing a set of guidelines which may be used in imposing a sentence and providing for a variety of sentencing options beyond fines or prison. For example, convicted polluters could be required to publish information relating to the conviction or contributing to research. In fact, this legislation will empower the courts to direct convicted polluters to take any action the court considers likely to prevent the offender from committing the offence again.

This legislation will also permit Canadian accession to the International Convention on Oil Pollution Preparedness, Response and Cooperation, 1990. This convention, which Canada helped develop and is committed to implementing, will help ensure greater international cooperation for response to major marine spills.

Finally, we will implement the Salvage Convention, 1989. This convention effectively changes the centuries-old principle of "no cure, no pay" under which salvors are only entitled to a reward if their efforts to salvage a vessel are successful by providing for special compensation for salvors whose efforts succeed in preventing or minimizing pollution damage.

I am particularly pleased that we are in a position to come forward at this time to accede to these conventions as, in my past life, I was involved on the international side of attempting to get these conventions in place.

Honourable senators, as you know, the Public Review Panel on Tanker Safety and Marine Spills Response Capability, in its November 1990 final report, made 107 recommendations concerning Canada's ability to prevent and respond to marine spills. Not all the panel's recommendations have required new legislation, and indeed the government has taken action to address the majority of the panel's concerns.

I would stress, however, that this legislation is but one piece of a much larger puzzle—the piece which focuses on response to spills. I will leave it to one of my colleagues to speak in the future on all the other initiatives the government has undertaken in areas such as spill prevention.

Honourable senators, in closing, it may be appropriate to refer to the comments, both formal and informal, of witnesses who appeared recently before a parliamentary committee examining this legislation. It is a rare pleasure to be able to report that, with respect to this bill, government, industry and environmental interests have spoken with one voice saying, "Pass this legislation. Put in place the new regime for spill response. Continue the work of protecting our waters."

These are wise words, indeed, and words which I would urge honourable senators to consider carefully.

Hon. Raymond J. Perrault: Honourable senators, this is the first formal opportunity that I have had to welcome to the chamber Senator Andreychuk. I thank her for her remarks in support of this bill. I agree with most of the sentiments expressed in Senator Andreychuk's speech. Our concern on this side is that the bill has had an unduly long gestation period. It really constitutes the first cautious and timorous steps toward providing the kind of protection that Canadian waters must have.

We often talk about Canada being a nation from sea to sea to sea. Why, then, are we not in the forefront of the world in advancing those measures which will protect international waters, and our waters and all waters through which ships must pass? We have not been in the lead. We have been dragging behind many other jurisdictions. I find it alarming that we have been left behind on so many of these major initiatives.

For example, over 90 per cent of all foreign oil tankers in American waters are inspected by the U.S. government. The figure in Canada is something like 25 per cent. Why is that? Is it a matter of the government adopting the view that we should cut back on non-essentials? Surely it is essential that we have tanker safety in our waters. We do not find any mandatory provisions in this bill before us to ensure that those are safe tankers which ply our waters.

Just after New Year's Day this year, Canadians were horrified to watch CTV and *Newsworld* as they portrayed the destruction of the ship *Braer* off the coast of the Shetland Islands. Huge quantities of oil spilled on an ecologically sensitive area of the world. We saw on television the scenes of devastation to the environment and the wildlife, the pitiful plight of birds and fish and other products of nature entrapped in the oil slick that followed the destruction of that ship.

• (1610)

I am sure many Canadians relaxed and said, "It is awful and terrible, but thank the Lord it did not happen in Canadian waters." But it is a sobering fact, honourable senators, that at the same time the *Braer* was being broken up on the shores of Scotland, its sister ship was in Canadian waters suffering a mechanical breakdown, and the *Braer* itself was destined for Canadian waters on that particular, fatal voyage.

The destruction occurred as a result of mechanical failure on the ship, followed by its being tossed against the rocks by high seas, an experience that could easily have happened a short few hours or days later off the coast of Canada instead of Scotland. That is the worry. It was exactly the kind of disaster that led to the establishment of the Public Review Panel on Tanker Safety and Marine Spills Response Capability.

I remember a visit we had to the Woods Hole Institute under the leadership of Senator Marshall about three years ago. People at the Woods Hole Institute in Massachusetts said they were seriously concerned about what was happening to the Atlantic Ocean. Our most valuable species of fish were disappearing in vast numbers. We were shown graphic evidence of the decline in productive Atlantic species from a high on a graph, down, down, down, a small blip up, and then continuing down. Many people theorize that the decline is due to pollution in the Atlantic Ocean. This is a view, of course, as honourable senators know, held by Jacques Cousteau.

We must reflect on the nature of this problem. It is not a partisan issue at all. I agree with most of the measures contained in this bill. I am prepared to support them, but the serious situation in the oceans of the world today indicate that we must go far beyond the bill before us.

We remember the *Exxon Valdez* disaster. It produced an unbelievable situation in Alaska. We have had oil spills along the West Coast of Canada, my home province of British Columbia. One of the recommendations of that Brander-Smith review panel report was that we do much more to improve the double-hulling of the world's tanker fleets.

This legislation focuses on the very worthy matter of what we do in the event of a spill, described eloquently by Senator Andreychuk. How do we build a response capability? How do we pay for it? These are all important questions.

The bill contains provision for the creation of response capability in Canadian waters funded by private commitments by those who transport goods in our waters, especially oil. The result should be the creation of a genuine response capability in Canadian waters. So far, so good, but the issue that is not dealt with directly in this legislation, and which is raised to such a great extent in the Brander-Smith report, is the more important — in many ways — objective of prevention of actions occurring in the first place.

A proposal has been advanced in the other chamber that we proceed to provide financing for the double-hulling of many ships. The comments of the review panel with respect to inspection of tankers and other vessels in Canadian waters are very instructive. I want to refer to the Brander-Smith report beginning at page 22. This is what the panel writes:

> Given the inherent risks of transporting oil and chemicals in Canadian waters, it is imperative that all tankers, both Canadian and foreign, be seaworthy at all times.

To this we should say "Amen".

> With cost-cutting in the shipping industry, planned preventive maintenance and inspections risk become less of a priority to tanker owners. Tankers with aging and deteriorating structures and equipment are an unwelcome invitation to disaster.

This is the result of the panel's report.

> This can only be averted by aggressive vessel inspections and prompt detention of tankers in port for repairs when they do not meet Canadian or international standards for seaworthiness and pollution prevention.

Why was it not possible for the government to introduce a bill incorporating this recommendation of that highly respected Brander-Smith review panel? Why was not it regarded as a priority measure by this government to pass this bill before we get into a fall election or a leadership contest?

The report went on to say:

> In 1988, the Coast Guard inspected only 8 per cent of the foreign vessels entering Canadian ports. According to the Coast Guard, most of its inspection resources (up to 90 per cent in some regions) are presently committed to conducting compulsory inspections. Under the Memorandum of Understanding on Port State Control to which Canada is a co-operating party, Canada is now committed to inspecting 25 per cent of all foreign tankers visiting Canadian ports. (The results of these inspections will be stored in an international database and shared with European nations, who will also inspect 25 per cent of foreign tankers visiting their ports.)

[Senator Perrault]

The percentage should be very much higher, as I said earlier.

The report also recommends:

> 3.3 That the Canadian Coast Guard inspect every foreign tanker on its first visit to a Canadian port and immediately increase inspection levels to 25 per cent of foreign tankers in accordance with the port-state agreement...

But, as I say, the Americans are pushing that percentage up to a very much higher degree.

In the other place, it was suggested by some opposition members that the government establish a fund with a $2 per tonne levy. In 10 years, they would have some $800 million, a fund that would be a good start toward the renewal of tanker fleets, with the result that more tankers would be equipped with double hulls.

In addition to double-hulling, revenues from source could be used for many other good purposes relating to our environmental concerns. It has been suggested that the Coast Guard, for example, requires improved equipment, and that more money be allocated toward improving research and development in related fields. It has been suggested that moneys are required for the development of an electronic chart that would enhance the degree of safety in waters used by oil tankers.

Other recommendations were produced by Brander-Smith and other bodies concerned about the pollution of our waters; proposals, again, which are not part of the bill before us. Why have we no companion legislation before us which would meet these other recommendations and needs?

I mentioned the fact about the desirability of extending the inspection of fleets of non-Canadian known tankers. I believe this measure would enjoy support from coast to coast in Canada. It would not be controversial at all.

While the bill advances some proposals which merit support, surely it represents only the first steps toward a satisfactory policy of prevention and cure. In the next Parliament, we must work together to produce measures that will strengthen and address specifically every possible preventive initiative. It is absolutely essential. If we had a major oil spill tomorrow afternoon off the East Coast of Canada, all sorts of recriminations would be flying around this country. People would say that measures such as these should have been implemented two years ago. Let us avoid the tragedies and the very costly disasters which have plagued so many countries in the world.

I wish to see this bill move to committee quickly where we can hear further evidence. I would then be prepared to make a more complete statement at third reading.

Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Andreychuk, bill referred to the Standing Senate Committee on Transport and Communications.

• (1620)

INVESTMENT CANADA ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Ron Ghitter, moved the second reading of Bill C-89, to amend the Investment Canada Act.

He said: Honourable senators, I am pleased to rise for the first time in this honourable chamber to propose second reading of a bill that will be of great benefit to the community in which I live.

Before I make my brief comments with respect to this bill, may I extend to all members of this chamber my sincere appreciation for their friendliness and the many courtesies extended to me as a new member.

I very much look forward to working with all members in our common endeavour to make the work of this chamber better understood and recognized by Canadians, and to enhance the prestige and integrity of this institution.

For those of us who have either been directly or indirectly involved in the oil and gas sector over the past 20 years, we are all aware of the sensitivities and the roller coaster-like atmosphere in which this business community has endeavoured to survive. The oil and gas sector is fundamental to the economic prosperity of my province in this country. In Alberta, it represents 20 per cent of the GDP.

During the past number of years, we have been buffeted by OPEC price wars, National Energy Programs, confiscatory federal budgets, high interest rates, an overvalued Canadian dollar, the FIRA, the PGRT and low oil and gas prices. For a number of years it was the thinking of the Government of Canada that the natural resources of the West, particularly oil and gas, should not be sold at world prices but should be marketed at a discount to the rest of Canada. I vividly recall being in government from 1971 to 1979 in Alberta when these issues were very much on our minds, and when relationships between the East and West of this country were at an all-time low.

It is to the credit of this government that all these narrow discriminatory and confiscatory programs of the old regime are no more. Gone is the hated NEP, gone is the PGRT, gone are budgets that single out our oil and gas industry for special tax treatment, gone is Petro-Canada as a totally government-controlled agency of policy, gone is FIRA and gone are high interest rates.

Senator Corbin: Gone is Mulroney.

Senator Ghitter: To be replaced again, Mr. Speaker, by a wonderful leader who I am sure will lead us one more time to victory.

Today we welcome a reasonably valued Canadian dollar. We welcome stable oil and gas prices, we welcome lower interest rates, we welcome the National Energy Board headquarters to the west where it should be and, above all, we welcome the return of a viable oil and gas industry and the revised positive economic climate it has created in regions of western Canada. The recovery has not occurred by fluke or inaction. The recovery has occurred because the Mulroney government has the vision and the understanding of the oil and gas industry to undo all the wrongs levied upon this industry by past governments.

Today, in Calgary, the oil and gas industry is surging. Many new junior oil and gas companies dot the TSE. Drilling activity creating thousands of jobs has surged and the service sector is prospering again. Bill C-89 is but one more example of the desire of this government to assist the oil and gas industry in every way possible.

There are basically four aspects of the bill, Mr. Speaker, that I wish to bring to members' attention. The first and most significant aspect was announced in March 1992 by the government —

Senator Frith: Senator Ghitter, we use "honourable senators" and not "Mr. Speaker" here.

Senator Ghitter: Thank you, senator. I appreciate your mentioning that.

One of the changes that was announced at the time, honourable senators, involved the raising of the review threshold for acquisitions reviewed under the Investment Canada Act. As a result, in the legislation before us today, changes are shown whereby the current review threshold for direct acquisitions in up-stream oil and gas of $5 million and for indirect acquisitions of $50 million have now been changed.

The proposed amendments to the Investment Canada Act will extend to U.S. investors acquiring oil and gas businesses in Canada the same FTA-established review thresholds that apply to other sectors. As a result, the review thresholds for U.S. investors and sellers in other sectors will become $152 million, which was $150 million in constant 1992 dollars, for direct acquisitions with no review for indirect acquisitions. The threshold is being raised to encourage even greater investments to explore and develop Canada's oil and gas reserves and to allow Canadian oil and gas companies to grow and prosper with the assistance of external capital.

The rationale behind the legislation is the view that the current regulations place an unfair burden in the form of uncertainty and unnecessary costs on foreign controlled companies that want to be involved in the oil and gas business in Canada. In addition, Canadian companies may be restricted from realizing the full value of their investments by not being permitted to sell an oil and gas business to the highest bidder. For investments beyond $152 million, Investment Canada will still apply the net-benefit-to-Canada test for transactions that are reviewable. The result is oil and gas companies will now be treated no differently from businesses in the manufacturing sector. There is therefore no reason to maintain review thresholds different from those applied to the manufacturing industry. It is estimated by the *Financial Post* in their March 30, 1992 edition that an additional $300 million to $400 million a year in investment will result by virtue of the lifting of ownership restrictions and raising the threshold levels.

There are two other important aspects to this bill that I would bring to the attention of honourable senators. This amendment will permit the minister responsible for Investment Canada to enter into agreements with entities other than provincial governments and other agencies. The amendment will modify the act, which currently allows the agency to enter into agreements with any province, by adding the words "or with any other entity or person". This will allow the minister to enter into agreements with corporations and individuals. Approval by the Governor in Council is needed to enter into an agreement with a province and this approval will be required before an agreement is reached with the private sector. Agreements among federal departments and agencies do not require Governor-in-Council approval. The minister responsible for Investment Canada will use this power to enter into agreements primarily designed to share the monetary costs of an investment promotion project but also related to research activities of the agency.

The amendment will allow Investment Canada's program division the flexibility to undertake jointly funded programs with non-government entities. For example, the research division may collaborate with the C.D. Howe Institute or the Conference Board of Canada to study investment issues and, similarly, the development division may work with the Canadian Advanced Technology Association or the Information Technology Association of Canada to promote investment in a specific sector.

The amendment will bring the Investment Canada Act into line with the authority governing other federal departments and agencies that have comparable missions.

Third, this bill amends the act to give the minister new powers to determine whether or not a business entity in the cultural sector is or is not Canadian controlled. The proposed amendment gives the minister the authority to look beyond the current sections of the act that define a Canadian-controlled business to determine control "in fact". This will ensure that the proposed investment in the cultural sector which is controlled in fact by non-Canadians has not been structured in such a way as to avoid review under the act. In essence, this is an anti-avoidance amendment section.

Specifically, this section of the bill proposes three substantive new clauses. The first gives the minister the authority to override the current definition of control and base its determination on control in fact. The minister will also be given additional power to determine whether control has been acquired, and if the acquirer is a non-Canadian. The second gives the minister the authority to request relevant information from an investor, and to reach a decision on the information that is available to him.

• (1630)

The rationale behind these changes is to encourage the development of a strong cultural sector in Canada as a priority of this government. A healthy Canadian-owned book-publishing sector makes a strong contribution to Canada's culture because it can be relied upon to publish Canadian authors. Similarly, Canadian filmmakers and recording artists bring out Canadian values in their work, and Canadian companies often play an important role in the production and distribution of their work. Government policy is to encourage foreign-controlled firms to also contribute by promoting Canadian artists in their work.

In conclusion Mr. Speaker, members —

Senator Frith: Honourable senators.

Senator Ghitter: — honourable senators, I believe that these amendments to the Investment Canada Act, as proposed in Bill C-89, will be beneficial to the oil industry, the business community and the cultural community. The response to the proposed bill has been very positive in the business and cultural communities, and I recommend this bill for the consideration and approval of all honourable members.

Senator Frith: Senators.

Senator Ghitter: Senators.

Senator Frith: Honourable senators, I had no intention of harassing the senator, because many of us have had the experience of having some notes prepared for us by the department. They tend to prepare them in a form for delivery in the House of Commons. I understand the predicament. I have had it happen myself. I thought I might as well raise it on the spot, and then it might —

Senator Ghitter: Honourable members, I prepared my own notes and made the mistake. I cannot blame it on another party.

Senator Gigantès: You are very generous, sir.

Senator Frith: In that case, the explanation is that you have been watching C-SPAN or something of that kind.

On motion of Senator Molgat, debate adjourned.

[*Translation*]

SEIZED PROPERTY MANAGEMENT BILL

SECOND READING—DEBATE ADJOURNED

Hon. Jean-Claude Rivest moved the second reading of Bill C-123, respecting the management of certain property seized or restrained in connection with certain offences, the disposition of certain property on forfeiture thereof and the sharing of the proceeds of disposition therefrom in certain circumstances.

Honourable senators, I imagine all senators have understood this is a technical bill that will give the Government of Canada additional means to deal with crime, and especially with drug trafficking and the proceeds of these activities.

In 1991, Parliament passed legislation dealing with the proceeds of crime. The Canadian anti-drug strategy, launched in 1987 and renewed in March 1992 for another five-year period, admits that one of the best ways to deter drug traffickers is to make their business unprofitable. The proceeds of crime legislation is part and parcel of this strategy. Its purpose is to confiscate the profits of drug-related offences, which, as I said before, is an effective way to counter such activities. Attacking the potential profits of drug-trafficking acts as a deterrent to potential drug traffickers and is at the same time a well-deserved penalty for those who take part in this activity.

Honourable senators, these provisions, which were adopted by Parliament, have been used very little so far and need improvements. That is the purpose of the bill before us today, and there are two main reasons for this.

First of all, there has been an absence of an effective asset management regime pending the forfeiture of the seized assets. There is no administrative apparatus to supervise the management of these assets.

Second, there is a lack of co-operation by provincial and local police forces in investigating offences subject to the provisions of proceeds of crime legislation.

This particular bill would fill these two gaps in our current legislation. It would create a bureau within the Department of Supply and Services to manage seized, restrained and forfeited property.

Once the bureau has possession or control over the property seized or restrained in federally initiated prosecutions, it will have the power to manage it until the time the property is disposed of. This includes the advancing of money and any payments that may be necessary to maintain the ongoing operation of the property. It will also advise law enforcement agencies on the seizure or restraining of proceeds of crime.

Finally, the bureau to be created within the Department of Supply and Services would dispose of the confiscated property and administer the asset sharing program. The operations of this bureau would not generate any costs for the federal Treasury, since it would be part of the Department of Supply and Services and would be doing what the government does now with its not altogether adequate resources.

The second main component of this bill is the sharing of forfeited proceeds. This is, in fact, becoming an increasingly pressing issue, both in Canada and at the international level. In fact, provincial and local police forces are becoming increasingly reluctant to spend time and money on investigations connected with the proceeds of crime in support of federal prosecutions. Such investigations are generally very long and very costly.

Honourable senators, under present Canadian legislation, reciprocity is impossible and the purpose of the bill is to deal with this situation.

The proposed law would provide for a fair system to share the net proceeds from the disposal of confiscated goods with the governments responsible for the organizations that participated in the investigation which led to the confiscation. In the same way, proceeds could be shared with foreign governments whose legislation provides for a similar sharing program.

Finally, the bill makes changes to existing laws whereby provincial governments could dispose of the confiscated goods as they see fit. As we know, the provincial attorneys general take legal action for drugs seized as a result of investigations conducted by provincial or local police forces. It is a matter of applying to all provincial governments in Canada the system which already exists under administrative agreements between Quebec and the federal government and between New Brunswick and the federal government. This would be extended to all of Canada.

Honourable senators, that summarizes the main points of this bill. Thank you, and of course I urge you to adopt it.

On motion of Senator Lewis, debate adjourned.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-FIFTH REPORT ADOPTED

The Senate proceeded to consideration of the Forty-Fifth Report of the Committee on Internal Economy, Budgets and Administration (Budget—Transport and Communications Committee), presented in the Senate on June 3, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of this report concerning the committee on Transport and Communications.

The Hon. the Acting Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to, and report adopted.

PRIVILEGES, STANDING RULES AND ORDERS

REPORT OF COMMITTEE ADOPTED

On the Order:

> Resuming the debate on the consideration of the Fifth Report of the Committee on Privileges, Standing Rules and Orders (privilege—Senator Carney, P.C.), presented in the Senate on May 6, 1993. — (*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I wish to thank Senator Corbin, who in my absence, moved the adjournment of this debate for me. I wanted the chance to read what Senator Carney had to say following our report. I had an opportunity to read her comments and those of Senator Grimard. I participated in the work of the committee, which I think did a very good job. I do not propose continuing the discussion any longer. I think that we should adopt the report.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, on behalf of Senator Grimard, I move the adoption of this report.

The Hon. the Acting Speaker: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to, and report adopted.

[*English*]

• (1640)

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Today, Part 10: How Michael (GST) Wilson wrestled with the deficit, which, as we saw, was not a very important matter for the Mulroney team during the general election campaign.

Our examination of Mr. Wilson's performance is not just an exercise in nostalgia. No longer Minister of Finance, Mr. Wilson continues to sit as a key member of Mr. Mulroney's inner cabinet, with Kim Campbell and Jean Charest. He is now in charge of our NAFTA negotiations with the United States and Mexico, where he can again spark another disaster for Canada.

His legacy as Finance Minister continues its importance beyond the misery it has left throughout the country; it is a legacy that the two 1993 frontrunners in the Conservative leadership race have adopted as their own.

The Scene: Kim Campbell presents on April 29, 1993, her economic policy proposals. She begins by praising Mr. Mazankowski's most recent budget and then says: "I am totally supportive of the government's economic direction first laid out by Michael Wilson and consistently followed since then." As far as the government's economic and fiscal record, she says, "I am proud of that record," and then boasts that she "sat on the Expenditure Review Committee of Cabinet."

She was proud of Mr. Wilson's record, and Michael Wilson is equally proud of her. Less than two weeks later, he announced he was supporting Ms Campbell's leadership bid. Why? Because, "I think she is very much committed to the [economic] policies that I have been very much a part of in recent years." That is from the *Toronto Star* of May 11, 1993.

It is clearly time to ask about those policies. What are they, the ones that they are all talking about and which Ms Campbell is committed to, and what have they accomplished for Canada, because she obviously means to continue them if she is successful this weekend. Let's start with the big picture.

Mulroneyites, under the guidance of Finance Minister Michael Wilson, and later Don Mazankowski, accomplished in eight years what all previous prime ministers and finance ministers combined could not accomplish in 117 years. Wilson and Mazankowski managed to earn that doubtful prize by spending more than $1 trillion. Seventeen prime ministers from Macdonald to Turner, governing since Confederation, spent $900 billion over 117 years. Along come these Mulroneyites: Wilson, Mazankowski, Campbell, Charest and other luminaries and they manage to spend more than $1 trillion in eight years. It is hard to believe that a government trying to pass itself off as frugal and fiscally responsible and conservative could spend so much, but it did. It spent $1 trillion in eight years, more than everyone had spent in 117 years.

The amount is so fantastic, particularly when put in the context of how the Mulroneyites were elected in September of 1984. Finance Minister Michael Wilson presented his economic statement in November of that year, but let us pretend that the Mulroneyites had not spent a single penny until the new year, January 1, 1985 — that is, giving Mr. Wilson the best of it, and a four-month period of grace since the September 1984 election. Between January 1 and March 31, 1985, which was the final quarter of the 1984-85 fiscal year, the government spent approximately $27 billion. In the 1985-86 fiscal year it spent $111 billion; in 1986-87, $116 billion; in 1987-88, $125 billion; in 1988-89, $132 billion; in 1989-90, $143 billion; in 1990-91, $151 billion; in 1991-92, $155 billion and in 1992-93, $158 billion. And for the first quarter of the 1993-94 fiscal year, which takes to us the end of June 1993, it will have spent another $40 billion for a grand total of $1.158 trillion. One trillion dollars, let alone $1.158 trillion, is a staggering figure and can only be appreciated when put into some smaller or more graspable perspective. It is not enough to say that it is a one, followed by 12 zeros. If you spent $1 million every day, it would take 2,739 years to spend $1 trillion dollars. Spending $1 million a day, not interest, it would take 2,739 years to spend that amount and this government spent it in eight years, not 2,739 years.

• (1650)

One trillion dollars would build new $100,000 homes for 10 million Canadian families. You could give every man, woman and child living in Canada almost $40,000. I do not want to be too uncharitable about a government which is in its last months in office, but I think if you were to ask Canadians whether they would prefer to have eight and a half years of Tory government or a cheque for $40,000, they would take the $40,000.

What did Canadians get for the $1.158 trillion of their money that the Mulroneyites spent? Not much. Certainly not very much which was good. They got record numbers of unemployed, the dismantling of their social programs and a colossal national debt for their children.

But in 1984 it was not supposed to turn out like this. In his November 1984 economic statement, Mr. Wilson explained how terrible things were and then warned:

> That is bad enough but that is not the worst of it. Current projections show the deficit...remaining between $34 and $38 billion in every year for the rest of this decade.

What was Mr. Mazankowski's deficit last year? It was $35.5 billion. In order to defend their own dismal performance, Mr. Mulroney and Mr. Mazankowski, now claim that Mr. Wilson did not know what he was talking about in 1984.

In a speech Mr. Mazankowski gave to the Vancouver Board of Trade on September 1, 1991, he said:

> ...if we had not taken action to bring down the rate of spending from its pace prior to 1984-85, the deficit today would be over $100 billion...

Mr. Mulroney himself joins in, not caring that it demonstrates how his former finance minister, Mr. Wilson, must have been incompetent. Remember, former finance minister Mr. Wilson also warned in his 1984 economic statement, that if nothing were done, "...by 1990 it," and he is referring to the net federal debt, "could approach $410 billion".

Today, the net federal debt is approximately $460 billion. By his own words, we must assume Mr. Wilson admits that less than nothing was done.

Canadians will not forget. They will not forget how Mr. Wilson said that if nothing were done, "unemployment would remain unacceptably high — 11 per cent through 1985 and then declining gradually to about 7 per cent by 1990." That is from page 4 of his economic statement.

That is what Mr. Wilson said would await us if he did nothing. Whatever he thinks he did, the result, according to him, was worse than nothing, because by the end of 1990, the unemployment rate was not seven per cent, but 9.5 per cent and, today, it is 11 per cent, which he described as unacceptable.

After nine years of Tory administration, is this all the fault of the Liberals, or of Mr. Trudeau? I suppose he would say yes.

It is tempting to go on with the examination of Mr. Wilson's economic statement for some time because it graphically illustrates how the Tory train went off the tracks even before it had cleared the station. However, it is time to move on.

Let us move directly to Mr. Wilson's first budget, presented on May 23, 1985. Eight months after the election, one would have hoped that the Mulroneyites finally had a handle on what they were doing. Mr. Wilson, however, would prove otherwise.

In his 1985 budget he declared:

> I am implementing a clear and realistic medium-term plan to control our debt.

That declaration is found at page 5 of his speech. What was the result of that "clear and realistic" plan? The result is a debt that has more than doubled since the Mulroney team bought into the plan. Furthermore, that spectacular failure occurred concurrently with spectacular tax increases — some 29 or 30 over the period — and determined assaults on Canada's social programs.

We all remember Mr. Wilson's declaration in the House of Commons on March 6, 1984, when he said, "We would not raise taxes." We all remember the 1984 Progressive Conservative campaign handbook, which said, at page 97, "We can reduce the deficit without increasing taxes or reducing the level of social services."

Clearly, Mr. Wilson had not been listening to what he himself had been saying, or reading what his party had been writing, because on May 23, 1985, he did both. He increased taxes and launched his first of many assaults on our social services, after having said that it was not necessary, that we could maintain services and did not need to raise taxes.

Let me start with taxes. First, there was "a temporary 18-month surtax" on personal incomes. Eight years later, Canadians are still waiting for the end of that 18-month temporary period. The temporary surtax was to apply to "high-income earners". By "high income", the Mulroney team meant a family of four with an income of $40,000. That is where the surtax would kick in.

The second tax increase introduced by Mr. Wilson was not, strictly speaking, a tax increase, but it would raise even more money than the surtax. Personal tax exemptions, such as the married exemption, would no longer increase with the cost of living. They would be de-indexed, increasing only by the amount that inflation exceeded three per cent.

Therefore, if inflation were four per cent, the personal exemptions would increase by only one per cent. This would take place year after year, and the value of the exemptions would become smaller year after year. In 1986, this change alone would raise $635 million in extra taxes; and in years following it would raise billions. I think what they are calling that these days is a "tax grab".

Page 74 of the budget papers shows that this de-indexation of personal exemptions would cost a family of four making $15,000 an extra $62 in taxes. These lower income families also lost the benefit of the federal tax reduction provision. This meant another $100 in taxes for our family of four, with an annual income of $15,000.

Next, there was an increase in the Federal Sales Tax rate. Immediately upon taking office the Mulroneyites increased the tax from nine to 10 per cent, effective October 1, 1984. In his budget, Mr. Wilson increased it again to 11 per cent. This was the same tax that he was later to characterize as the "silent killer of jobs". That was when he was trying to convince Canadians that the GST was good for them.

The scope of this "silent-killer-of-jobs" sales tax was also expanded. It would now apply to confectioneries, soft drinks, pet foods, health products such as medicated creams and bandages, surgical and dental instruments, as well as energy conservation products.

Moving along, the excise tax on tobacco was increased. The excise tax on alcohol was increased. The excise taxes on transportation fuels were increased and there were special new taxes on corporations and financial institutions. That is not bad for someone who said, "We would not raise taxes." We should keep our ears cocked for some of his team members and proteges saying that this weekend, or in the next election.

But he was not finished. The Registered Home Ownership Savings Plan, which assisted young families to save money for their first homes, was abolished.

Turning to social programs, Mr. Wilson proposed to de-index old age security payments, so that there would be no annual increases unless inflation exceeded three per cent. The Mulroneyites abandoned that proposal when seniors across the country rightly charged that they had been betrayed. An identical proposal to de-index family allowances, however, became law.

The children of Canada were a softer touch for the Mulroney team. They were a safer target. They were much less likely to demonstrate on Parliament Hill, so Mr. Wilson also announced that starting in 1987 income tax exemptions for children, which stood at $710 per child, would not merely be de-indexed, but would be reduced, first to $560, and then to $470. As we all know, for the 1993 taxation year, they have been eliminated.

• (1700)

As if that were not enough, the income threshold for the child tax credit would be reduced by $3,000, and the exemption for dependent children over the age of 18 would be reduced.

Was this all to reduce the deficit? That is what they said, but we know they congenitally do the opposite of what they say. One would have thought they could get a firm handle on the deficit, but no, because all the savings and all the new taxes paid even by the very poorest of Canadians, did not go to fighting the deficit. A large part of it was redirected for the benefit of Canadians who least needed the government's help. I am thinking in particular about changes, for example, to capital gains and RRSPs.

I will deal with capital gains first. In his 1985 budget, Mr. Wilson announced that individuals would be granted a lifetime capital gains exemption of half a million dollars. All capital property would qualify for the exemption, whether it was a villa in Bermuda or a vacant lot in downtown Toronto. Mr. Wilson, at page 6 of his budget speech, declared:

> This is a measure designed to unleash the full entrepreneurial dynamism of individual Canadians.

Who, exactly, were these individual Canadians whose "entrepreneurial dynamism" was going to be unleashed by the Mulroneyites? They certainly were not members of those families of four making $15,000 who would see their taxes increase following the de-indexation of personal exemptions and the elimination of the Federal Tax Reduction program. These families would be hard pressed to make ends meet now that they had been harnessed to the tax wheel in order to provide the money needed to unleash the dynamism of others.

Who were these others? The answer is provided in the Revenue Canada publication "Taxation Statistics", at page 287. For the 1990 taxation year, total capital gains deductions totalled more than $6 billion. Who claimed these deductions? The Revenue Canada publication shows that individuals with an annual income of $80,000 or higher claimed more than $4 billion of those capital gains deductions. That is where the money went. The money that was taken from the lower middle class and poor through the front door was shovelled out the back door to rich people, at least to people who look rich to those from whom it was taken. Those are the ones who they were determined to help.

As we have seen, this gift to the few, paid for by the many, was going to cost real money, not just peanuts. In the very beginning that much was clear. On page 45 of the 1985 Fiscal Plan, there is a chart showing that in the 1985-86 fiscal year, the capital gains exemption was projected to cost the treasury $300 million. This was $80 million more than the government was going to receive through de-indexation, the surtax and the elimination of the federal tax reduction, all combined.

In 1985, Mr. Wilson, despite his tough talk — the Mr. Wilson whom Ms Campbell has welcomed as a mentor — was not increasing taxes on the lower and middle classes to fight the deficit. He was increasing their taxes because he needed the money in order to provide a capital gains windfall for the wealthiest of Canadians.

As I have said, it would cost $300 million in the 1985-86 fiscal year, and the following year it would cost $600 million while it was still being phased in. How many billions of dollars has this cost the federal treasury since then? In 1990 alone it cost more than $6 billion, according to Revenue Canada.

The other gift to the wealthy that Mr. Wilson unveiled in 1985, was increased contribution limits for RRSPs. Before the Mulroney team came into power, Canadians could put up to $5,500 into a RRSP. These contributions are tax deductible and they may grow within the RRSP, tax free.

In his budget, Mr. Wilson announced that contribution limits would be raised, in phases, to $15,500, or 18 per cent of earnings, whichever was greater.

What individuals did Mr. Wilson think could afford to plunk $15,500 into an RRSP every year? He could not have been thinking about that family of four with an annual income of only $15,000. For those families, Mr. Wilson de-indexed personal exemptions, eliminated the Federal Tax Reduction, increased excise taxes, increased sales taxes, and slapped the sales tax onto previously exempt products such as snack foods and bandages. He was not thinking of them.

To contribute $15,000, keeping in mind the overall limit of 18 per cent of total income, you would need an annual salary of more than $85,000. That is who Mr. Wilson and Mr. Mulroney were worried about; individuals making more than $85,000 a year. They needed help. Their welfare was more important than the deficit or the welfare of middle- class families struggling to raise their children. The priority was allowing these high-income individuals to hide an extra $10,000 from the tax man, while asking all other Canadians to empty their pockets.

Though this change was phased in more slowly than Mr. Wilson originally wanted, how many billions of dollars has it cost the treasury since 1985?

That was Mr. Wilson's first budget. There were new taxes for all Canadians, allegedly to fight the deficit, but in fact not used to reduce the deficit. Those new revenues were transformed into scrumptious bonbons for the wealthiest of Canadians so that they would be well nourished when it came time to unleash their dynamism.

What was the net effect? Did it do any good? Page 19 of Michael Wilson's 1985 Fiscal Plan shows for the 1986-87 fiscal year sales and excise tax increases of $1.380 million; personal income tax increases of $1.650 million; a $600 million capital gains present to the wealthy; a $40 million RRSP present to the wealthy; and a reduction in corporate taxes of $540 million.

What was the final result? For the 1985-86 fiscal year it was a $34.4 billion deficit. In 1986-87, Wilson did somewhat better, bringing the deficit down to $30.6 billion; but at what a cost to all but the most privileged Canadians?

That is the story of how the Mulroney team launched Mr. Wilson's "clear and realistic medium-term plan". It was certainly a fulfilment of government's classic role of redistributing the wealth of the nation — redistributing it by taking it away from the poor and giving it to the rich. It is reverse Robin Hood; take it from the poor and give it to the rich. It was a plan that kept their Bay Street friends happy, while failing utterly to deal with the deficit, no mean feat, and all in the name of doing something about the deficit. But now those well-nourished friends say that the deficit is proof that all other Canadians are eating too much and demand that the Mulroney team work even harder to dismantle what is left of Canada's social programs.

The Mulronyites — Mr. Wilson, Mr. Mazankowski, and Mr. Mulroney — will not be around much longer, but no matter, because Campbell and Charest have both made it clear they are more than prepared to listen and carry on these programs. They would even have a go at the, up until now, untouchable national health care system.

But that is for next time.

On motion of Senator Frith, debate adjourned.

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

THIRD READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Kelly, seconded by the Honourable Senator Cochrane, for the third reading of Bill C-93, to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992;

And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that Bill C-93 be not now read the third time but that it be amended by striking out line 38 on page 16 and substituting therefor the following:

43. Section 15 of the said Act is repealed and the following substituted therefor:

15. Funds to be appropriated for the Council, as set out in the estimates of the government for a fiscal year and laid before the House of Commons, shall be divided into the following four votes:

Vote 1: Funds for operating and capital expenditures in the fiscal year;

Vote 2: Funds for the purposes of paragraph 8(1)(*a*);

Vote 3: Funds for the purposes of paragraph 8(1)(*b*); and

Vote 4: Funds for the purposes of paragraph 8(1)(*c*).

The Hon. the Speaker: Honourable senators, pursuant to rule 67(3), the bells must ring for 15 minutes before the vote. Shall I call in the senators and have the bells rung?

Hon. Senators: Agreed.

• (1710)

Motion in amendment of Senator Frith negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	LeBlanc
Austin	MacEachen
Bosa	Marchand
Cools	Molgat
Corbin	Neiman
Davey	Olson
De Bané	Perrault
Fairbairn	Riel
Frith	Robichaud
Gigantès	Stewart
Hays	Stollery
Hébert	Thériault
Kirby	Watt—27
Lawson	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Johnson
Balfour	Kelleher
Beaudoin	Kelly
Beaulieu	Keon
Berntson	Kinsella
Bolduc	Lavoie-Roux
Carney	Lynch-Staunton
Chaput-Rolland	Macdonald (*Cape Breton*)
Cochrane	MacDonald (*Halifax*)
Cogger	Marshall
Cohen	Meighen
Comeau	Murray
Desmarais	Oliver
DeWare	Ottenheimer
Di Nino	Phillips
Doody	Rivest
Doyle	Roberge
Everett	Robertson
Eyton	Rossiter
Forrestall	Simard
Ghitter	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk—46

ABSTENTIONS

HONOURABLE SENATOR

Atkins—1

MOTION FOR THIRD READING NEGATIVED

The Hon. the Speaker: Honourable senators, it has been moved by Senator Kelly, seconded by the Honourable Senator Cochrane, that Bill C-93 be read the third time.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: No.

Some Hon. Senators: Yes.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: The "yeas" had it, but it seems to be on division.

And two honourable senators having risen:

Senator Molgat: A five-minute bell, please. I have discussed it with the Deputy Leader of the Government.

• (1720)

Motion of Senator Kelly negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Andreychuk	Kelly
Balfour	Keon
Beaudoin	Kinsella
Beaulieu	Lavoie-Roux
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Cape Breton*)
Cochrane	Meighen
Cogger	Murray
Cohen	Oliver
Comeau	Ottenheimer
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doody	Robertson
Doyle	Rossiter
Eyton	Simard
Ghitter	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk—39
Kelleher	

NAYS

THE HONOURABLE SENATORS

Adams	LeBlanc
Atkins	Lewis
Austin	MacDonald (*Halifax*)
Bonnell	MacEachen
Bosa	Marchand
Chaput-Rolland	Marshall
Cools	Molgat
Corbin	Neiman
Davey	Olson
De Bané	Perrault
Fairbairn	Petten
Frith	Riel
Gigantès	Robichaud
Graham	Sparrow
Hastings	Stanbury
Hays	Stewart
Hébert	Stollery
Johnson	Thériault
Kirby	Watt—39
Lawson	

ABSTENTIONS

THE HONOURABLE SENATORS

Carney
Everett
Forrestall—3

The Hon. the Speaker *pro tempore*: I declare the motion lost.

Some Hon. Senators: Resign! Resign!

Hon. Pat Carney: Honourable senators, on the advice of the Speaker, I have the opportunity to ask that the record show that I abstained on this vote because the bill has been found deeply flawed by the arts and academic community most affected by it, and I cannot support it under those circumstances.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motion:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Monday next, June 14, 1993, at eight o'clock in the evening.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): The Deputy Leader of the Government spoke to me earlier on this matter and we are agreeable to that date.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it is now close to six o'clock. Unless there are any special matters to raise, I move that all further Orders, Inquiries and Motions stand, and that the clock not move in relation to those orders.

Motion agreed to.

The Senate adjourned until Monday, June 14, 1993, at 8 p.m.

THE SENATE

Monday, June 14, 1993

The Senate met at 8 p.m. the Speaker *pro tempore* in the Chair.

Prayers.

SENATORS' STATEMENTS

THE HONOURABLE KIM CAMPBELL, P.C.

PRIME MINISTER DESIGNATE

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I congratulate the Conservative Party on the acquisition of its new leader and, therefore, temporarily, the Prime Minister, Kim Campbell. We, along with many Canadians, look forward to her quickly presenting herself to the voters of Canada for a mandate, which she now has from only some 1,800 out of some 13,800,000 eligible voters.

We should also congratulate Senator Murray on the success of his chosen candidate. I am sure she was relieved, if she looked at him when her percentage of 52.7 was announced, that he did not repeat his response to Mr. Clark at an earlier time that "it's not enough."

PATENTED MEDICINE PRICES REVIEW BOARD

COMPENSATION RULING

Hon. M. Lorne Bonnell: Honourable senators, I should like to congratulate the Patented Medicine Prices Review Board for having taken such a strong stand against one drug company, in ruling that the company pay $1.75 million in compensation. The board reduced the price of one medicine for heart attack victims that had been targeted by pricing agencies of Canadian drug companies.

This is the first time that compensation has been collected from a drug company by the Patented Medicine Prices Review Board since its power was expanded under the controversial new drug patent legislation approved earlier this year.

Congratulations to the Patented Medicine Prices Review Board for doing one thing in support of lower drug prices.

ROUTINE PROCEEDINGS

CRIMINAL CODE
YOUNG OFFENDERS ACT

BILL TO AMEND—FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-126, to amend the Criminal Code and the Young Offenders Act.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, June 16, 1993.

LAND TITLES REPEAL BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-103, to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday next, June 16, 1993.

[*Translation*]

A BILL TO AMEND CERTAIN PETROLEUM-RELATED ACTS IN RESPECT OF CANADIAN OWNER SHIP REQUIREMENTS AND TO CONFIRM THE VALIDITY OF A CERTAIN REGULATION

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-106, to amend certain petroleum related Acts in respect of Canadian ownership requirements and to confirm the validity of a certain regulation.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Wednesday, June 16, 1993.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 105 residents of British Columbia who object to the goods and services tax.

Most of these petitions are from Kamloops, Aldergrove, Langley, Surrey, Port Edward, Sidney, Vancouver, Richmond, Victoria and Mission.

Since last night, these petitioners must be delighted, because they know the election of Kim Campbell as Leader of the Conservative Party is the best way to get rid of the GST, because it will help the Liberal Party win the next election.

[*English*]

HEALTH AND WELFARE

PROTECTION OF CONSCIENCE IN MEDICAL PROCEDURES—PRESENTATION OF PETITION

Hon. Noël A. Kinsella: Honourable senators, I have the honour to present a petition signed by 37 citizens of the City of Saskatoon, Saskatchewan, on the subject of the protection of conscience in medical procedures.

QUESTION PERIOD

EXTERNAL AFFAIRS

BOSNIA—THREATS TO UN-DESIGNATED SAFE HAVEN—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Today, international wire services from Bosnia report that a UN-designated safe haven populated by some 57,000 people of mostly Muslim persuasion is now entirely defenceless and open to annihilating attacks by Serb forces. These Bosnian Muslims have pleaded to the world for UN protection.

What emergency steps, if any, is Canada taking to protect the lives of this threatened population?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not in a position to extemporize on that matter this evening. I will ask for a report from my colleague the Secretary of State for External Affairs.

Senator Grafstein: I would ask the Leader of the Government to respond quickly, because apparently time is of the essence.

Senator Murray: Honourable senators, I assure my honourable friend that, even if I cannot respond quickly to his question, the government will respond quickly to the situation.

ORDERS OF THE DAY

NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY BILL

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-72, to establish the National Round Table on the Environment and the Economy.

Motion agreed to and bill read third time and passed.

EXPLOSIVES ACT

BILL TO AMEND—THIRD READING

Hon. William M. Kelly moved the third reading of Bill C-107, to amend the Explosives Act.

Motion agreed to and bill read third time and passed.

CURRENCY ACT

BILL TO AMEND—THIRD READING

Hon. Gérald J. Comeau moved the third reading of Bill C-124, to amend the Currency Act.

Motion agreed to and bill read third time and passed.

[*Translation*]

MISCELLANEOUS STATUTE LAW AMENDMENT BILL, 1993

THIRD READING

Hon. Normand Grimard moved the third reading of Bill C-125, to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature

in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect.

Motion agreed to and bill read third time and passed.

[*English*]

SEIZED PROPERTY MANAGEMENT BILL

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Rivest, seconded by the Honourable Senator Lavoie-Roux, for the second reading of Bill C-123, respecting the management of certain property seized or restrained in connection with certain offences, the disposition of certain property on the forfeiture thereof and the sharing of the proceeds of disposition therefrom in certain circumstances.

Hon. P. Derek Lewis: Honourable senators, I am happy to speak on second reading of Bill C-123, and to say that, in principle, we support the bill.

As the Honourable Senator Rivest said on introducing this bill, this is an effort to overcome various shortcomings in present legislation aimed at combating organized crime, particularly drug trafficking and money laundering. That legislation, which might be described as "the proceeds of crime legislation", focused on the seizure and forfeiture of property used in, or earned, as a result of criminal activity. It was aimed at reducing the profit potential of crime and thereby to reduce the motivation for organized crime to finance further elicit efforts. In this it has had some success in that, in the period from 1989 to 1992, something in the order of $60 million has been realized from forfeited property. These moneys have, in the past, reverted to the federal government where the forfeited assets have resulted from criminal cases prosecuted by the Attorney General of Canada.

The present legislation did not provide explicit provision for the management and maintenance of seized property from the time of its seizure to realization, or to its return to owners where that was the ultimate outcome of the seizure. Neither did it provide for division with other jurisdictions of the proceeds of the forfeited property. In this respect, the proposed legislation is long overdue and is welcome.

The bill's object is to lessen the disincentive to various authorities to undertake cooperative investigations. It must be remembered that, in the investigation of crime, prosecution of the offenders and the seizure of property arising therefrom, several authorities are quite often involved. You may have municipal police forces, provincial police and justice officials and courts, as well as the RCMP and the federal justice department, all involved in such proceedings. However, other than the federal government, none of these authorities receive any benefit or share from the proceeds of forfeited property, even though they may have provided the cost of such services in varied amounts.

We are here, of course, dealing with cases prosecuted by the Attorney General of Canada. This can understandably be a cause of disincentive to cooperation between the various authorities who might otherwise be involved in these efforts.

As Senator Rivest has said, the aim of the present bill is to provide authority to the government, through the relevant minister, to make provision for the sharing of the proceeds of forfeited property with the various authorities which may have been involved in the proceedings. This will apply to both domestic and foreign governments. If this is arranged in a satisfactory manner, it should lead to an equitable division of the proceeds.

• (2020)

The bill also provides for the establishment of an office in the Department of Supply and Services which will be empowered to have custody and management of any property within the scope of the legislation. Under this provision, property management services may be engaged for both maintenance and operation of property until it is either disposed of by sale or returned to the proper owner.

There is provision in the bill to cover the cost of such maintenance and operation. I understand that services from outside the department will be engaged for such management services.

Honourable senators, while we feel that we can support the bill, there are a few points we believe must be made, which I hope can be addressed more fully when the bill goes to committee.

First, as I have said, this bill provides authority for the sharing of the proceeds of forfeited property. In fact, clause 10 of the bill provides that the minister shall — and I emphasize "shall" — share the proceeds of disposition of forfeited property in accordance with regulations.

Clause 19 of the bill authorizes the making of regulations respecting the sharing of such proceeds. In other words, although the bill provides that the proceeds shall be shared, there are as yet no provisions for what amounts are to be shared, how those amounts are to be determined, or the times or manner of the sharing.

We are not told how, when, in what amounts or proportions, or with whom the proceeds are to be shared. It is all left to regulations to be made after the bill is passed. We are left in the dark. While we may agree in principle with the bill, surely we should know what the principles of such a division will be.

It is almost like signing a blank cheque, except that in this case there will be no cheque at all, even though the minister is directed to share the proceeds. We are asked to agree to blank regulations.

As well, when this bill was introduced in the other place by the Solicitor General, it was suggested that the sharing of the proceeds would be on the basis of the proportion of input provided by the authority involved in the investigation and successful prosecution. It was further suggested that such share would go to the taxing authority in charge of the body doing the actual work on the investigation.

In other words, if a provincial police force were cooperating in the investigation, its share of the proceeds would go to the provincial government rather than directly to the provincial police force, and might then become part of the provincial general revenues and be used as such. In such a case, the share of the proceeds would not go to augment the provincial police budget, where the money could have been used to further police work in areas such as crime prevention. This might well reduce the incentive for police forces to involve themselves deeply in investigations that would not likely result in monetary benefit to them.

On the other hand, if a police force were to receive directly the share of such proceeds, it is possible that the taxing authority in charge of such a force would be tempted to reduce the police budget by the amount received from the share of the proceeds. This would appear to defeat the incentive to the police force to press such investigations. Then again, we might find that, if a police force did directly receive a share of the proceeds in proportion to the effort put into an investigation, there might be a tendency for it to keep such investigation in its own hands as long as possible in order to enhance its own portion of the proceeds. It seems to me that vying for the work would be a disincentive to cooperation among the various law enforcement agencies.

• (2030)

These are points which, I believe, need discussion and clarification.

Finally, honourable senators, there are questions with respect to the new office to be established to administer the provisions of this bill. Is it to evolve into another bureaucratic nightmare that will frustrate various governments' attempts to gain access to the proceeds of seized property or to obtain information as to their management?

How will the operation of the office be financed? Will the costs of operation be taken out of the proceeds realized from the forfeited property? In this respect, I note from what Senator Rivest said — if I understood him correctly — that there would be no cost to government from the office's operations. That is something we should look into, honourable senators.

What will be the actual function of the office? How much involvement will it have with the private sector in its operations? These are all problems upon which we should have clarification.

Honourable senators, while supporting the bill in principle, I feel there are many questions, particularly with respect to the matter of the sharing of proceeds, that require some clarification in committee.

Honourable senators, I hope the bill will go to committee for study shortly.

Hon. Senators: Hear, hear!

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, for Senator Rivest, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

INVESTMENT CANADA ACT

BILL TO AMEND—SECOND READING

Leave having been given to revert to Order No. 7:

On the Order:

> Resuming the debate on the motion of the Honourable Senator Ghitter, seconded by the Honourable Senator Stratton, for the second reading of Bill C-89, to amend the Investment Canada Act.

Hon. Michael Kirby: Honourable senators, I rise to make a few comments on the second reading of Bill C-89 prior to its being sent to the Standing Senate Committee on Banking, Trade and Commerce for consideration.

I wish to begin by pointing out some of the history of Bill C-89. Bill C-89 amends the Investment Canada Act, which many of you will recall was the act that replaced the Foreign Investment Review Act in 1985.

The history of foreign investment legislation in Canada goes back to the Gray Report of 1972, which was a report to the government of the day on foreign direct investment in Canada. The outgrowth of that report lead to the establishment of the Foreign Investment Review Act (FIRA) of April 1974. That act was the first piece of legislation in this country to deal with foreign investment and how government could maximize the benefit of foreign investment in the country.

In the 1980s, changing public attitudes toward foreign investment led the government to relax restrictions on foreign investment in order to create jobs. There was also a change in government in the fall of 1984. That change led to the 1985 Investment Canada Act, which was the replacement or the successor to the Foreign Investment Review Act.

The biggest single change that occurred when the FIRA legislation was abolished and replaced by the Investment Canada Act was that the criteria by which foreign investment in Canada would be evaluated were substantially altered. To put it another way, the conditions for rejecting a potential foreign investment in Canada were substantially narrowed.

With respect to FIRA, historically, potential foreign investments had to have generous benefits for Canada in order to be approved. The phrase "significant benefits" was replaced by the phrase "net benefits" in the Investment Canada Act of 1985. This led to the rather interesting situation in which the Investment Canada Act, over the eight years it has been in existence, has been such that virtually no proposed foreign investments that have been reviewed by Investment Canada have been denied.

What, then was the net effect of the change in language in 1985, if not to formally and legally do away with restrictions on foreign investment? That change had the net effect of doing away with foreign investment constraints of any kind. What has happened is that the vast majority of transactions reviewed by Investment Canada in its history have passed and been approved. What we have in Canada, in effect, is no significant constraint on foreign investment, with the exception of constraints that exist within cultural industries. Therefore, some of the changes proposed in Bill C-89 will have very little effect, because they will be changing an act whose actual application, in practice, has not had any significant impact.

Nevertheless, as much for "optical" political reasons as for substantive reasons, the government decided to proceed with Bill C-89 and, in particular, with clause 3 in Bill C-89. This clause extends to U.S. investors in the Canadian oil and gas industry the same review thresholds as apply in other sectors of the economy under the free trade agreement.

As some of you will recall, when we were considering the FTA in this place in 1988-89, one of the issues discussed was the impact of the FTA on the Canadian oil and gas sector and the energy sector in general. Under the FTA, some sectors of the Canadian economy were more open to potential foreign investment than the oil and gas industry — more open in the sense that the FTA prevents high thresholds for the review of U.S. investments and therefore effectively allows more to slip under the net than was required for the oil and gas industry.

I point out, however, that this is a fictitious net, because those foreign investments are rarely caught in the net. One should therefore understand that the real impact of this legislation on the oil and gas industry is partly "political optics" and not substantive policy change.

The government's defence of clause 3 in the act is to say that they are bringing the oil and gas industry into line with other sectors of the economy. In policy terms, this means that the review threshold for investments in the oil and gas industry, which is $5 million in direct investment under the current legislation, moves to $150 million. I point out that, even with $5 million, few investments have actually been stopped. You can understand, therefore, that such a change in legislation has very little impact. I would point out, however, that I have no doubt that, in Western Canada during the next election campaign, we will hear the government trumpeting what a significant change it made to the oil and gas industry. However, the reality is that Bill C-89 had absolutely no impact at all.

• (2040)

Another factor in Bill C-89 that is worth noting is the way in which it changes the provisions of the Investment Canada Act with respect to cultural industries — that is, "cultural industries" being defined as film, video, music and book publishing. Because cultural industries have been a hot political issue in Canada for a long time, ministers and Investment Canada have historically looked closely at potential foreign takeovers in the cultural industry. On the surface, this particular change in Bill C-89 would appear to subject cultural industries to greater scrutiny than under the current legislation. I say 'appear to do so' because it gives the minister power to make a significant intervention to control foreign investment in the cultural sector. This is the perceived "political optical" impact of the change. Given the philosophy of this government to date, giving any minister of the Crown the authority to exercise his or her judgment with respect to potential foreign investment is a farcical notion. With this government, we know in advance that the minister, whoever it happens to be, will be the one who winds up approving investment, not reviewing it.

Nevertheless, honourable senators, the bill does strengthen the hand of the minister in terms of reviewing potential foreign investments in the cultural sector. One would suspect — and hope — that in the hands of a minister of another governing party — which will happen before the end of the year — this particular change in the legislation will be more substantial than "optical".

Finally, honourable senators, I should like to make one observation about the remarks made in this chamber last week by Senator Ghitter, one of the new senators from Alberta and a former member of the Lougheed cabinet back in the 1970s. In speaking on Bill C-89, somehow or other he decided to devote a large portion of his comments to a history of foreign investment policy back in the late 1970s, and to some of the policies of the Liberal government of the day. In fact, he proceeded to attack a series of policies that I thought had been eliminated at least a decade ago, if not 15 years ago.

Nevertheless, he decided to devote nearly half of his speech on Bill C-89 to a trial run for stump speeches to be given in Alberta in the upcoming federal election campaign; that is, how this government has fostered growth in the oil and gas industry. In fact, the act has never been used to improve investment in the energy sector.

I found Senator Ghitter's comments on the introduction to second reading of this bill somewhat bizarre and out of touch with history. Perhaps since he left active politics he has not followed the political debate. However, I want to congratulate Senator Ghitter on something that he did say in his comments. On page 3464 of *Debates of the Senate* Senator Ghitter said the following — and this was his maiden speech in the Senate, and is a comment that some of us will want to come back to in the months and years ahead:

> A healthy Canadian-owned book-publishing sector makes a strong contribution to Canada's culture because it can be relied upon to publish Canadian authors.

I only wish those of us on this side had had Senator Ghitter in this chamber when we introduced the amendment on the GST to protect book publishers by taking the GST off books. One only needs to read the observations and statements by people in the book publishing and retailing industries to understand that the GST on books has had a devastating effect. Indeed, some are concerned about the effects of the GST on literacy.

Senator Murray: Come on!

Senator Kirby: Perhaps that is why Senator Ghitter is sitting on this side of the house on the days when he is here. I am absolutely delighted that Senator Ghitter —

An Hon. Senator: He is over on the other side.

Senator Kirby: I am sorry. I thought you were originally sitting down in this corner.

Senator Murray: The GST is causing political illiteracy.

Senator Kirby: One member of the government has been sufficiently—-

Senator Ghitter: Point of order, if I may.

Senator Kirby: — enlightened to understand the impact of the GST and the need to protect the Canadian book-publishing industry.

In short, honourable senators, those of us on this side of the house are, to put it mildly, not very enamoured with this piece of legislation, largely because we think it is political window dressing and will accomplish very little. Nevertheless, we are prepared to recommend that it go to committee. It is my understanding, having talked to the chairman of the committee, that, with the approval of this house, we would proceed to have witnesses appear before the committee at our meeting at eleven o'clock tomorrow morning.

[Senator Kirby]

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Ghitter, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

TELECOMMUNICATIONS BILL

SECOND READING—DEBATE ADJOURNED

Hon. John Sylvain moved the second reading of Bill C-62, respecting telecommunications.

He said: Honourable senators, at the outset I should like to take this opportunity to express my particular appreciation for the spirit of cooperation and collegiality demonstrated by all members of both the House of Commons and the Senate who have contributed to the making of this bill.

I must commend the Minister of Communications for his remarkable determination to establish a legislative framework that will allow Canadians to face important challenges in telecommunications. He has demonstrated constantly that the government was, in fact, listening carefully to the concerns expressed by Canadians. Honourable senators, this final product is living proof of that fact, and will benefit every Canadian. It will meet the needs of the twenty-first century.

• (2050)

I was also much impressed with the non-partisan nature of the Senate committee's pre-study report and the commitment of that committee to improving a bill dealing with a very complex industry.

Honourable senators, such spirit clearly demonstrates — and I cannot emphasize this point too much — the importance for Canadians of an efficient telecommunications system in a country as large and diverse as ours. Canadians and the Canadian telecommunications industry have waited a long time for modern and forward-looking legislation to govern this rapidly evolving and increasingly important sector of our economy.

[*Translation*]

Honourable senators, telecommunications are a major challenge to our competitiveness and economic growth. Rapid technological change has made this sector the key to market development and Canada's future prosperity.

Canada has a choice: It either takes an active part in the dynamic and profound changes taking place in the global economy or it becomes a second class player. Progress in telecommunications and informatics has helped turn our economy into a knowledge and information based economy. Never have our prosperity and future well-being been so dependent on our ability to take full advantage of the potential of telecommunications and information technologies.

The telecommunications bill provides a regulatory and legislative framework that will make it possible to meet these challenges.

[*English*]

Public hearings were held both by the subcommittee and by the Standing Senate Committee on Transport and Communications during its pre-study of Bill C-62. Virtually all witnesses representing the regulator, as well as industry players including carriers, resellers, cable companies, the provinces, the Canadian business community, and public interest groups representing a wide range of Canadians who depend more and more on telecommunications, were of the view that this bill should be proclaimed as soon as possible.

These public hearings have revealed a broad consensus that Canada needs a new telecommunications act now, and that Bill C-62 provides a responsive, and responsible, legislative framework well adapted to the many challenges and rapidly changing environment facing this key sector of our economy.

I was very pleased to note that the government has incorporated in the bill key recommendations made by the Standing Senate Committee on Transport and Communications, and these include: to improve the wording of the definitions in order to more clearly exclude the resellers from the scope of this bill; to better reflect regional interests in the policy objectives; to transfer from the Governor in Council to the CRTC the power to exempt classes of carriers from the legislation; to eliminate the Governor in Council's power to issue directives on matters of national security; to strengthen the provisions on federal-provincial consultation; to eliminate a proposed licensing regime, while preserving Canadian ownership requirements; to create a presumption in favour of regulatory forbearance where effective competition exists, while requiring the CRTC to bear in mind the sometimes fragile nature of competition; to impose a time limit on CRTC decision-making, while allowing the commission to extend this limit where, in its opinion, more detailed analysis of the matter at hand is required; to strengthen powers provided to the CRTC to deal with infringement of individual privacy caused by unsolicited telecommunications.

Second reading of Bill C-62 will take Canadians one step closer to the modern legislative framework we need if this industry is to fulfil its promise as a key catalyst for economic growth, employment opportunities and prosperity.

[*Translation*]

Honourable senators, the Railway Act, which dates back to 1908, was designed for steam engines and Morse code and is not well suited to a world of satellites and microchips. Canadians need a telecommunications system that is on the cutting edge of modern technology. A modern legislative framework is crucial to Canada's ability to compete in telecommunications.

[*English*]

Telecommunications networks made up of wires, coaxial cables, fibre optics, microwaves and satellites have long since replaced "bands of steel" as the foremost transcontinental highway binding this country together.

Canada has traditionally been a world leader in telecommunications technology and services. Northern Telecom, for instance, has a global reputation, and is clearly among the world's best. Furthermore, telecommunications technology is virtually the only high-tech industry that is primarily Canadian-owned and has produced state-of-the-art technology.

The Supreme Court decision of August 14, 1989, has clarified the jurisdictional issue. More compelling than the matter of jurisdiction, however, is the emerging globalization of telecommunications and the pressure to compete in the international marketplace. The technology of this industry is what separates advanced nations from underdeveloped ones.

Honourable senators, I cannot stress strongly enough that Canada cannot continue to compete while encumbered by a complex regulatory system, interprovincial barriers and different levels of service in different regions of the country. A competitive nation must have a simpler, more open system. If Canada intends to maintain its position as a leader in telecommunications and to remain internationally competitive, it must adopt a coherent policy for the country as a whole, and a more flexible regulatory system conducive to innovation and accelerated development of our principal high-technology industry.

As I noted earlier, telecommunications is an area in which Canadians are known world-wide for their excellence. However, it is also an economic sector in which major resources are being committed by other developed countries which want to secure dominance for themselves in one of the fastest-changing and most important markets in the world. The United States of America, Japan and the European Community all have addressed the issue of streamlining their telecommunications systems in order to be more competitive. The European Community itself intends to standardize its telecommunications system as quickly as possible. We cannot afford to ignore the potential resources of an even wider European Common Market. Today's challenges must be met with tomorrow's solutions, not by the rules of the past.

[*Translation*]

Perhaps I may point out that the management and transfer of information, which combines telecommunications and data processing, represents a global market worth over $500 billion. Canada must be capable of capturing a substantial share of that market.

[*English*]

This industry, which already employs more than 100,000 persons, generates $23 billion in annual revenues in Canada and will be a key element of Canada's future prosperity.

Bill C-62 is the result of a most exhaustive consultation with all interested parties, including the provinces. This new telecommunications bill will bring Canada from the days of the telegraph key to the era of portable telephones and satellite terminals. Three fundamental principles underlie the legislation: first, to ensure that all Canadians have access to affordable and reliable telecommunications service; second, to increase the competitiveness of the Canadian telecommunications industry; and, third, to promote Canadian ownership and control of Canadian telecommunications infrastructure. The last of those three principles is fundamental to the achievement of the first two.

Telecommunications serve to link this country together through a whole range of activities from personal conversations to data and information transfers, to business transactions and, increasingly, to the enjoyment of cultural products and service.

I want to emphasize that the principles underlying this important legislation were endorsed by the Senate committee's pre-study, by the House of Commons at second reading, by the subcommittee of the House of Commons charged with reviewing Bill C-62, and by the majority of witnesses who made submissions on the legislation.

• (2100)

Throughout this thorough, public process, the government has remained open to concerns expressed about the bill and to proposed improvements, provided that none of the basic principles behind the legislation were compromised. The amendments put forward or accepted by the government respond to key recommendations of the Senate committee which I listed previously, and to major concerns voiced by many interested parties.

Our primary duty is to work for Canadians, and in this instance we must ensure that they have access to the very best technology and services at the very best price. This new legislation defines the federal powers and the regulatory framework required to implement Canada's telecommunications policy for the twenty-first century.

[Senator Sylvain]

[*Translation*]

The new legislation will eliminate the barriers which fragment our internal market. It will establish a coherent policy for the entire country that will be co-ordinated by one regulatory agency, the CRTC. Finally, it will provide a more flexible regulatory framework.

[*English*]

The new legislation updates the existing legislative and regulatory framework by consolidating and modernizing existing legislation governing telecommunications, that being the Railway Act, the National Telecommunications Power and Procedures Act, and the Telegraph Act, and thus making a single regulatory agency responsible for telecommunications while clearly recognizing the importance of provincial and regional roles in telecommunication. It also ensures uniform conditions with respect to network interconnection, access to facilities, establishment of local and long-distance rates, and introduction of competition for the provision of telecommunications services all across Canada.

This legislation will result in the establishment of a more open domestic market that will allow all Canadians to have access to comparable high quality services, regardless of the region in which they live. It contains measures to protect consumers against possible abuse, including the sending of unsolicited information by telephone or facsimile machine. It promotes Canadian ownership and control of Canada's telecommunications infrastructure. It contains specific provisions under which the provinces will be consulted whenever the government intends to exercise its major powers.

[*Translation*]

Canadians will benefit by having guaranteed base levels of service. Provinces will win by having more productive businesses and more input in setting policy than ever before.

Our main industrial regions will greatly benefit from the resulting research and development, new services and manufacturing activity. Quebec, for instance, will benefit since one-third of the telecommunications industry is located in that province. In fact, all Canadian consumers stand to gain from modern legislation.

[*English*]

Industry will win by having a strong national market, as well as national standards throughout the country. The provinces will win by simply having more productive businesses and more input than ever before in setting national telecommunication policy. Canadians will clearly be the winners because this legislation will allow us to build on the strengths of our one great achievement, our high-tech industry, and we should be very proud of it.

All Canadians will benefit by having access to affordable services across the country, no matter in which region they live. This bill means benefits for hospitals, banks, airlines, the transport and retail industries, and for many other businesses. It means jobs. Indeed, it will support Canada's premier high-tech industry in being more competitive than ever. New and innovative services will be introduced in the market much more quickly because this bill reduces the burden of excessive regulation and encourages Canadians to undertake more research and development.

In conclusion, Canada cannot be left behind. We must update our telecommunication legislation in order to bring it into line with the new economic and social challenges, including world development. Bill C-62 establishes a legislative and regulatory framework that will put Canada at the forefront of these very challenging times.

[*Translation*]

Honourable senators, it is high time to act and to proceed quickly with the passage of this new legislation.

[*English*]

This bill is crucial to our country's competitiveness in telecommunications, and I urge this chamber to rapidly pass this central piece of legislation for the future of our children and all Canadians.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the point I am about to make does not depend on my interjection at second reading of this bill, because I intend to make that interjection tomorrow. In fact, I am about halfway through making some notes on it.

I found it objectionable this morning to receive a memorandum from the Standing Senate Committee on Transport and Communication addressed to all members of that committee regarding a meeting tomorrow on this bill. This memo was received before second reading debate had even started here in this chamber.

It is true that the notice speaks in terms of a tentative meeting on Tuesday —

Senator Murray: That is different.

Senator Frith: That makes you feel better, does it? Let me tell you a little more.

Senator Murray: There is nothing quite like a tentative meeting.

Senator Frith: Nothing quite like tentative meetings, as the Leader of the Government says. However, as I understand it, they also have witnesses lined up.

Senator Murray: Tentative witnesses.

Senator Frith: The witnesses were not so described. It does not indicate "tentative witnesses." They have, in fact, summoned the witnesses, and they are apparently travelling to Ottawa in order to attend.

It may be that some senators do not find this practice objectionable, but I do. It indicates an arrogant assumption with regard to the Senate that the debate on second reading of a bill in the Senate is just some sort of nuisance hurdle that has to be overcome in order to clear the way for the committee to get at the legislation.

I would ask the chairmen of committees not to schedule meetings of committees that include witnesses, in such a fashion that senators are receiving notice of the committee meeting before second reading debate has even started. As I say, I was starting to work on my notes on the bill when I became aware of the assumption that the bill would be passed in time for a committee meeting tomorrow.

I register my objection, and I hope committee chairmen, whether they be Liberal or Conservative, will not presume a schedule of debate and adoption at second reading in the Senate until such debate and second reading passage have taken place.

On motion of Senator Frith, debate adjourned.

CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

Leave having been given to revert to Order No. 6:

> Resuming the debate on the motion of the Honourable Senator Oliver, seconded by the Honourable Senator Bolduc, for the second reading of Bill C-122, to amend the Customs Tariff (textile tariff reduction).

Hon. Peter Bosa: Honourable senators, I am pleased to take part in second reading debate on Bill C-122. However, I wish to register some concerns that we on this side have about this bill.

Bill C-122, to amend the Customs tariff (textile tariff reduction) would reduce the duties on certain textiles from countries accorded the most favoured nation tariff treatment. Also affected are duties on types of textiles from New Zealand and Australia in which there is significant trade.

According to the government's press release, the reduction of Canadian textile tariffs reflects recommendations made by the Canadian International Trade Tribunal in February, 1990. What did the tribunal recommend in its 1990 report? It recommended that Canadian textile tariffs should be reduced by an average of 26 per cent by moving to a simpler rate structure, with maximum duties of 5 per cent for fibres, 10 per cent for yarns, and 16 per cent for fabrics.

• (2110)

The tribunal also recommended that the average tariff on specialty textiles should be reduced by 33 per cent, and that a complex, annually calculated rate on certain wool fabrics should be fixed at 11.8 per cent.

Under these proposals, average Canadian textile tariffs would remain higher than those of Japan or the EEC.

An important element of these recommendations by the tribunal was that the tariff reductions be phased in at the rate of one percentage point per year. Thus, the tariff cuts would have been implemented over four years for most fibres, over three years for most yarns, and stretched over a nine-year period for most fabrics, including specialty fabrics.

What is the government proposing under Bill C-122? With some modifications, the government is proposing to implement the same tariff reductions recommended by the tribunal. One important difference is that the government proposes to cut tariffs by 1.5 percentage points per year rather than the one percentage point annual cut recommended by the tribunal. This would reduce the maximum phase-in period to six years compared with the tribunal's plan, which would be implemented over a period of up to nine years.

What is the hurry? Notwithstanding Senator Oliver's eloquent presentation, the government has not fully explained the necessity for a speedy phase-in of these textile tariff cuts. It may be that the Bill C-122 tariff cuts are made in anticipation of the introduction of the North American Free Trade Agreement. However, as recent comments by U.S. President Clinton made clear, the NAFTA is in serious danger of not being ratified by the U.S. Congress.

Furthermore, such rapid tariff cuts may violate the very instructions that the Minister of Finance provided to the Canadian International Trade Tribunal when it was undertaking its tariff study. The minister's letter of reference directed the tribunal to make recommendations on the level and pace of tariff reductions that would maximize the economic gains to Canada without causing undue hardship to domestic suppliers of textile products and, in this regard, indicate whether there were specific textiles on which the tariff should not be reduced.

We can only assume that the tribunal recommended the longer phase-in period for these duty reductions in order to avoid causing undue hardship to domestic suppliers of textile products. If so, why has the government shortened the phase-in period for these tariff cuts?

What about the effect of these tariff cuts on those people directly affected, the Canadian textile industry? The Canadian Textile Institute, which represents the interests of Canadian textile manufacturers, does not oppose textile tariff reductions negotiated with our trading partners under the GATT Uruguay Round, the FTA or even the NAFTA. The Canadian Textile Institute believes, however, that unilateral tariff cuts at this time are "inappropriate and potentially damaging" to the Canadian textile industry. Furthermore, textile makers argue that the height of Canadian textile tariffs relative to those of the U.S. have been overstated. Let me explain why.

First, under the general preferential tariff, Canada reduces the duties on some textile imports from a number of less developed countries. The U.S. does not apply its generalized system of preferences to textile imports.

Second, Canada provides lower tariff rates or duty-free treatment for certain textile imports under Schedule II of the Customs Tariff. The U.S. does not have a similar system.

Third, Canada has duty remission programs for certain important fabrics used in clothing manufacture while the U.S. does not have such programs.

Fourth, FTA tariff reductions have had a greater impact on Canadian trade-weighted tariffs, because more than half of Canadian textile imports are purchased from the U.S. while just 8 per cent of U.S. textiles imports are from Canada.

Finally, the U.S. has a more extensive quota system on textiles than does Canada. This type of import protection is not captured when simply comparing tariff rates in the U.S. and Canada. For example, it has been estimated that the U.S. average trade-weighted tariff on imports from all countries is about 11.5 per cent on textiles and 22 per cent on clothing. Once the restrictive effect of U.S. quotas is taken into account, however, the tariff equivalent of U.S. protection rises to an estimated 28 per cent for textiles and about 56 per cent for apparel. Thus, on a tariff-equivalent basis, Canadian and U.S. textile tariffs may not be far apart.

The Canadian Textile Institute argues that the tariff cuts proposed by the 1990 Canadian International Trade Tribunal study would reduce the Canadian most favoured nation tariff below the U.S. MFN tariff on certain products.

Furthermore, because these tariff cuts would be taken unilaterally, Canadian exporters would not gain reciprocal access to foreign markets as a result. Canadian textile manufacturers think that this is a mistake. It is true that until recently the Uruguay Round of GATT negotiations have been hung up over the difficult issue of agricultural subsidies. However, with agreement between the U.S. and the European Community over farm subsidies and a new Director General of GATT elected just last week, it is looking more and more likely that the Uruguay Round will be completed this year.

Bilateral or multilateral tariff reductions typically have a "carrot-and-stick" quality which both encourages and rewards adjustments by Canadian producers. The "stick" is the heightened competition in the domestic market resulting from tariff reductions. The "carrot" for Canadian producers is the improved access to foreign markets when our trading partners reduce their own protection.

The unilateral tariff reductions in Bill C-122 certainly contain the "stick" component, but they lack the "carrot" which would encourage Canadian textile makers to expand production into new markets. As a result, adjustment to the tariff cuts proposed under this bill is likely to be much more onerous for Canadian producers. On the one hand, increased competition domestically will force the discontinuation of uncompetitive product lines. On the other hand, the maintenance of foreign trade barriers will not permit an expansion into types of textiles in which Canada does hold an international competitive advantage.

What do Canadian clothing manufacturers, the users of textiles, think of the Bill C-122 tariff cuts? Not surprisingly, the Canadian Apparel Manufacturers Institute, CAMI, generally approves of the proposed tariff cuts under Bill C-122. CAMI believes that high Canadian textile tariffs have posed a greater challenge for apparel manufacturers in adjusting to the FTA. A reduction in textile tariffs would assist the Canadian industry to remain competitive, according to CAMI.

However, even the clothing manufacturers are not entirely satisfied with the proposed tariff cuts in Bill C-122. CAMI believes that the provisions of the bill fall short of apparel makers' requirements, because they do not cut textile tariffs far enough. For example, apparel makers wanted deeper cuts on fabrics such as broad weave cotton fabrics. According to CAMI, these fabrics, with the exception of denim, are no longer manufactured in Canada. Despite the lack of Canadian production, tariffs on most broad weave cotton fabrics will be cut by only 1.5 per cent from 17.5 per cent to 16 per cent.

What about the reaction of our trading partners to these proposed tariff cuts? Certainly, most of Canada's trading partners would not object if we chose unilaterally to lower our trade protection. After all, this bill will provide greater access to the Canadian market without opening new markets for Canadian-made textiles.

• (2120)

On the other hand, the U.S. is unlikely to view these unilateral textile tariff cuts favourably. The reason is that these duty reductions will encourage more sourcing of textile inputs outside North America. The U.S. Industry Sector Advisory Committee for Trade in Textiles has recommended that, if Canada were to go ahead with the proposed textile tariff cuts, the United States should negotiate the NAFTA textile provisions with Canada, because this country would have shifted the balance of concessions in this textile sector decidedly against U.S. textile producers.

In summary, we have serious reservations about the passage of this bill for the following reasons: first, these textile tariff reductions are being introduced too rapidly — faster, in fact, than recommended by the government's own study carried out by the Canadian International Trade Tribunal. Second, these tariff cuts have excited opposition by textile manufacturers without totally satisfying the industry they are intended to benefit, the Canadian apparel manufacturers. Third, unilateral tariff cuts are not the way to go. These cuts would unleash foreign competition on Canadian producers without simultaneously opening foreign markets for them.

While we have reservations about this bill, we are prepared to give second reading on division to enable it to proceed to committee, where, I understand, representatives of the industry will have an opportunity to present their views on the bill.

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, for Senator Oliver, bill referred to the Standing Senate Committee on Banking, Trade and Commerce.

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—DEBATE ADJOURNED

Hon. Terrance R. Stratton moved the third reading of Bill C-115, to implement the North American Free Trade Agreement.

He said: Honourable senators, I am pleased to rise today to speak on third reading of Bill C-115, to implement the North American Free Trade Agreement.

I should first like to thank those senators who have been so kind and gracious to me in my initial days in the Senate. I have received two impressions of the individuals within the Senate: first, the fine quality of the people in this place, and, second, how very, very hard some of you work. I think it would be a surprise to some Canadians to realize just how hard you do work.

Honourable senators, the North American Free Trade Agreement (NAFTA), which creates the world's largest free trade zone, will make Canada more competitive and will help secure our prosperity. The NAFTA creates a dynamic market of 360 million people producing $7 trillion in goods and services.

The NAFTA goes to the heart of Canada's fundamental interests as a nation that depends on trade. If Canadians did not sell the goods and services they produced at home to buyers in other countries, one out of every four Canadian jobs would disappear. Canada got involved in the NAFTA to protect these interests and to take advantage of opportunities that will strengthen Canada's global trading position. I cannot stress enough the importance of NAFTA to Canada's prosperity.

If Canada did not participate in NAFTA, the United States and Mexico would proceed with their own bilateral trade deal. Without Canada's participation in the agreement, the U.S. would have a free trade agreement with Canada and a separate free trade agreement with Mexico. However, Canada would have no agreement with Mexico. In this scenario, only the U.S. would have tariff-free access to the entire North American market. Trade would be diverted to the U.S., and investors looking to open new plants would favour the U.S. because only production facilities in that country would have guaranteed market access to the entire continent.

In this scenario, the U.S. would become the hub and Canada and Mexico the spokes. A bilateral deal between the U.S. and Mexico would undermine Canada's ability to attract investment, and investment from abroad has underpinned this country's prosperity.

With Canada's participation in NAFTA, we will be able to compete on an equal basis in the North American market. Canada will not be shut out of an agreement favouring the United States. Instead of a hub and two spokes, we have an integrated market with trade rules that apply equally to all three countries.

I had the good fortune to attend the Second Annual Conference on the Environment in Mexico City in early March of this year. All of the countries participating in the NAFTA were represented. I want to tell you that I was impressed with Mexico's participation and contribution at the conference and struck by the progress they have made in their country. After decades of running a closed economy, the Mexican administration with President Salinas is transforming the country into a modern, prosperous and globally competitive player.

Trade liberalization is very important to their progress. A first key step towards trade liberalization was the decision taken by the Mexican government in 1986 to join the General Agreement on Tariffs and Trade (GATT). The NAFTA is a continuation of Mexico's progress on trade liberalization and furthering the process of improving Mexico's competitiveness. Canada has a great deal to gain from assisting Mexico with trade liberalization, as this will lead to a more prosperous Mexico with greater demand for Canadian products.

The NAFTA will benefit all three participating countries by increasing trade and prosperity. In particular, the NAFTA will help the Mexican economy to develop. It will allow Mexico to attract investment and it will provide new opportunities for the Mexican people. The NAFTA ensures that Canadian knowledge and expertise will help Mexicans achieve a higher standard of living while increasing Canada's own export trade.

Canada has resolved to further develop its relations with Latin American countries. Canada is not an inward-looking nation. We play an important role in the global community and are respected for our leadership and our statesmanship. Establishing closer relations with Mexico is part of that role. This is a role of which all Canadians can be proud.

The NAFTA provides the framework for further trade liberalization and assures Canadian participation in future free trade agreements. The NAFTA allows for other countries to join, subject to negotiation, by accepting the same obligations as Canada, Mexico and the United States. Columbia, Chile and Argentina have already indicated their interest in becoming part of NAFTA.

• (2130)

Canada would benefit greatly from an expansion of NAFTA. The possibility of creating one huge hemispheric common market would open up tremendous opportunities for Canadian companies. Canadian businesses would be able to export Canadian products and expertise into more countries. Expansion of trade would lead to economic growth for all participating countries. Improvements in the economies of participating Latin America and Caribbean countries would provide the basis necessary for sociopolitical progress in these countries.

I want to share with you what the North American free trade agreement will mean for Canadians living in my home province of Manitoba. Manitoba relies heavily on international trade for its prosperity. The Canadian domestic market is too small for Manitoba's agricultural natural resources output. As a result, new access to trade agreements like the NAFTA is key to the province. The NAFTA offers solid benefits for Manitoba's exporters to Mexico and the United States.

Manitoba's grain and cereal farmers stand to reap the benefits of new opportunities from NAFTA. The NAFTA agreement on agriculture and food reduces Mexican tariffs on wheat, canola, peas, beans and other crops, creating more opportunities for Manitoba exporters. Some Manitoba companies, such as Northern Sales Company and XCAN Grain, are already exporting products to Mexico. The NAFTA helps them and other companies boost trade with Mexico.

Manitoba's forest products industry will see new opportunities as a result of NAFTA. During the next ten years, Mexican demand for pulp will grow by about 50 per cent. Manitoba's pulp and paper industry will be able to benefit from that increase by taking advantage of those new markets in Mexico.

The NAFTA will also create possibilities for Manitoba's transportation and agricultural equipment makers by phasing out Mexican import tariffs and other obstacles to trade. As Mexico's economy grows, so will the opportunities for Manitoba producers of diesel powered buses, tractors, machinery and automotive parts.

By eliminating tariffs, import licences and other barriers to the free trade of goods and services, the NAFTA gives Canadian exporters guaranteed access to Mexico's growing market of 85 million consumers. At the same time, the NAFTA strengthens and preserves Canada's access to the United States obtained under the Canada-U. S. Free Trade Agreement. The NAFTA ensures that Canada's exporters continue to build on their success in the U.S. market.

NAFTA clarifies and strengthens the Canada-U.S. Free Trade Agreement as it has clear rules of origin that will smooth customs operations. The NAFTA also builds on the FTA's dispute settlement mechanisms, safeguarding them against abuse by U.S. or Mexican laws. With these objectives in place, Canadian companies can enjoy not only freer trade, but fairer trade.

Honourable senators, my position is quite clear: I will be voting in support of Bill C-115, to implement the North American free trade agreement. The NAFTA is good for Canada's prosperity and economic growth and will facilitate jobs and growth in Canada. The NAFTA will improve Canada's ability to attract new investment and will lay the foundation for a more competitive and dynamic economy that will ensure the prosperity of all Canadians into the next century and beyond.

The NAFTA is important for all Canadians, but particularly for Canada's youth. The NAFTA will create opportunities for Canada's youth to pursue careers in international trade that would not otherwise have been possible.

For these reasons, I urge all senators to endorse the North American free trade agreement by supporting Bill C-115.

Hon. Ron Ghitter: Honourable senators, I rise to make a few comments with respect to this bill, which will speak more to what is not in the bill than to what is.

I rise as a strong supporter of this bill and of the prior free trade agreement with the United States. Trade is Canada's bread and butter, and I strongly support the government's programs to secure and enhance access to external markets as a prime objective of its policy to strengthen our economy. We must export, we must secure our markets and, above all, we must secure our markets with our most important trading partner, the United States.

I congratulate my friend, Senator Stratton, for the comments he made. I very much agree with his comments on the importance and significant of our free trade agreement with the United States and the pending NAFTA agreement with the United States and Mexico. The success of the free trade agreement with the United States is unmistakable. We have lowered barriers between Canada and the United States, which receives 75 per cent of our exports; we have liberalized trade and we have established a mechanism to settle disputes and to put our trade on a more secure footing.

Since the implementation of the free trade agreement, we have seen its immediate impact on our economy, even during a recessionary period. In 16 out of 22 manufacturing sectors in Canada, our trade has increased. Direct investment into Canada has increased beyond our expectation. Clearly, the advantages of the free trade agreement, and the advantages that will be forthcoming in the long run out of NAFTA, are indisputable.

There is, however, one aspect of the negotiations and the bill before us that is significant from the point of view that it was not considered in any of the negotiations leading up to this bill, resulting in its being totally ignored in this legislation. I refer, of course, to the lack of any mention of the necessity for the signatories to the agreement to rectify human rights violations in their respective jurisdictions. I find this surprising and unfortunate.

Canada has enjoyed an enviable reputation in its encouragement of the betterment of human rights of all citizens of the world. Our Prime Minister stated in mid-October of 1991, at the meeting of Commonwealth heads of government in Zimbabwe, that human rights form a very important component of foreign policy for Canada. For these statements our Prime Minister was rightfully lauded by Canadian churches, NGOs and governments around the world. This country took a very difficult but important stance in encouraging the imposition of sanctions upon South Africa due to its apartheid policy, again a stance that was lauded by many throughout the world.

The Honourable Barbara McDougall, in a Montreal speech in March 1992, set out, I thought, the policy of the Canadian government at length when she declared that we must bear the full force of Canadian diplomacy on the interrelated issues of human rights, democracy and good governance. Unless, she stated, countries meet a basic standard of respect for human rights or show a clear resolve to improve conditions and address problems, they cannot expect outside assistance or support for the course they are following.

On the basis of Canada's superb record in the human rights field, one would expect some aspect of the NAFTA negotiations to include the consideration of Mexico's human rights record, and a declaration from Mexico to deal in a concrete manner with its sorry record in that regard. When I inquired of representatives of the government at the committee hearings as to whether they had been instructed by the government to bring human rights into the negotiations, they advised me that they had received no such instructions. As a result, there were no negotiations or discussions relative to human rights within the NAFTA discussions.

Therefore, we have Canada entering into direct trading arrangements with Mexico, which will bring us into a close alliance with a population of 85 million people whose

government's record on human rights is one of inhumanity and neglect. This is a disappointment. This is a wonderful opportunity that has been lost. This is something that should be remedied.

I know that to many of my fellow senators the question arises as to whether or not it is acceptable or achievable that one country should invoke universal principles on human rights as conditions and factors in economic, political and trade policies. Since the adoption of the Universal Declaration of Human Rights and the two related covenants which govern the family of rights, namely, political, civil, economic, social and cultural, it has become readily accepted that the wellbeing of humankind shall no longer be left to the charitable concerns of individuals or the intermittent maternalistic indulgences of governments. Governments can no longer retreat behind the wall of state sovereignty and remain silent when human rights issues cry out for attention elsewhere in the world. There is a persuasive case to be made for the linkage between economic change and power, on the one hand, and human rights on the other.

• (2140)

Senator Frith: Slow down, senator; this is very good.

Senator Lynch-Staunton: You are always interrupting the honourable senator. You did so the first time he spoke in this chamber.

Senator Ghitter: This kind of reasoning has meant growing governmental acceptance of the linkage between trade and human rights. Increasingly, economic policy is seen as a positive instrument to influence human rights practices. The European Economic Community has led the way. Eleven of its twelve members have adopted a community charter of the fundamental social rights of workers. It delayed the entry of Spain and Portugal until they established acceptable human rights standards, and Turkey's poor human rights record is still an obstacle to its membership. The Charter of the recently established European Bank of Reconstruction and Development makes explicit links between its lending policies and human rights.

Some of the Third and Fourth World nations will argue, as they are undoubtedly doing this day at the Human Rights Conference in Vienna, that it is unfair and, for that matter, unacceptable for the developed countries to impose their human rights standards upon the undeveloped countries and to link those standards with economic aid and assistance. They argue that there is no linkage, and that they must improve the economic conditions of their country before they are able to deal with the state of human rights in their country.

Personally, I find such arguments to be a cop-out, and unreasonable. There are universal standards as to the treatment of individuals within the global community. If we are to provide aid to assist these countries, or if we intend to enter into trade arrangements with them, we should, at the very least, demand to see some progress in the manner in which they deal with their citizens.

Mexico is a case in point. The situation in Mexico has been recently examined by Amnesty International, Americas Watch, a Canadian committee to protect journalists, and the Inter-Church Committee on Human Rights in Latin America, which filed a 1991 Annual Report. Amnesty International, in a publication written in May of 1991 and entitled *Mexico Torture with Impunity* — a sad documentary that I have in my hand and would be happy to share with honourable senators, documented in horrifying detail the widespread use of torture in Mexico, and the effect of immmunity from prosecution extended to law enforcement agencies who commit the crime of torture. Hundreds of cases of torture by law enforcement agencies and principal members of the federal and state police forces have been reported to official bodies, independent human rights groups and to Amnesty International. Many of the cases are well documented with testimonial, medical and forensic evidence, but those responsible are seldom investigated and, even more rarely, prosecuted for their crimes.

The continuing and widespread use of torture must call into question the political will behind the government's public commitment to end torture. Although Amnesty International welcomes the steps the Mexican government is taking to address the issue, these measures have failed to stop the practice of torture and ill treatment in Mexico. Those responsible apparently continue to benefit from immunity.

Americas Watch, while crediting the Mexican government for its human rights reforms, particularly the creation of its National Human Rights Commission (CNDH), is an agency that acts as an ombudsman body but lacks prosecutorial powers. However, it has been an effective advocate for human rights in Mexico. Up to February of 1993, this agency has issued 300 hard-hitting recommendations, a large percentage of which involve torture, homicide, death threats, and the illegal deprivation of liberty and inhumane prison conditions.

Unfortunately, however, recent constitutional amendments have reduced the scope of that body's mandate to investigate violations. It no longer has the power to investigate cases involving labour rights, election irregularities, and cases under the jurisdiction of the courts. In addition, where states in Mexico now set up their own Human Rights Commissions, the national body loses primary jurisdiction in the investigation of abuse in that state. The Americas Watch report concluded that, while the Mexican government has worked hard to create the impression that it has the human rights situation in hand and that improvements have been implemented, it has made it difficult for outside observers to independently verify as to whether or not these changes have, in fact, taken place. One indicator that the government is not as serious about eliminating human abuses as its rhetoric suggests is its treatment of those responsible for past abuses.

Numerous examples suggesting the lack of government commitment can be found in the lack of enforcement against public servants who have committed cruel acts. Another hint can be found in the indication that the government does not conduct itself appropriately when under pressure to identify the culprit in a crime. The government also engages in or allows other types of abuse to persist. Workers and passive activists continue to risk physical violence when they attempt to exercise the rights of freedom of association and expression during labour and land disputes. Moreover, little has been done to alleviate the partisan violence that has plagued Mexican elections. Election monitors have been the targets of abuse. Journalists and even human rights monitors are subject to assault and intimidation.

A series of recent articles in the *Toronto Star* in March 1993 were extremely critical of the situation in Mexico. The investigative reports commented that rural violence, particularly unannounced forced evictions of peasants from their homes by working and local rural bosses was going unchecked. In recent years, more than 15,000 Mayan Indians have been thrown off their land and forced down into shantytowns that ring central cities.

Canadian human rights activists suggest that even though the North American Free Trade Agreement has been signed, it still has not been sealed. Their questions are these: When is a free trade agreement not just a free trade agreement? Should the NAFTA linking Canada, the U.S. and Mexico be treated as a self-contained economic treaty without more significant implications? Do we care, they ask, that Mexico, by witness of every credible monetary agency in the world, is a democracy in name only and that human rights are abused in Mexico as a matter of course? Last week, in an article in the *Globe and Mail*, the President of Mexico's National Human Rights Commission criticized uncooperative judges and local governments who continue to block efforts to root out human rights violators.

What, then, is the responsibility of the Canadian government when it enters into an agreement such as NAFTA? Do we bear any responsibility? Will the governments of Canada and the United States continue to pretend that Mexico is a democracy and give them a blank cheque when we know, from all of the evidence we perceive, that what is occurring in Mexico is inappropriate and unacceptable by any international standard? A Canadian activist and Co-Chair of the Inter-Church Committee on Human Rights in Latin America said that the window of opportunity is still there. It is disappointing that the government has not taken advantage of it.

It is in our national interest to have standards; otherwise, the precedent is bad. The lack of standards itself becomes a benchmark as other countries join the NAFTA. Human rights must be a very important part of any new world order. The Inter-Church Committee on Human Rights in Latin America in its 1991 Annual Report states that NAFTA sets an extremely important precedent, since it marks the first time that a developing country has entered into a free trade agreement with two industrialized countries.

The report of the Inter-Church Committee highlights, as have others, that the human rights reforms put into place in Mexico are ineffective. The committee found that political violence and electoral fraud continue; that attacks against human rights activists, intellectuals and journalists continue — even after the Human Rights Commission discovered that two microphones and a transmitter were utilized to bug their office.

Fellow senators, I believe that the Canadian government has an opportunity. It is not an opportunity by way of enforcement; it is not an opportunity to bring forward trade sanctions to stop Mexico from what it is doing. It is a matter of doing two things by way of a start.

First, there could be recognition of human rights in the preamble of the agreement. The preamble of the agreement discloses matters relating to the environment, matters which are important to all of us. However, the preamble of the agreement is silent as to human rights matters. Surely it is not asking too much that the minimum intention, in the long run, for the signatories to that agreement should be to endeavour to respect human rights and to encourage the overcoming of human rights deprivations and violations by any of the signatories, including Canada and the United States.

Second, surely it is not asking too much, by way of side agreement or otherwise, for the signatories to this agreement to come together and at least institute a monitoring system whereby independent representatives of the three countries could examine situations relating to human rights. This system would allow us to report, disclose and expose any problem so that, over the long run — it will not happen overnight — we can proudly stand and say that we are a party to an agreement between three major countries in this world, all of whom respect the Universal Declaration of Human Rights, all of whom respect the importance and the dignity of man, and all of whom are coming closer, not only in the matter of trade linkages, but also in matters which are just as important — matters of the soul, matters of kindness to others, and matters of respect for human rights and dignity.

Hon. Senators: Hear, hear!

• (2150)

Hon. John B. Stewart: Would the honourable senator permit a question?

Senator Ghitter: Yes.

Senator Stewart: As a preamble to my question, I wish to say how much I enjoyed the honourable senator's address.

Senator Molgat: Hear, hear!

Senator Stewart: It seemed to me that it was an extraordinarily good presentation, and one that we should all read and reread as we consider this important bill.

The honourable senator has suggested yet another side agreement. In view of the position that the Government of Canada has taken in relation to the two side agreements now on the table, namely, the side agreement on labour and the side agreement on the environment, there is not much that we can realistically expect from a proposal for a side agreement on human rights.

I want to ask the honourable senator a question concerning the proposed change to the preamble of the North American Free Trade Agreement. What we have before us here in Bill C-115 is a bill to implement the agreement as it now stands. I believe that clause 10 of the bill says that "we approve the agreement." In view of what the honourable senator has said, I wonder if he does approve the agreement or, when he votes in favour of approving the agreement, will he vote with at least an unspoken qualification in his mind that his approval would have been more enthusiastic if the preamble contained the provision to which he has made reference?

Senator Ghitter: Thank you for your inquiry. First, I think that the bill and the agreement is very important for Canada. I do not think that we can stand apart from the agreement and let the United States, for example, enter into the agreement only with Mexico and be left on the outside for the reasons the honourable Senator Stratton mentioned in his remarks. From the point of view of support for the agreement, I give it my unqualified support.

I have been around the human rights field long enough to know that it happens over a period of time and that you cannot pound human rights into peoples' heads and force them to love their neighbours, and the like. But the more that people stand up to be heard and express their points of view to remind people of these elements, eventually changes start to occur. If we cannot achieve the change at this point in time, I am patient. Over time, as more people in this house speak up, those changes can occur.

I will support the bill. I support the agreement, but it does not go as far as I should like, and I would like more people to speak on it and express their views in that regard. Hopefully, as Mexico does become better off and becomes more developed, they will spend more time on human rights. The experience seems to be that when countries become better off, they do spend more time on human rights. However, I am more impatient than that, and I should like to see a stronger expression by the Canadian government. Maybe over time, this house and the other place can encourage that to happen.

Hon. Noël A. Kinsella: I should like to submit a question to Senator Ghitter on the same topic. I share the sentiment expressed by the previous senator. It was an excellent presentation. It is important that we underscore the human rights dimension of NAFTA. I was glad you drew our attention particularly to those paragraphs contained in the preamble of the bill. The one that is on page two of the bill speaks to a purpose. It states:

> [...] having resolved to
>
> protect, enhance and enforce basic workers' rights;

That is the explicit preambular statement as to what is resolved. Do you see this as being at all analogous to the ILO types of conventions that serve as the cornerstone for the whole array of fairly explicit international human rights standards?

Senator Ghitter: Honourable senators, my answer to that is "Yes". I am of the view that any time a respected international agency or government expresses a point of view in support of human rights, it is significant. When we have bills of rights, individual rights, protection acts and charters of rights and freedoms, governments and agencies are saying and setting forth what they feel are acceptable standards, and standards that we must all aspire to. That is significant, recognizing that they may not have enforcement remedies, or that there may not be an actual way of ensuring that those things will happen. But the declaration of intention is very important because it sends out a message to everyone of what is acceptable and what is not. I very much agree with what you have said.

The Hon. the Speaker *pro tempore*: Before I recognize the honourable senator, I am required by the rules to point out that his permitted period of 15 minutes, including questions and comments, has expired. Is there leave to proceed?

Hon. Senators: Yes.

Hon. Consiglio Di Nino: Honourable senators, first I should like to associate myself with the comments and strong expressions of my colleague, Senator Ghitter. I feel strongly the same way. I have spoken not on NAFTA but on other issues similar to the problems that are faced by Mexico. I am delighted to have a colleague with whom I can share some of my thoughts.

In looking at NAFTA, one of the concerns that I had is precisely in the area of human rights and the violations that have been reported. However, I have come to the conclusion that I, too, will support the bill notwithstanding those concerns. One of the factors that led me to that decision is that I believe that we can have some influence and impact on the human rights issues in countries like Mexico by being there at the table with them, and by doing business with them. If we were not present and if this agreement were to be rejected for that purpose, it would actually be worse for those who are fighting for the same cause for which you seem to be fighting with respect to human rights. Would the honourable senator share his thoughts on that with me?

Senator Ghitter: That is very important. The Canadian government, by setting up its International Centre for Human Rights and Democratic Development, in a direct way is assisting this fight. I know from my experience with them that they have now targeted Mexico as a priority area for their activities and are doing so because of NAFTA. Because we are now entering into this arrangement, they have now focused their activities as of a couple of weekends ago, and are saying that they will direct more of their funding to show the human rights side of Mexico. They are doing that because we have entered into this arrangement with Mexico, and they felt that the Canadian presence must be better felt.

I very much agree that as we become closer aligned with this nation, we will have a greater impact on them. The very existence of NAFTA will assist, over time, to overcome many of those things. We are now watching Mexico more closely. If it were not for NAFTA, I would not have picked up this book to read about Mexico and to find out, much to my horror, what is occurring there. The more we do of that, the more Mexico will be looking at us and we will be looking at them. The reason that is happening is that we are entering into this agreement. I very much support what the honourable senator is suggesting.

• (2200)

On motion of Senator Molgat debate adjourned.

[*Translation*]

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—SUSPENDED IN RELATION TO BILL S-20 APPLICATION OF RULE 116

Leave having been given to revert to Notices of Motion:

Hon. Gérald-A. Beaudoin: Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*a*), I move:

> THAT the application of rule 116 of the *Rules of the Senate* be suspended in relation to Bill S-20, an Act to change the name of The Canadian Medical Association.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Some hon. members: Agreed.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): An explanation, please.

Senator Beaudoin: Honourable senators, as we know, Bill S-20 is neither complex nor controversial. It has to do with changing the name of The Canadian Medical Association to Canadian Medical Association, and to give it a name in French.

Mr. Ronald Whelan, President of the Canadian Medical Association, wrote me a letter dated Friday, June 11. I have sent a copy of this letter to the Leader of the Opposition, the Honourable Royce Frith. This letter explains the situation and confirms that there is no opposition whatsoever to this bill.

Allow me to read only the last two paragraphs of the letter written by Mr. Whelan, the President of The Canadian Medical Association.

Hon. Royce Frith (Leader of the Opposition): You can read the whole letter, because I think it contains everything there is to say.

Senator Beaudoin: Honourable senators, I shall read this letter for the record.

> Dear Senator Beaudoin:
>
> In 1990, the Canadian Medical Association (CMA) created a committee chaired by Dr. Marcien Fournier, then-president of the CMA. The Association mandated the committee to examine how the Association was meeting the needs of its French-speaking members.
>
> The committee had first to present recommendations for making the national organization more accessible to French-speaking physicians.
>
> In its deliberations, Dr. Fournier's committee discovered in particular that the Association had no official French name. The CMA had obtained its legal status under a special act of incorporation passed by Parliament on May 19, 1909. The Act was amended on March 20, 1959 by The Canadian Medical Association Act, which says that the Association shall be called "Canadian Medical Association" in French, the name which appears in all the French versions of the Act of incorporation of 1909 and the amending Act of 1959. Furthermore, the Act of incorporation of 1909 gives the English name as "The Canadian Medical Association". The Association wishes to shorten its English name very slightly and to acquire a French name.
>
> Through our private bill, we are asking Parliament to authorize us to use the name "Association médicale canadienne" in French and to drop the article "The" from the English name.
>
> This reform proposal was presented to the annual meeting of the General Council of the Association in August 1992 and examined and approved by the Executive Committee and the Board of Directors of the Association at meetings held in October 1992. Moreover, we have consulted various medical groups on this subject and I assure you that no objection was raised.

He concludes the letter with the customary salutation.

We have precedents for this, one established by the Leader of the Opposition and by the Deputy Leader of the Government, Senator Lynch-Staunton.

Senator Frith: Honourable senators, I support the principle of the motion but I did not fully understand the provisions of the motion when Senator Beaudoin mentioned them.

The motion says:

[*English*]

> That Rule 116 be suspended in relation to Bill S-20, an Act to change the name of the Canadian Medical Association.

[*Translation*]

I did not mean to support the suspension of the whole rule, but only stipulations on delays. If my understanding is correct, our mutual objective is not to bypass consideration in committee but only to shorten the delay stipulated in Rule 116.

I think the rationale behind this delay is to give concerned citizens the opportunity to state their objections to this bill, but it does not apply in the context of the letter Senator Beaudoin just read, a copy of which has been provided to me.

For that reason, the honourable senator may be willing to accept an amendment that would simply say:

[*English*]

> That the provisions of Rule 116, requiring delay in consideration for one week, shall be suspended.

[*Translation*]

I am prepared to support such a motion. The committee could meet tomorrow to consider the bill and report back to the Senate tomorrow or Wednesday.

Senator Beaudoin: Honororable senators, this bill went through second reading last Wednesday. Basically, we are trying to save one day, seeing that there is no objection to the principle of the bill.

Of course, we are asking permission to convene the Committee on Legal and Constitutional Affairs at 11 a.m. tomorrow. Senator Stanbury will chair it in my absence because I will be introducing the bill in the Senate. As the session is coming to a close, it will allow us to save a day. Thus, the principle set in our rules is safe, except that we are asking to reduce the period by a day.

Senator Frith: You are not asking for the rules to be suspended, just the time allotted in the rules. Is that it?

Senator Beaudoin: That is right.

[Senator Beaudoin]

The Hon. the Speaker *pro tempore*: I do not know if there is an amendment. Should I just read the motion as it stands?

Senator Frith: Yes.

The Hon. the Speaker *pro tempore*: As it stands.

It is moved by the Honourable Senator Frith, seconded by the Honourable Senator Sylvain, that Rule 116 be suspended in relation to Bill S-20, an Act to change the name of The Canadian Medical Association.

Is it your pleasure, honourable senators, to adopt the motion?

[*English*]

Senator Frith: On second thought, honourable senators, perhaps it would be better just to insert those words into it and have it moved. If it is acceptable with Senator Sylvain, we could save the amendment, have it moved by Senator Beaudoin, seconded by me, to provide that... —

[*Translation*]

— the provisions with respect to the delay specified in the Rules be suspended.

[*English*]

The Hon. the Speaker *pro tempore*: Honourables Senators, it is moved by Honourable Senator Beaudoin, seconded by Honourable Senator Frith, with leave of the Senate, and pursuant to Rule 31:

> THAT the application of Rule 116, a one-week delay before consideration by a committee, be suspended with regard to Bill S-20, an Act to change the name of The Canadian Medical Association.

Is it your pleasure, honorables senators, to adopt the motion as amended?

Hon. Senators: Agreed.

Motion, as amended, agreed to.

TRANSPORT AND COMMUNICATIONS

SEVENTEENTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the Seventeenth Report of the Standing Senate Committee on Transport and Communications (budget), presented in the Senate on June 10, 1993.

Hon. Donald H. Oliver moved the adoption of the report.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*Translation*]

PRIVILEGES, STANDING RULES AND ORDERS

FOURTH REPORT OF COMMITTEE ADOPTED

On the Order:

> Resuming the debate on the motion of Honourable Senator Grimard, seconded by Honourable Senator Beaulieu, that the Fourth Report of the Standing Committee on Privileges, Standing Rules and Orders (amendment to Rule 4 of the *Rules of the Senate*) presented in the Senate on March 4, 1993, be adopted. — (*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, I will be brief. I have no objection or reservation to the content of the fourth report of the Standing Committee on Privileges, Standing Rules and Orders.

However, I would like to take this opportunity, as others have done before me, to indicate that this reform of the *Rules of the Senate* was carried out in a manner and in a context quite distateful and offensive and not at all in keeping with the rules, practices and traditions of the Senate. The present rules, implemented in September 1991, are, to all intents and purposes, an exact replica of "his master's voice", to borrow from the old RCA Victor ad with which we were all quite familiar when we were very young. The label on the 78 RPM records was always the same: A dog listening to his master's voice coming out of a loudspeaker!

To all intents and purposes, the current *Rules of the Senate* are based upon the Standing Orders of the House of Commons. I find that troubling and totally unjustified because of the special part the Upper House must play in considering legislation and all other issues placed before us from time to time. We all know in what context and with what haste this "mini-reform" of the *Rules of the Senate* was done, but what is somewhat offensive is the fact that the length of speeches has been reduced to 15 minutes. Of course, that 15-minute period also includes the questions and answers period following a senator's speech on a particular matter.

First of all, that is unfair in principle because some senators talk very fast! We have had a good example tonight when a new senator gave a very interesting speech, which was, however, hard to follow and to which the interpreters could not do justice because it was delivered at such record speed. That is unfortunate.

On the other hand, there are senators, like myself — I will not hesitate to use myself as an example — who speak rather slowly. Others are handicapped and speak even more slowly. This has resulted in a situation where the Speaker of the Senate has to intervene constantly to ask if there is unanimous consent to allow the senator to continue his remarks. Or, the Speaker has to rise to remind senators that the time provided for a particular speech, including questions and answers, has expired.

There are questions that deserve careful examination. There are questions that cannot be debated in 15 minutes. We have senators here who are experts in their field and who can enlighten us on the fundamental impact of some bills, particularly senators who oppose government bills or proposals.

This may not be a problem for the senators who sit on the government side. Their speeches are prepared by officials, with a few exceptions, so the time limits now imposed by the *Rules of the Senate* are taken into account.

But senators who want to do their job well should not be limited by this 15-minute rule. That is one reason why I objected to this rule in particular, not only to the basic reform but also to the way in which it was done. I hope that after the election the Senate will have an opportunity to reflect on the limitation which this particular rule imposes on senators.

Senator Grimard — he was very friendly to me because I had given him the floor since he had not exercised this prerogative when the report was presented — shamelessly took the liberty to make threats! I call the attention of honourables senators to the first column of page 3421, where Senator Grimard said:

> Since all these amendments are minor or a matter of concordance between both versions, and they were approved in principle by all senators on the committee, it should come as no surprise that considering the report was tabled on March 23, 1993, and that since then there had been no debate on the subject, we should insist that some action will be necessary before the Senate adjourns.

This is a clearly-worded, blatant threat. I take it as such.

The longest-serving senators, especially those who were on the Standing Committee on Privileges, Standing Rules and Orders, will remember that in the past practically all reforms of the Rules were made without pressure. We took the time to debate each proposal thoughtfully. I believe that Senator Molgat chaired the committee in 1984 and the following years; when we could not agree, on either side of the house, on the meaning to give some words, or on what to do with a proposal, we put the matter on hold. The committee in its wisdom decided to take more time to reflect. The committee did not report until a consensus had developed.

My word, the exact opposite has happened with the way the changes to the Rules now before us have been drawn up and presented and adopted.

Honourable senators, Senator Molgat said it in his remarks when considering the third and fourth reports of the committee. We probably overreacted. We overreacted in that

we went to the other extreme. In fact, we more or less adopted the procedures adopted in recent years by the House of Commons, where this was certainly not an improvement.

The experts deplore the cavalier fashion in which members are pushed around by the majority. Closure has been invoked more often than ever, not only here but especially in the House of Commons. Members no longer have time to think. They have to depend on their assistants, the research services of the Library of Parliament, the opinions of pseudo-experts and, occasionally, experts. However, members no longer have time to think. Piles of legislation are steamrollered and bulldozed our way from the other place, legislation that is often ill-prepared and poorly designed on the advice of so-called informed advisers. Under these new rules, they want us to proceed the same way.

To suggest that the Senate should behave like the House of Commons is an insult, because that is not our role. The Senate has not unduly held up legislation. When it did hold up legislation, it was for a very good reason, because public opinion did not want the legislation that was before the House of Commons or the Senate.

We did not do it for the sake of our party but because public pressure was such that the Senate felt it could not take the political and moral responsibility to proceed so quickly with consideration and passage of certain bills. I will continue to object, as long as I have a breath left in my body, to the way this so-called reform was done, in a climate of fear and revenge.

Measures were proposed to committee members by people with no experience of parliamentary tradition, a tradition that comes to us from the Mother of Parliaments — Westminster. This tradition was developed over more than 600 years, and with one stroke of the pen, they set aside procedures enshrined in British parliamentary tradition.

I don't think we helped the cause of democracy in Canada by adopting the rules imposed on us in the Senate today. I suggest that at the end of this session, and as soon as the next one begins, we all meet and look at everything that has been done so far and keep only those elements that have made the British parliamentary system the best in the world.

In fact, even when our nationalist friends with separatist leanings were in power in Quebec they decided to maintain the British parliamentary tradition. Of course they adapted it to the requirements of the provincial government, but I fail to see why we decided to set aside this noble British parliamentary tradition.

Honourable senators, I took advantage of the committee's fourth report to say what I had to say. I have not finished my scrutiny of the third report. In fact, it contains items that may well be more controversial. However, I do not want anyone to think that the fact I have no objection to the fourth report means that I support the rules in their present form. I refuse to be associated with those rules. In fact, what the fourth report does is to put the definitions into some kind of logical order. I have said what I had to say this evening, and at another sitting I will share with you my views on the third report of the committee. Thank you, honourable senators.

[*English*]

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I do not wish to get into a discussion on Senator Corbin's explanation of how these rules came about. The fact is that we have them, whether he likes them or not.

I would suggest to him and his colleagues that, rather than deploring the rules or the part thereof with which they disagree, they should come before the Rules committee with their suggestions. They have been boycotting this committee for quite some time now. Both Senator Robertson at the time and Senator Grimard as acting chairman have repeatedly asked members opposite to come before the committee and to bring suggestions.

My colleagues and I have no fixed feelings about whether 15 minutes is too long or too short. We are open, after a year and a half of using these rules, to looking at suggestions for improvement. However, we cannot do that by deploring the existing rules in this chamber, nor by appealing to each other in this chamber to do something about them. We have to do it before the Rules committee. Why wait until next fall? Why not agree that we have suggestions to bring to each other to improve the rules?

I say to honourable senators opposite: forget the past. Whether or not the rules were passed in a way which is deplored by Senator Corbin and his colleagues, the fact is that we have them. They are here. Rather than abolishing them and returning to the old rules, we should build on them to make them even better. Come to the committee and let us do it together.

Senator Corbin: Honourable senators, I, for one, am not interested in participating in so-called reform of the existing rules, in view of the way in which you decided to proceed. I thought it very offensive. I know very well the spirit behind that reform. It is still sticking in my throat.

Perhaps it would do us all good to let this Parliament die. When we come back, we may then be able to say that we are in a different mood. I hope so. I am not anxious to keep on proceeding in the way in which we have in the last two years or so. Nevertheless, having been offended, I remain offended. Given time, the wound may heal, but it is not totally healed yet. That is why I say, given a new Parliament and a new session, perhaps there would develop a spirit of cooperation.

However, I think it is incumbent upon the government to initiate reforms that it feels ought to be made to the rules as they brought them in and imposed them on this house. Some

of them are not working. By the way, there are so many loopholes that a number of them would never work on any ordinary working day. They were improperly thought out. They were improperly drafted. They are highly offensive to the role of Her Majesty's Loyal Opposition in this house. They are not conducive to the proper public debate and review of legislation to which this house is entitled.

I will only repeat what I said earlier. Time may heal everything, but I am still reeling from the audacity that those people over there had to come in with this package, which is not at all in keeping with the best of Parliamentary tradition.

Motion agreed to and report adopted.

[*Translation*]

RULES OF THE SENATE

MOTION TO AMEND RULE 98(3)—ORDER STANDS

On the Order:

Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Rivest, that the *Rules of the Senate* be amended by adding, immediately after Rule 98(3), the following:

98.(3)(*a*) That within 150 days of the presentation of a report from a standing committee or special committee, the government shall, upon the request of the committee, table a comprehensive response thereto. — (*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, regarding motion No. 56, I am prepared to speak, but I would rather do so when Senator Marshall, who moved the motion, is in the house. I ask that this order stand.

Order stands.

BANKING, TRADE AND COMMERCE

MOTION TO AUTHORIZE COMMITTEE TO MEET OUTSIDE THE PRECINCTS OF PARLIAMENT—ORDER WITHDRAWN

On the Order:

Resuming the debate on the motion of the Honourable Senator Poitras, seconded by the Honourable Senator Marshall:

THAT, notwithstanding the usual practices of Senate Committees, the Senate authorize the Standing Senate Committee on Banking, Trade and Commerce to meet outside the precincts of Parliament for the purpose of hearing a witness through the technology of teleconference calls pursuant to its special study on the draft regulations ensuing from the new legislation on Canadian financial institutions. — (*Honourable Senator Molgat*).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I think this matter was settled. The committee decided not to go ahead with this plan.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, during the debate on the committee's budget, the budget item for telecommunications was reduced by the requisite amount for this activity. We have settled the budget question, and so this item can be dropped from the Orders of the Day.

Senator Molgat: As far as we are concerned, the case is closed.

Order withdrawn.

LEGAL AND CONSTITUTIONAL AFFAIRS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF SENATE

Hon. Gérald-A. Beaudoin, pursuant to notice of June 9, 1993, moved:

THAT the Standing Senate Committee on Legal and Constitutional Affairs have the power to sit at four o'clock in the afternoon Tuesday, June 15, 1993, even though the Senate may be sitting, and that Rule 96(4) be suspended in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Could Senator Beaudoin explain the reasons for this motion?

Hon. Gérald-A. Beaudoin: We had a request from the opposition members on the committee who felt we should hear the Minister of Justice on Bill C-109 and the Canadian Charter of Rights and Freedoms. The Minister of Justice has agreed to appear before the committee tomorrow, at 4 p.m.

Senator Molgat: Honourable senators, I still have the same reservations about these requests, but in the circumstances I accept the explanation.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt this motion?

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 15, 1993

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

Prayers.

[*English*]

NEW SENATOR

The Hon. the Speaker *pro tempore*: Honourable senators, I have the honour to inform the Senate that the Clerk has received a certificate from the Registrar General of Canada showing that the following person has been summoned to the Senate:

W. David Angus

INTRODUCTION

The Hon. the Speaker *pro tempore* having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated:

Hon. W. David Angus, of Montreal, Quebec, introduced between Honourable Lowell Murray and Honourable John Lynch-Staunton.

The Hon. the Speaker *pro tempore* informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, our newest colleague, Senator David Angus, is a friend of long standing of many of us here. He is a specialist in maritime law and a senior partner in the law firm of Stikeman, Elliott, which has contributed its share, or more than its share, of people to the public life of Canada, and in particular to the Parliament of Canada.

Senator Angus is a company director, has been extremely active in charitable and community affairs, and of course has been of considerable assistance to the political party of his choice. In that respect, he has plenty of company in this chamber.

With such a background, honourable senators, I am confident that he will find his membership in this chamber satisfying and challenging in every way and that we will find him a valued and esteemed colleague.

SENATORS' STATEMENTS

FREE TRADE

EFFECTS OF GOVERNMENT POLICY

Hon. Philippe Deane Gigantès: Honourable senators, I would like to return to what the Tory party has done to this country by negotiating the free trade agreement. I would like to read excerpts from an article written by William Pfaff which was published in the *International Herald Tribune* on June 7, 1993, which stated:

> The recent meeting of the economic ministers of the 24 OECD countries came at a time when free trade theory confronts a powerful challenge from those who say that unregulated international trade has proved in recent years to impoverish the rich without doing much for the poor.
>
> The program for still more tariff cuts, which will be put before the summit of seven leading industrial powers next month in Tokyo, is meeting stronger opposition than had been expected. An intellectual challenge reinforces the practical resistance that has caused a two-year delay in final negotiations on a new round of tariff reductions under GATT. While prospects for GATT agreement reportedly are better than in recent months, the obstacles still are large, and the theoretical counteroffensive is gathering force.
>
> The argument for removing tariff barriers is that expanding trade generates increased prosperity for all. Poor-country producers are supposed to be enriched by access to wealthy markets, and as a result the standard of living and social protection of their workers is expected to go up. The rich countries are supposed to specialize in high-value-added goods that they alone can produce, and thus to earn more while benefiting from lower-cost consumer imports. Everyone's condition improves. Or so the argument goes.

> In practice the opposite has happened, at least during the 1980s, when the doctrines of deregulation that swept over the Western world from the United States and Britain were added to the free trade mix.

He is talking about you people.

> The rich became poorer because of stiffer competition from the poor. The rich countries' companies may have done better, operating in deregulated markets with little constraint on where they produced or on the standards they met (sanctions by consumers being real, but the last to take effect). Yet society in the richer countries was impoverished.

> Theory said that industries in the rich countries would increase their productivity through investment —

The Hon. the Speaker *pro tempore:* I must inform the honourable senator that the time permitted by the rules has expired.

Senator Gigantès: As I gather Senator Simard does not wish to hear the truth, I shall continue tomorrow.

[*Translation*]

THE HONOURABLE W. DAVID ANGUS

WELCOME TO NEW SENATOR

Hon. Marcel Prud'homme: Honourable senators, I am a senator from Quebec in Ottawa. Today we welcome Honourable W. David Angus. I know him to be a very distinguished man and an eminent lawyer. He is a welcome addition to the Senate. Senator Angus, I want to work in very close cooperation with you. Until Canadians in their wisdom decide democratically on a different role for the Senate, I offer my support to make this Senate a dignified chamber which can work closely on major projects for our Canadian society and go throughout our country to see people facing despair. I am thinking of Canadian youth. That was one reason and motivation for me to join the Senate and to accept the invitation extended to me. I think that must be said.

I take this opportunity, since this Parliament is drawing to a close, to tell Senator Angus that we are new senators. I say to my friends and colleagues, I look at them regardless of what may have happened in previous years, we must return to what the Senate can represent. I reach out to honourable senators on both sides of the house so that we can — I understand that it may displease —

[*English*]

I am willing to believe — and it may not be well received, but I am hopeful — that we will soon be able to work together on new projects, because Canadians will decide what to do in the Senate. In the meantime, as I said to the press, "Would you mind if we in the Senate do something concrete for this great country I call Canada?"

Some Hon. Senators: Hear, hear!

NORTHUMBERLAND STRAIT CROSSING BILL

TIME FOR SOBER SECOND THOUGHT

Hon. Heath Macquarrie: Honourable senators, the founder of my party and the father of my country described the Senate of Canada as the chamber of sober second thought. Today, as Bill C-110 moves, under pressure, through the lower house, we in this chamber have a magnificent opportunity to take the kind of second thought to which Sir John A. Macdonald referred.

In this, the dying days of a session, possibly the last weeks of a government, a bill profoundly affecting my native province is being rushed through in a last minute clear-up of legislation. I think that my fellow Islanders, anti-bridge and pro-bridge, will be unhappy about this vital and costly measure being put through under forced draught.

Despite the ruling of the Federal Court of Canada, there has been no environmental study of the bridge now being projected. The people of Prince Edward Island have not had a plebiscite on this structure. Apart from the grave environmental issues, there is now a great deal of concern about the economic realities of this megaproject. The *Globe and Mail* and the *Financial Post*, papers with strong business sections, have raised very pertinent questions recently.

In light of all the circumstances, it is the opportunity of this chamber to hold off on the measure and thereby allow an impartial environmental and financial study of this great project. Surely we do not wish to put into place anything that will injure the environment for future generations of the residents of our beloved little island which has the honour to be the cradle of Confederation.

Is it not the time to hold off on this project to allow these proper studies? In that event, all of the necessary studies could be completed in time for the assembly of the next Parliament.

Some Hon. Senators: Hear, hear!

[*Translation*]

THE HONOURABLE W. DAVID ANGUS

WELCOME TO NEW SENATOR

Hon. Maurice Riel: Honourable senators, I certainly could not let the arrival in the Senate of Senator Angus pass without saying a few words of welcome on this occasion.

As the most senior senator from Quebec, I welcome him in that capacity, but also because of the personal contacts we maintain, which are common knowledge.

I know the senator very well. He certainly has the requisite dynamic and energetic approach to make an outstanding contribution to this house. I am glad to see that after bringing to the Senate an impressive number of provincial Liberals, Prime Minister Mulroney found a Conservative to sit with us, a genuine Tory like Senators Grimard and Roberge, whom we know very well and for whom we have the greatest respect.

I have every respect for the provincial Liberals, although they make me uneasy, on occasion. I think they deviated from their principles at one time, but according to them, they did so in the public interest, and in any case, God forgives a repentant sinner! Especially since they all have exceptional qualifications.

This does not apply to Senator Angus. As long as I have known him, he has been what we call a true blue Tory. I want to congratulate him on his appointment, and I know he will do a good job.

[*English*]

ROUTINE PROCEEDINGS

INVESTMENT CANADA ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. William C. Doody, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

TUESDAY, June 15, 1993

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

THIRTY-SECOND REPORT

Your Committee, to which was referred Bill C-89, an Act to amend the Investment Canada Act, has examined the said Bill, in obedience to its Order of Reference of Monday, June 14, 1993, and now reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—BILL TO CHANGE NAME—REPORT OF COMMITTEE

Hon. Richard J. Stanbury, Deputy Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

TUESDAY, June 15, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTY-SECOND REPORT

Your Committee, to which was referred Bill S-20, an Act to change the name of The Canadian Medical Association, has, in obedience to the Order of Reference of Wednesday, June 9, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

RICHARD J. STANBURY
Deputy Chairman

THIRD READING

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

Hon. Gérald-A. Beaudoin: With leave, now.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Is there a reason why leave is required? Perhaps the honourable senator could give us an explanation.

[*Translation*]

Senator Beaudoin: Honourable senators, Bill S-20 was considered in committee this morning. There was absolutely no opposition. Since the session is coming to an end, we want to send the bill to the House of Commons today, if possible.

Senator Molgat: Under the circumstances, since the House of Commons is supposed to adjourn tomorrow, leave is granted.

Motion agreed to and bill read third time and passed.

[*English*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-EIGHTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux: Honourable senators, I have the honour to present the forty-eighth report of the Standing Senate Committee on Internal Economy, Budgets and Administration concerning a policy on official languages within the Senate administration.

TUESDAY, June 15, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FORTY-EIGHTH REPORT

Your Committee wishes to inform the Senate that it has adopted a Policy on Official Languages within the Senate Administration. All Senators will be sent a copy of the policy. Additional copies for those interested are available from the Office of the Clerk.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker *pro tempore:* Honourable senators, when shall this report be taken into consideration?

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

FORTY-NINTH REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairperson of the Standing Committee on Internal Economy, Budgets and Administration, presented the forty-ninth report of the Committee:

TUESDAY, June 15, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FORTY-NINTH REPORT

Your Committee wishes to inform the Senate that it has adopted a Policy on Harassment in the Workplace. All Senators will be sent a copy of this policy. Additional copies for those interested are available from the Office of the Clerk.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

Senator Lavoie-Roux: Honourable senators, may I at the same time table an information report on this policy?

The Hon. the Speaker *pro tempore*: Senator Lavoie-Roux, it may be better to complete the presentation of this report first, please.

Hon. Philippe Deane Gigantès: May I ask Senator Lavoie-Roux a question?

Senator Lavoie-Roux: Very well.

Senator Gigantès: I thought that we were to look at the report of this committee again this Wednesday.

Senator Lavoie-Roux: No, Senator Gigantès.

Senator Gigantès: You told us that it would be on Wednesday, the last time.

Senator Lavoie-Roux: Honourable senators, we said Tuesday or Wednesday. No definite date was set, except that it was to be Tuesday or Wednesday this week.

The Hon. the Speaker *pro tempore*: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

• (1420)

FIFTIETH REPORT OF COMMITTEE TABLED

Hon. Thérèse Lavoie-Roux: Honourable senators, I have the honour to table the fiftieth report of the Standing Senate Committee on Internal Economy, Budgets and Administration concerning schedules (definitions, procedures and information) relevant to the Policy on Harassment in the Workplace.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding Rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, 16th June, 1993, at one thirty o'clock in the afternoon.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

HEALTH AND WELFARE

LIFE SCIENCES—RECENT DEVELOPMENTS IN NATIONAL CAPITAL REGION—NOTICE OF INQUIRY

Hon. Wilbert J. Keon: Honourable senators, I give notice that on Thursday next, June 17, 1993, I will call the attention of the Senate to recent developments in the field of Life Sciences in the National Capital Region.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 178 residents of British Columbia who object to the goods and services tax.

Most of these petitions are from Nakusp, Galena Bay and Vancouver. Vancouver is where Prime Minister Campbell comes from.

This was not calculated on my part, but I have the impression that opposition to the GST has been particularly strong in British Columbia, and especially in Vancouver.

[*English*]

QUESTION PERIOD

NORTH AMERICAN FREE TRADE AGREEMENT

INCLUSION OF CHAPTER 19 CONCERNING BINATIONAL PANELS—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, we were told again and again, as recently as last month, that one of the major achievements in the free trade agreement with the United States was the inclusion of Chapter 19 concerning the binational panels for the settlement of disputes.

The Senate has before it Bill C-115, to implement the North American Free Trade Agreement. In that bill, there is again a Chapter 19. Certain clauses will implement Chapter 19 of the NAFTA.

Just last week, honourable senators, a binational panel brought forth a decision on a topic with which honourable senators who have been following the history of the binational panels will be familiar, namely swine. Sometimes it is pork; sometimes it is swine; sometimes it is even hogs.

In view of the fact that Bill C-115 is now before the house, and that this matter is of great importance to the free trade agreement and to the NAFTA, can the Leader of the Government in the Senate give us any information as to the position of the government on the finding of this binational panel?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I shall have to consult with colleagues on that matter, and I will produce a prepared reply.

Senator Stewart: Can we assume that the prepared reply will be available to the Senate in a timely fashion? By that I mean will we have that reply so that senators may use it as they determine whether or not to vote in favour of the third reading motion on Bill C-115?

• (1430)

Senator Murray: Honourable senators, the fact is that it may even be in the notes that I have in front of me, but I have not read them.

Senator Perrault: He has been busy.

Senator Murray: Yes, I have been busy, as Senator Perrault points out. I will undertake to have a statement brought in tomorrow or the next day.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

CANADIAN BROADCASTING CORPORATION—COMPOSITION OF BOARD OF DIRECTORS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 91 on the Order Paper—by Senator Marshall.

NATIONAL FILM BOARD—COMPOSITION OF BOARD OF DIRECTORS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 92 on the Order Paper—by Senator Marshall.

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATION COMMISSION—COMPOSITION OF BOARD OF DIRECTORS

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 93 on the Order Paper—by Senator Marshall.

ORDERS OF THE DAY

TELECOMMUNICATIONS ACT

SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Sylvain, seconded by the Honourable Senator Grimard, for the second reading of Bill C-62, respecting telecommunications.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, although Bill C-62 was introduced here only a few days ago, many hear the familiar sounds of a distant bell. The subject matter of the bill was referred to the Standing Senate Committee on Transport and Communications shortly after the bill was introduced in the other place. That committee reported almost one year ago.

One of my objections to the pre-study and its distortion of Parliament's constitutional process is the government's irresistible propensity to use pre-study as a lash to accelerate passage when the bill comes before the Senate by proper constitutional process.

Senator Murray: No, no, no.

Senator Frith: Nevertheless, my intervention on this bill shall not be a lengthy one because, quite apart from pre-study, my office's research found that it is widely agreed that the bill should go forward — at least to committee.

The many changes made to the bill in committee in the other place resulted in a bill that is generally supported by the telecommunications industry.

Senator Lynch-Staunton: And our pre-study helped.

Senator Frith: Bill C-62, the Telecommunications Act, proposes a new legislative framework for telecommunications. To call it a "new" framework is somewhat of an understatement, considering that the current framework within which the industry works dates back to the 1908 Railway Act.

What is the framework that Bill C-62 establishes? While it is very extensive, I will deal only with a few major points and leave the detail to the committee, because I believe that the committee is eager to dig into the bill and its detail. Witness the fact that it arranged for a meeting of the committee before the bill had even reached the commencement of second reading debate here in the Senate.

First, the bill states that the act is binding on all provinces. Telecommunications is viewed as a national industry and, thus, should be subject to national regulation. Supreme Court of Canada decisions make the national government's responsibilities and jurisdiction in the field quite clear. To provide direction for these national regulations, the bill sets out policy objectives. These objectives include that telecommunications services should be reliable, affordable and accessible in both urban and rural areas of Canada. They also include as an objective to safeguard, enrich and strengthen the social and economic fabric of Canada.

Initially, the bill included the strengthening of culture as well — an area to which I hope the committee will give special attention in its study. It seems to be one of the main areas of controversy in this bill. In that regard, I received a communication from Mr. Crawley, the Executive Director of ACTRA, the Association of Canadian Television and Radio Artists. As he points out in that letter, which was sent to me by fax:

> ACTRA represents 10,000 performers, writers and broadcast journalists working in the English-language electronic media.

As he points out, as a result they have understandably "taken a keen interest in the legislative process relating to Bill C-62" and in its text. In that letter in the third paragraph, he says:

> At one point during clause-by-clause discussion, the Communications Minister suggested that, "The onus is on those arguing that culture has to be included, specifically by reference, to demonstrate what couldn't be done within the bill if it were not included."

As I understand it, the concept of culture as an objective and as part of our telecommunications policy was removed by the Senate committee in its pre-study. On its study of the bill at committee stage, I hope the committee will be open-minded enough to listen to arguments against the decision it then made. Mr. Crawley continues:

> Since culture was included in telecommunications system objectives in Bill C-43 of 1977 and Bill C-16 of 1978, we believe that the onus for justification is on those calling for its deletion after some twenty years of its place of recognition in the development of this long-awaited piece of legislation.

In the next paragraph, he points out an important reality — I suppose that is the word, although I think it was Vladimir Nabokov who said that one word in the English language that should always be put in quotation marks is the word "reality". Mr. Crawley states:

> The historical line of separation between and carriage and content is increasingly blurred.

He goes on in the next paragraph to state:

> The view that culture and communications are increasingly interrelated has been expressed both forcefully and eloquently in Communications Canada's own policy paper, *The Information Society: New Media...New Choices.* In that paper the department has argued that Canada must develop and pursue policies affecting the whole communications sector which will, though evolving new structures and forms of content, "provide Canadians with the freedom to choose from a wide range of Canadian cultural products and information services" and "allow Canadians from one end of the country to the other to exchange their ideas and knowledge".

He then gives another example of the "vulnerability of Canadian cultural products" by setting out in some detail the STENTOR phenomenon, which members of the committee — experts that they are — are familiar with. He then points out on page three:

> In any case, the inclusion of culture in clause 7 would act as a clear reminder to those corporations and individuals involved in undertakings which fall within the rubric of the telecommunications sector that such oversights are intolerable and, more to the point, impractical.

There are then a few other paragraphs in that letter. I have merely selected some of its highlights. I hope and expect that the committee will ask Mr. Crawley to attend the committee hearings to elaborate on the concerns that this important Canadian organization has about Bill C-62.

• (1440)

I refer to one other communication sent to me at my request by an enthusiastic supporter of the legislation, Mr. Joseph Schmitt of the Canadian Business Telecommunications Alliance. I asked him if he was aware of any opposition to the bill. He said he would send me anything he could find on that subject. In fact, in addition to a two-page memorandum detailing his own support of the bill, he sent me a document and news release from the Public Interest Advocacy Centre on Nicholas Street here in Ottawa. The signatories to this press release were Michael Janigan and Phillipa Lawson.

The Public Interest Advocacy Centre is generally supportive of the legislation. They make five points: They support the procedural fairness and openness with respect to appeals to cabinet, and think this is a big step forward. They are supportive of the protection of personal privacy as an explicit policy goal. They have concerns about the reliance on market forces as simply a way of achieving goals such as efficiency and equity. They have concerns about the presumption in favour of deregulation where the service in question will be subject to competition sufficient to protect the interests of users. They also have a concern about removing the power of the CRTC to order a telephone company to provide or discontinue certain services in appropriate circumstances. No doubt this committee, in its search for viewpoints and information on this bill, will want to invite either Mr. Janigan or Ms Lawson, or both, to appear before the committee and elaborate on those views.

The bill gives the Governor in Council, meaning the cabinet, or the executive, a greater hand in the workings of the CRTC and the ability to issue directions to the CRTC in matters which would have a bearing on broad policy matters. These directions could be made in respect of a matter still pending before the CRTC, not just on appeal. The CRTC would be authorized to exempt any class of Canadian carrier from the act. That authority initially lay with the minister, but changes were made to provide the CRTC with the authority.

However, the Governor in Council, the cabinet, the executive — the administration, as it is called in the United States — would be able to vary or rescind a decision of the CRTC. That, it seems to me, can be dangerous.

Alan Bloom referred to the fact that we live in an administrative democracy or an administrative society. We might call it an administrative democracy in Canada rather than a parliamentary democracy, because the administration has so much power over all the workings of the society in its federal aspect. They regularly appear to hold Parliament possibly in contempt, but certainly as a nuisance in holding up their decisions.

Another aspect of this wide power is that anyone can ask the cabinet to rescind a decision. That, of course, creates a larger role for lobbyists to have unfavourable CRTC decisions changed. There is one balancing element on that point: Before making a recommendation to cabinet regarding directions to vary or rescind a CRTC decision, the minister must provide the provinces with an opportunity to consult on his or her recommendations.

Also included in the first version of the bill, but not this one, was a licensing regime. It would have required that a Canadian carrier only operate in accordance with the licence issued by the minister. Many people were opposed to that part of the bill, and it was removed in committee.

Any Canadian carrier can operate as a telecommunications common carrier if it is Canadian controlled. What is "Canadian controlled"? Not less than 80 per cent of the members of the board of directors must be Canadians, and Canadians must own at least 80 per cent of the corporation.

The bill requires that rates charged by a carrier for telecommunication services be just and reasonable. No carrier may unjustly discriminate in its provision of services.

Finally, the CRTC will have authority — this was a point referred to by Mr. Janigan — to refrain from regulating in an area it believes to have a sufficient degree of competition to protect consumers' interests. They call that "forbearance." This is an important principle of all competition policy, of course, dating back to the original Combines Investigation Act, provisions in the Criminal Code and the Competition Act. The basic principle is that where control of the market exists with a monopoly or oligopoly, the interests of the consumers can be helpless against abuse, so regulation can be imposed only where competition is not doing the protective regulating.

Those are only some of the important parts of the bill. There are many others I have not talked about which I hope will be discussed in committee. For instance, I hope the concept of including culture in the objectives will be examined in the committee. I also ask the committee to examine the inclusion of a five-year review of the act since the legislation effects such wide-ranging changes.

As I indicated at the beginning, we will be supporting the bill at this stage. Many positive changes were made in the committee on the other side, and I suggest that these changes make the bill more acceptable to the industry and to our party. Since we recognize the need to update the existing structure which emanates from 1908 legislation, we will therefore support it at second reading. However, I hope the questions raised at second reading will be given serious thought and time by the committee, and not just lip service.

On a bill before the Standing Senate Committee on Legal and Constitutional Affairs the other day, Senator Beaudoin, the chairman of the committee and I were pointing out that frequently at second reading, senators will make reference to questions that they hope the committee will deal with. Because of the pressure to speed legislation through the Senate, the committee is usually ready to receive the legislation and has witnesses lined up. The witnesses appear and express opinions that they probably formed months ago. The debate at second reading is totally ignored. None of the witnesses have been asked to read what senators have raised as issues for the committee. Senators who have asked the committee to look into certain aspects, to do a thorough job and to satisfy itself on certain questions often find that the next day the bill has been bounced back, that third reading is being proposed and that the questions raised at second reading have not been dealt with at all.

• (1450)

Senator Beaudoin and I have agreed that a practice that should be encouraged by committees is to ask witnesses these questions, to ask members of the committee to highlight or circle the questions or perhaps to ask staff of the committee to read through second reading debate and circle the questions raised so that members can ask the witnesses to deal with them.

I invite all chairmen to proceed in this manner, and I am encouraged to see Senator Kinsella, who is a committee chairman, nodding agreement. I can see that practice as being beneficial to both sides. Senator Beaudoin appeared to agree with me the other day. That is two committees for a start. I hope other committee chairmen will do the same. It seems to me that it would not be that difficult to ask staff to read second reading debate and to make sure the committee deals with the questions raised therein.

Against that background, the committee, I hope, having attended to the caveat I made yesterday about arranging meetings before second reading, will receive this bill promptly and therefore be able to launch a thorough investigation and to canvass witnesses as soon as possible.

Hon. B. Alasdair Graham: Honourable senators, as one who participated at great length in the pre-study of this legislation last spring, I should like to offer a few comments. I need not tell you that our telecommunications system has become an important strategic industry for the entire economy. The spinoff is clear. Telecommunications is a knowledge-based industry that employs more than 100,000 Canadians, generates over $20 billion in revenue and invests heavily in Canadian research and development. It is an industry that will ensure that Canada has a ticket to the twenty-first century, a ticket to the high-technology arena of the future.

I am sensitive as well to the fact that the area of telecommunications is really Canada's electronic highway of the 1990s. As an Atlantic Canadian, I want to ensure that the highway runs from coast to coast, that telecommunications will not only help Canada create knowledge-intensive high-technology jobs of the future but will assist us in locating them on as equitable a basis as possible in our regions.

Some people have said that our system of telecommunications serves to solidify the ideal of a common house here in Canada. I believe that is axiomatic. I believe we all understand that Canada must develop a coherent national strategic plan for the future of the telecommunications system if it is to adapt quickly to industrial advances and, as well, to allow Canadians to maximize their involvement in the world-wide information revolution.

Bill C-62 is therefore critical to the present strength and futuristic adaptability of our common house. It seems now very long indeed since the spring of 1992, when the bill was before us for pre-study and, as I said earlier, many of us spent many days and weeks examining the various issues raised in

this important and complicated legislation. I believed then that Bill C-62 was flawed in many ways. In fact the minister was forced to make dozens of amendments, revealing the singular lack of national strategic planning.

Like Lazarus emerging from the tomb, the bill appears resurrected. Now, a year and a half later, the bill has crept back onto the parliamentary agenda — very late in the day I might add. At any rate, behold the resurrection, for the new bill is vastly amended and requires some new discussion to comprehend the metamorphosis, as indicated by Senator Frith just a few moments ago.

Allow me to summarize briefly the views some members on this side raised in the pre-study. Along with industry we found it deficient, wanting, lacking in many ways. Licensing of carriers by the minister had to go. According to the witnesses at the pre-study, the power to make exemptions from the entire act should go to the CRTC, not to the minister. It was suggested that the process of petitions to cabinet on CRTC decisions be made more transparent and fairer for everyone, and it was further recommended that consideration should be given to a time limit for CRTC decisions. These were among the Senate's recommendations.

Much of this has been responded to in the other place, but only after, as I indicated earlier, a year has gone by, after the industry built up and sharpened its arguments and after the minister was forced to table dozens and dozens of amendments, day after day, in the house committee.

The Senate committee heard a great deal about cleaning up the definition clause, clause 2. Although the minister has left in place a complicated method of excluding resellers from the bill, some changes were made to the objectives clause, clause 7, which again was something that was urged to be done as a result of the pre-study in this place. The vary-or-rescind power was improved. People on this side were quite happy to see Canadian ownership of this sector addressed so that the 80 per cent domestic ownership requirement for Canadian carriers remains.

Let me turn briefly to some of the amendments proposed but not accepted by the minister. An automatic five-year review of this act was rejected by the minister within the legislation itself. Reference has already been made to that point by Senator Frith. That amendment seemed to me to make a lot of sense so that another 100 years does not pass before the legislation is revisited. An explicit opportunity for all interested parties to be heard, before cabinet used its powers to refer back, vary, and rescind CRTC decisions, was proposed in the other place, but again it was not accepted by the minister. This would have assured people a chance to be heard whenever cabinet was planning to issue an order affecting a CRTC decision. Again, the minister did not agree.

• (1500)

Apart from the fact that we did not achieve all our amendments, I must acknowledge that tremendous progress has been made. The process has taken far too long and, as a consequence, Canada's progress in this area has obviously suffered. However, it is to be hoped that a lot of that is behind us. In the future, we must be constantly vigilant in areas where improvements can be made, and the public interest better served.

I thank Senator Sylvain for his introduction last night of the legislation on second reading. He, among others, has devoted a great deal of time and good work to this legislation. I thank Senator Frith for his observations this afternoon. As deputy chairman of the committee, I look forward to further discussions on the important matters that have been raised.

The Hon. the Speaker *pro tempore:* Honourable Senator Oliver.

Senator Frith: Honourable senators, perhaps I could correct the record on one point before Senator Oliver proceeds, because it does concern him. In my intervention I referred to the communication I received from Mr. Crawley of ACTRA, sent to me by fax. However, I ought to have made it clear that it was a copy of a letter that was sent to Senator Oliver. I did not mean to imply that Senator Oliver was not aware of that letter. It was addressed to him, and I assume he received it. However, I did not make that clear in my intervention.

Hon. Donald H. Oliver: Honourable senators, I should like to add a few words about this important piece of legislation. My remarks will deal largely with the question of pre-study, in view of the fact that the committee which I was chairing at the time did do an extensive pre-study of this bill.

When this bill came before the Standing Senate Committee on Transport and Communications for pre-study, the committee concluded that the government should proceed with the bill, taking into account a series of 24 recommended amendments. I am delighted to report to the Senate today that this advice given by the Senate committee was followed. In his address to the House of Commons at third reading of this bill, the Minister of Communications praised the work of the Senate committee in the following terms:

> With determination and with open minds the senators listened to many hours of testimony from the best and brightest figures in Canada's telecommunications industry. The greatest tribute to the senators can be found in the simple fact that many of their recommendations are now reflected in the amended Bill C-62.

Bill C-62, as it now appears before the Senate, is, in my view, a much improved piece of legislation as a result of our Senate pre-study. The government has clearly accepted the thrust of the Senate committee's majority report in eliminating a proposed licensing regime and, over all, in achieving a better balance between the powers attributed to the Governor in Council and those attributed to the regulator, the CRTC.

Bill C-62 is a well-crafted piece of legislation, developed after extensive consultations and fine-tuned through the parliamentary process. It is forward-looking legislation which will provide the CRTC with the policy framework and regulatory authority it needs to oversee the rapid evolution of this key sector of our economy well into the next century. For the first time, a telecommunications policy for Canada will be enshrined in law. For the first time, and subject to negotiated transition periods with certain provinces, all of the major telephone and telecommunications companies in Canada will come under the same law and the same regulator, creating a unified Canadian market.

For the first time, the CRTC will have full authority to weigh the relative merits and benefits of monopoly and competitive services and, where competition is appropriate, to forbear from regulating, letting market forces come into full play. For the first time, the CRTC will be able to select the form of regulation most appropriate to the different circumstances in which companies of vastly different size and revenue bases operate.

For the first time, the Governor in Council will have clear authority to establish broad policy directions for the CRTC to implement through its regulation of the telecommunications system. And, for the first time, Canadian ownership of the telecommunications infrastructure of this country will be required by law.

The CRTC has been, and remains under this bill, one of the most powerful and independent regulatory authorities established in Canadian law. Indeed, in several areas the bill gives the CRTC greater flexibility.

This afternoon, I received a letter from Mr. Louis R. (Bud) Sherman, the Vice-Chairman of the Canadian Radio-television and Telecommunications Commission. In that letter dated June 14, 1993, Mr. Sherman states, in part:

> You will recall that the Canadian Radio-television and Telecommunications Commission (CRTC) was a participant during the Standing Senate committee's pre-study of Bill C-62. The CRTC has also assisted the Sub-Committee of the House of Commons Standing Committee on Communications and Culture in its recent examination of the Bill prior to third reading.
>
> While the CRTC has some concerns remaining with Bill C-62, on balance, we consider the Bill as passed by the House of Commons to be vastly improved from the version referred to your committee for pre-study in March 1992. Accordingly, we support its passage as quickly as possible.

At the same time, however, the bill recognizes the appropriate role of the government in setting broad policy directions to guide regulatory decision-making in this key sector of our economy.

The Canadian economy is undergoing a period of transition. Increasingly, economic growth and job and wealth creation will depend on information-based and knowledge-based activities. The telecommunications sector is at the heart of this transformation, providing the electronic infrastructure — the electronic highway, which is the American term — upon which the new economy will increasingly rely.

Bill C-62 is therefore about opportunities. In particular, it is about the opportunity to take full advantage of telecommunications as the catalyst which will drive so much of our future economic growth. It is about opportunities to build on the dynamic growth of our telecommunications sector, thereby enabling growth in other sectors, as well as creating jobs and wealth in its own right. Around the world, but particularly in our key trading partners, the United States, Europe and Japan, governments are realizing the strategic importance of telecommunications for economic growth. If we do not take decisive action now to ensure the competitive position of our telecommunications industry in the global marketplace, then we put at risk the ability of Canadians to enjoy continued economic growth, improved competitiveness and sustained employment in high-paying, high-value jobs.

Bill C-62 provides the policy and legislative framework, and the flexibility, that the regulator needs to achieve the right balance between monopoly and competitive services during this period of transition and rapid evolution. The bill has earned the support of the telecommunications industry, of Canadian businesses that have come to rely more and more on telecommunications services to conduct their day-to-day affairs, and of Canadian consumer groups. In accepting a wide range of amendments to the bill, including the outright removal of certain provisions, the government has demonstrated its responsiveness to the parliamentary process and, in particular, the Senate's pre-study of the bill and to the democratic principles underlying thorough public consultation.

• (1510)

In my view, honourable senators, this legislation has withstood the test of public scrutiny and has been found to be a responsible and responsive piece of work which will serve Canadians well. It is time to proceed with its passage into law.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Lynch-Staunton, for Senator Sylvain, bill referred to the Standing Senate Committee on Transport and Communications.

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. James F. Kelleher: Honourable senators, I welcome this opportunity to speak to you today on the North American Free Trade Agreement, a topic that I know has generated a great deal of interest, not only in Canada, the United States and Mexico, but around the world.

As you know, leaders from Canada, the United States and Mexico have signed the legal text. This agreement, involving two developed nations and a major developing country, represents a significant step forward in the global trading system. It strikes another blow against protectionism and will strengthen the concept of open regionalism.

The media in some countries, including Canada, the United States and Mexico, have displayed some misunderstanding of the fundamental distinctions between common markets and a free trade area. This has often led to a misrepresentation of the NAFTA, which effectively reduces barriers to trade within North America, but with each of the three members maintaining their existing trade regimes with their other trade partners. This is in contrast to the EEC, for example, where the 12 states have eliminated intraregional trade barriers and established a common tariff for the community.

I know that certain media reports have interpreted the NAFTA as a move toward a fortress North America. Building a trade bloc was not Canada's intent, nor, I believe, the intent of our NAFTA partners, and it has not been the result of these negotiations.

Frankly, with a relatively small open economy, dependent upon trade for growth, we Canadians simply cannot, and could not, afford to be part of an inward looking trading arrangement. We have learned, often the hard way, that inward looking thinking and policies do not work. Barriers to trade and other forms of economic interaction, like all protectionist policies, stifle economic opportunities for all concerned, particularly for those who adopt them.

As you know, NAFTA is based on the FTA. Therefore, it was necessary for Canada to take a look at how the FTA was performing to make sure that the foundation was secure before proceeding with the NAFTA. I believe that after four years the FTA has already proven its worth. It has increased Canada's trade potential, created a positive climate for our exporters and established enormous opportunities for foreign investors in Canada.

In fact, despite the recession affecting both countries Canadian exports to the United States in 1992 rose a remarkable 13.6 per cent to $122.3 billion, up $14.7 billion from 1991. Our merchandise trade surplus with the United States was a record $17.7 billion in 1992, $3.8 billion or 27.3 per cent higher than in the previous year.

All this is having a positive effect on job creation. A net total of 118,000 jobs were created in 1992. In Canada, every $1 billion in exports creates or maintains 15,000 jobs.

According to the U.S. Department of Commerce, average monthly imports into the U.S. and Canada are up 25.9 per cent since the FTA compared to the four-year period prior to the FTA.

According to Statistics Canada, since free trade came into effect, 16 of 22 Canadian manufacturing industries increased their market share in the United States.

Transportation, pharmaceuticals, electronics and electrical equipment have made gains of more than 70 per cent. Our exports of high-tech products have gone from $6.6 billion to $10.7 billion, a 63 per cent increase. Our telecommunications, office equipment and precision instruments exports have gone up by 74 per cent. The electronic parts sector has shot up by $2 billion, an increase of 225 per cent.

We have also achieved significant progress in traditional sectors such as textiles, dairy products and crude products generally.

Opponents of free trade warned Canadians of many things, among which was a dramatic drop in investments in Canada. All the money was supposed to start flowing to the United States. Well, since four years direct foreign investment has increased by $17.8 billion, and that, honourable senators, in a recession.

All these figures speak for themselves. They show that Canadians have been able to take advantage of the opportunities that free trade offers them. Blaming the FTA for every sparrow that falls has become a cottage industry in our country, but the arguments do not stand up.

Listen to what the C.D. Howe Institute, Canada's leading independent think-tank, concluded in its October 1992 study:

> It seems clear that the recession has not been due to factors directly related to the FTA. Indeed, the facts so far are more consistent with the optimistic scenario of free trade supporters than with the view of detractors...Free trade with the U.S. has helped the development of the higher value-added industries that are crucial to Canada's economic growth...In particular, many of Canada's manufacturing sectors seem to have performed remarkably well in the U.S. market under the FTA.

But, in Canada, the critics' arguments went beyond economics and into the dark regions of conspiracy and loss of sovereignty. Clearly, the critics were wrong, in both their economic fears and their cultural fears.

The fact is the free trade agreement has made Canada stronger, more able to compete and prosper and more able to hang onto the social safety nets that we consider to be some of the finer aspects of Canadian life.

It was for those very reasons that we entered into negotiations with the United States and Mexico, and the benefits of the North American Free Trade Agreement are just as clear.

We will gain equal access with the United States to the Mexican market of 85 million people, which will grow to 100 million by the end of this decade. We will preserve and improve the original free trade agreement with the United States. I find that hard to believe, colleagues, in view of the fact that I was involved in that agreement. However, I suppose anything is possible.

• (1520)

We will ensure that Canada remains an attractive location for investment in North America. When NAFTA goes into effect on January 1, 1994, we will be part of the largest and richest free trade area in the world: 360 million people with a combined wealth of $7 trillion.

What are the implications of NAFTA for Canada? We feel they are very positive because we feel our key objectives were met. First, we will have barrier-free access to Mexico. Phase-out of tariffs for virtually all Canadian exports to Mexico over ten years will end what is effectively one-way free trade in Mexico's favour. Right now, 80 per cent of Mexican goods, for example, auto parts, enter Canada duty-free, while most Canadian goods and services that enter Mexico presently face barriers.

Second is the elimination of Mexican import licensing requirements for goods. The third implication involves opportunities to bid for major Mexican government procurement contracts. Canadian financial service companies will be able to open subsidiaries, invest in and acquire financial institutions in Mexico, such as banking, securities and insurance. There will be major liberalization of restrictive Mexican investment regimes, liberalization of Mexican services markets, including land transport, specialty air services, professional services, and enhanced telecommunications, for example, advanced data processing services, and agreement between Canada and Mexico to maintain their relatively open international maritime shipping services.

We retain the free trade agreement plus improvements. The Auto Pact remains. Protection of Canada's cultural industries remains intact. Social services and health services are protected. High health, safety and environmental standards are preserved and can be strengthened.

Canada's supply management import quotas for egg, dairy and poultry products are not affected. Unlike in the free trade agreement, transportation services, including land and specialty air services, and intellectual property rights are included. There will be clearer North American content rules, including, for autos, reducing the risk of unilateral interpretations by customs officials. We all saw what happened in the Honda case.

The impact of new rules of origin for textiles and apparel is offset by increases in the quotas, giving preferential access to the U.S. market for Canadian goods which do not meet the rules of origin. For example, our export quota to the U.S. doubles for non-wool apparel, nearly triples for fabrics and is four times the 1991 export level for yarns.

There will be an extension for two years of duty-drawback beyond the FTA expiry in 1994. This will be replaced in 1996 by a permanent duty refund system which will reduce input costs for Canadian manufacturers who still pay duties on goods into other NAFTA countries. There will be clearer disciplines on energy regulators to avoid discriminatory actions against contractual arrangements benefiting Canadian gas exports. More stringent discipline will be applied to the U.S. for imposing border restrictions against imports from Canada, and improved dispute settlement procedures will be in place. The FTA's dispute settlement mechanism has given Canada a form of recourse against American trade protectionism that did not exist before; one which gives Canada an advantage over other American trading partners.

Finally, honourable colleagues, Canada remains an attractive place to invest. Canada will be on an equal footing in competing for investment in North America because the NAFTA ensures secure access for our exports both to the United States and Mexico. Had we not entered into NAFTA, the United States would have become the hub, much to the detriment of Canada.

However, I should remind honourable senators that trade agreements such as NAFTA and the FTA only provide a framework. They do not create trade in and of themselves. It is up to Canadians, Americans and Mexicans to take the initiative and seek out ways to make new sales of goods and service and to make new investments. What this means, in short, for our three countries is that, while trade-liberalizing policies ensure that we have the means to become part of the global economy, it is up to individuals to go through the doors which these agreements open.

Our traditional markets are no longer a sure thing. The competition is no longer the company across the street or across town. The competition could be any single company around the world. We are not competitive. We stand to lose our traditional customers to a competitor in another part of the world.

All this is to say that business people and, indeed, all of us must work within the new realities of the global marketplace an outward-looking culture that transcends boundaries. We must all begin to understand how the world has changed, and to use those changes to our advantage.

Hon. Edward M. Lawson: Honourable senators, listening to the honourable senator tell me about this bill makes me want to vote quickly in favour of it, and rush out and sign the North American Free Trade Agreement.

Senator Kelleher: Will you move second reading, then?

Senator Corbin: Listen to the rest.

Senator Lawson: We heard the same kind of glowing presentation by the President of Mexico when he told us he had 85 million people willing and anxious to buy North American manufactured goods, and that there was no reason to worry about Mexican labour laws or safety laws or environment laws; that they have good laws on the books. This is true. However, when you look behind the scene, you find the real truth. First there are 20 million unemployed Mexicans, a huge pool of unemployed exploitable by multinational corporations that owe no loyalty to any flag or country.

We all had a moment of sympathy for our friends at General Motors when they announced a year or so ago that they had to lay off 70,000 workers in North America, and close down plants, and that 30 cities would be devastated. Everyone worried and wondered about it. I was quite surprised about this wave of sympathy for General Motors. Jobs lost: 70,000, paying from $16 to $30 per hour plus fringe benefits. But not one reporter, investigative or otherwise, asked General Motors this question: "While you are laying off thousands of workers in North America, how many jobs are you creating in Mexico?" Had they asked, they would have found out that General Motors has 55,000 workers in Mexico. The top wage — $1.40 per hour.

At the committee meeting, we asked about the competition in the cost of an automobile. I congratulate Senator Stewart on his chairmanship through the difficulty we had in dealing with this matter. The negotiators replied that the labour cost of manufacturing an automobile is really very small: 10 per cent in Canada, 10 per cent in the U.S. I asked the deputy official who was there about the cost in Mexico. They did not know. It was not that important. They thought they could find out.

How can you go to negotiations for that kind of deal and not know what the competition is doing? It was easy to find out, to check the record. The evidence of Bob White of the autoworkers' union was there. The cost is 10 per cent in Mexico as well, but a different 10 per cent. It is 10 per cent of our 10 per cent, or a net cost of 1 per cent. No safety standards, no environmental standards, no fringe benefits. That is the kind of competition we will face.

Senator Perrault: Some deal!

Senator Lawson: That is only part of the story. If we could say, and if the government was saying, that, as a nation, we would go in and help the Mexicans and raise their standards, perhaps that would be a redeeming feature. However, the truth of the matter is that in the last decade real wages in Mexico have gone down by 67 per cent.

• (1530)

I was involved with a trade union in the U.S. when they were dealing with Maquiladora plants. The arrangement was that there would be an equal number of jobs on the Mexican side and the American side and they would live happily ever after. Now there are 5,000 jobs on the U.S. side which are paying good wages and have good working conditions, and there are 450,000 on the Mexican side, under the worst possible conditions.

I have a video which I was perhaps a little derelict in not getting to the committee sooner, but I think every member of the Senate should view it before voting. The video was made by the University of Califomia. The Jolly Green Giant plant from California shut down, fired 1,000 workers and went to Mexico, where they pay the workers 50 cents an hour.

We asked the representative from Mexico at the committee about child labour. He said that it does not exist, although there may be the odd shoe-shine child or something like that. The video includes interviews of 13-, 14-, and 15-year-old children who have been working in assembly lines for Jolly Green Giant for three years. Some of the children have only grade three education because their families did not have enough money. Other children did not go to school at all. They are paid 25 or 26 cents an hour.

This will not happen in Canada, but it troubles me that a major industrialist in British Columbia, who is planning to open a plant in Mexico and was asked whether he would use child labour answered very guardedly. He said, "When you set up a new plant in another country, you obey the laws of that country." Simply translated, that means that, if they allow child labour, he will use child labour.

In the video we also see that they are irrigating the fields with contaminated water. The interviewer asked someone what the red in the stream is. It is blood from the slaughter house a block away, from which the fields are irrigated.

When you are buying lettuce, tomatoes, cauliflower and strawberries, just remember the conditions under which they are being grown. DDT and other chemicals, which have been banned in the U.S. and Canada for the last decade, are used daily in Mexico.

Word is leaking out that this is happening. Does Jolly Green Giant clean it up, like a responsible corporation? No, instead it changes its advertising. On the front of its packages it prints, "San Francisco Choice" or "California Choice",

names meant to deceive the consuming public into believing that the product is grown in the United States under decent conditions. In small print on the back they say, "Grown in Mexico".

Petitions of protest were filed and, to the credit of the U.S. customs, they put an end to that practice. Now the company must have "Grown in Mexico" in print equal in size to that of the deceiving words, "San Francisco Choice" and "California Choice". Those are some of the things that are going on.

They have labour laws and safety laws, but what enforcement is directly related to your ability to pay. They call it *la mordida*, "a little bite". In English it is a small pay off. Safety regulations and environmental regulations will go unenforced if you are prepared to pay the enforcement officers not to enforce them.

The new police commissioner of Mexico was given plaudits lately. Corruption is rampant in the police department, but he has found a solution and he is getting rave reviews. Those policemen who have not taken payoffs from the ordinary citizens in each month get a cash payoff from the state. It is a wonderful solution on the issue of law enforcement and corruption.

Some of you may recall that Congressman Richard Gephardt, the Democratic Majority Leader in the House, voted in favour of fast tracking the NAFTA when George Bush presented it. He was taken down to meet the workers and to see the plants and the contaminated conditions. He went several times and he took a handful of congressmen with him. It was then reported:

> Congress should dump the North American Free Trade Agreement as drafted by the Bush administration, a group of U.S. House members agreed after a tour of Tijuana's thriving maquiladora complex.
>
> The six-member congressional delegation, headed by...Richard Gephardt...made those remarks after a gruelling tour of the festering toxic dumps and poverty-ridden worker villages south of the border.
>
> Gephardt said NAFTA is "a bad treaty" that sorely needs to be repaired through a series of supplemental agreements.
>
> Unless side agreements proposed by the Clinton administration resolve the deep concerns of workers and their communities in the United States, Canada and Mexico, NAFTA likely would go down the drain, Gephardt suggested.
>
> "A good treaty is good for all three countries; a bad treaty is bad for all three countries," he stressed.

After viewing these, the U.S. wants assistance for U.S. workers displaced by the movement of plants to Mexico, including compensation, training, job search, and placement services. I have not heard of any such proposal by our government in relation to NAFTA.

They want protection for Mexican workers through enforcement of the country's labour laws, particularly those fired for attempting to unionize Maquiladoras, which is very common.

The representative from the Mexican government told us at the committee that the largest trade union in Mexico, which represents 3 million workers, supports the treaty. As I said to him then, that is not a trade union as we know it in Canada and the United States. That is a government-controlled company union that does exactly what it is told.

The representatives of the Mexican government told us that they had perhaps overreacted on a couple of strikes. They did overreact a little. They killed the union leaders. As a former union representative, I consider that an overreaction and a human rights violation. There are no trade unions operating successfully in Mexico as we know them in Canada and the United States.

They want to correct the sources of pollution and environmental degradation through the establishment of a trilateral commission with effective enforcement authority. In support of that they have a nice picture of a very modern plant and a lake. The caption reads:

> A serene pastoral scene this is not. Across this toxic waste holding pond outside Tijuana, Mexico, is a lead smelter and battery recycling plant that the U.S.-owned Alco Pacifico de Mexico abandoned in 1991. The site is contaminated with 15,000 tons of poisonous slag and the pond contains hazardous heavy metals. The polluted water seeps across a road to a dairy farm stocked with a large herd of milk cows.

They set up the plants, exploited the workers at 40 and 50 cents an hour, and raped the resources. When they found that they might be held accountable for the contamination they were leaving behind, they abandoned the plant and left it for the citizens of Mexico to clean up.

They are also asking for repair of deteriorated infrastructure on both sides of the U.S. -Mexican border, to be financed by a cross-border transaction tax. That could very well happen to us.

Congressman Wyden from Oregon said:

> I call myself a free-trader, but I can't vote for this pact.

Several tours of the Maquiladora have been conducted over the past 18 months for a score of House and Senate members, including Senator Howard Metzenbaum and Paul Wellstone, a Democrat from Minnesota. I would suggest that Canadian

senators should go and have a firsthand look at what is taking place there. If they had an ounce of human concern, I think they would be depressed to see what is actually taking place.

• (1540)

On the tour, they went to an automated Sanyo plant that produces some 1,000 chassis a day with parts shipped in from Japan. The completed TV components are transported to a Sanyo facility in Forest City, Arkansas, where the final assembly is done.

After four years in operation at Tijuana's Ciudad Industrial, productivity at the Sanyo facility, which is fitted with state-of-the-art robotics, now exceeds that of its plant in Japan, according to the plant manager.

We were again told in the committee that our edge as Canadians, even though Mexico had low wages, was productivity. Not true. But low wages are a primary factor in the productivity edge for the plant's workforce of more than 800, who are mainly young women under 25.

The average pay for the Sanyo production workers is about $60 for a 48-hour week. That is with bonuses. They actually receive about $1 an hour. This is well above the rate at other Tijuana maquiladoras, which pay around $5 a day, or vary from $3 to $5 a day.

Tijuana's industrial complex is a key base for other Japanese and Korean corporations, including Mitsushito, Hitachi and Hyundai. Under the maquiladora setup, these Pacific Rim corporations have invested heavily in the Tijuana facilities to establish a launching pad for exports into the United States and, with the adoption of this treaty, into Canada.

About 30 of the 115 facilities in the complex are U.S. furniture manufacturers that have moved from California. Why? To avoid federal and state regulations against air and water pollution.

Ciudad Industrial is located on a hill above a workers' community, Colonia Chilpanzingo. Community leaders described how discharged industrial waste flows down from the maquiladoras, often flooding the dirt roads.

Expressing concerns over the health problems stemming from community exposure to toxic waste, the Colonia leaders displayed death certificates of babies born missing parts of their brains. *20/20* or *60 Minutes* did a feature on these health problems. I am not making this up.

Workers said the Mexican government has failed to endorse labour laws in favour of providing easier access to the influx of maquiladora plants.

Nearly 2,000 maquiladoras employ 450,000 workers just south of the U.S. border, where they do not have to conform to more stringent U.S. labour, safety and environmental standards. Most of the operations were moved from the U.S. to take advantage of poverty level wage scales.

The Americans say that a number of studies document the loss of 500,000 U.S. jobs to the maquiladoras during the eighties. Another half-million jobs would be wiped out in the nineties under the flawed North American Free Trade Agreement.

Ron Carey, the International President of the Teamsters, says that companies they have under contract "are already forming partnerships with Mexican firms or setting up Mexican subsidiaries to take advantage" of a provision allowing Mexican truckers to drive from Mexico to their destinations in the United States and Canada under Mexican wages and labour laws.

Drivers who are making $18 or $20 an hour in Canada and the U.S., plus fringe benefits, pensions, and health care, will be replaced by workers earning $1 an hour.

The Hon. the Speaker *pro tempore*: I must point out that the honourable senator's time has expired. Does the honourable senator have leave to continue?

Hon. Senators: Agreed.

Senator Lawson: While lowering transportation costs for those operations, this provision will result in the loss of as many as 250,000 trucking jobs in the United States. The Americans are talking about a loss of 500,000 manufacturing jobs. The head of the Teamsters estimates the loss of 250,000 trucking jobs in the U.S. If you take the difference in population between Canada and the U.S. — we are roughly 10 per cent — you can expect the loss of 15,000 to 20,000 trucking jobs in Canada, as well as thousands of manufacturing jobs.

While the government paints a glowing picture of what is available to Canada under the NAFTA, what we are faced with is a good agreement, if you are a multinational corporation that has no qualms about exploiting a huge pool of unemployed Mexican workers; that has no qualms about driving down wage rates; that has no qualms about using child labour; that has no qualms about destroying the streams, lakes, and rivers by poisoning them with pollutants, that has no qualms about using unsafe chemicals on products shipped back to unsuspecting Americans and Canadians. If you have no qualms, this is a good agreement for multinational corporations.

In testimony before the U.S. committee, a statement was made that, while the agreement is concerned for property rights and intellectual rights, there is not one word about human rights. I asked one of our negotiators if that was true, and he said, yes, it was true. There is not one word in the agreement about human rights.

As Canadians, we do not have the ability, without those side agreements, to protect Canadian workers or prevent that kind of damage to our country. We do not have the legal right or the moral right to do that kind of damage. That being said, this agreement should be opposed.

Some Hon. Senators: Hear, hear!

On motion of Senator Molgat, debate adjourned.

TRANSPORT AND COMMUNICATIONS

COMMITTEE AUTHORIZED TO MEET DURING SITTING OF THE SENATE

Leave having been given to revert to Notices of Motions:

Hon. Donald H. Oliver: With leave of the Senate, and not withstanding rule 59(1)(*a*), moved:

> THAT the Standing Senate Committee on Transport and Communications have power to sit at four o'clock in the afternoon today, Tuesday, June 15, 1993, even though the Senate may then be sitting, and that rule 96(4) be suspended in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, this is very short notice for a committee meeting, but I understand that there have been preparatory discussions. On our behalf, Senator Frith expressed reservations yesterday about committee meetings being called before a bill is passed.

Nevertheless, the minister is available this afternoon. We understand he has major responsibilities right now. The deputy chairman of the committee, Senator Graham, has recommended that we accept the proposal made by Senator Oliver. On that basis, we are prepared to give leave.

Hon. Eymard G. Corbin: Honourable senators, I wish to say a word about this practice. It is being used more and more frequently. I am not debating the appropriateness of proceeding with the examination of legislation at a faster pace, but this practice creates a difficulty for other members, regardless of what the chairman and deputy chairman of the committee think.

I am not a member of this committee, but these short notices create a great deal of stress. Senators must organize their schedules. They want proper and sufficient notice. This type of practice is, in my opinion, almost unfair.

I understand we are nearing the end of a session and a Parliament. Everyone is looking forward to the break, but this practice does not do justice to the proper examination of legislation. It creates hardship on your run-of-the-mill senators, those hard-working backbenchers who are expected to show up at committee meetings with practically no notice.

Honourable senators, I wish to place on the record that I do not intend to suffer this kind of practice much longer.

Motion agreed to.

• (1550)

TRANSPORT AND COMMUNICATIONS

RADIO CANADA INTERNATIONAL—COMMITTEE AUTHORIZED TO STUDY IMPLICATIONS OF REDUCTION IN FUNDING

Leave having been given to proceed to Motion No. 63:

Hon. Raymond J. Perrault, pursuant to notice of Wednesday, June 9, 1993, moved:

> THAT the Standing Senate Committee on Transport and Communications be authorized to examine and report upon the mandate and funding of Radio Canada International; and
>
> THAT the Committee present its Report no later than September 30, 1993

He said: Honourable senators, the subject of Radio Canada International has been raised by senators on both sides of the chamber. In discussing the best way to proceed with an examination of RCI, I have had the excellent cooperation of Senator Oliver, Chairman of the Transport and Communications committee, Senator MacDonald, and many others. We have worked in a collegial fashion.

The way in which Canada is communicating with the world via Radio Canada International has been the subject of interest and concern to several members in the chamber. A consensus has developed that this subject of international broadcasting should be examined by members of the Standing Senate Committee on Transport and Communications. If honourable senators support this motion, our deliberations should seek to assess Canada's international communications needs in the future, rather than attempt merely to find ways in which the budgetary status of Radio Canada International may be restored to 1989 or 1990 levels. Our committee deliberations, in my view, should not be a safari into re-establishing the status quo. Perhaps the previous status quo is not good enough, or is not adequate for the needs of Canada today, in this time of the communications revolution in which we now live.

The fact is that many nations in the world are engaged in extensive use of international shortwave, frequency modulation, medium wave, long wave and satellites to communicate with the world. There has been an explosion in the communications revolution. A number of nations are engaging in transmission and retransmission of radio signals via satellites, and a number of nations are involved actively in telecasting to the world via satellite transponders.

Over the weekend, while I was primarily occupied in watching a fascinating political program on the Canadian networks, I accessed the SCOLA satellite, which I have mentioned before, honourable senators. In this instance, I was able to access the nightly television newscast from Radio Beijing. It was on a satellite, accessible to Canadians, available here in North America. That was followed by extensive coverage of news from Portugal in the Portuguese language, again using satellite communication.

The fact is that there is a virtual revolution under way. Some time ago, the German Bundestag and Bundesrat discussed the idea of having a 24-hour German satellite put aloft. They now have it up there and it is broadcasting 24-hours a day in English, German and other languages. It can be received very well in Canada. The programming is quite interesting and very useful.

The British had a debate in Parliament four years ago and the British parliamentarians — on all sides — agreed to put a 24-hour BBC satellite up there, which now brings British television programming to Canada and to various other areas of the world. Some of the BBC news programming on that satellite, which was first proposed in the Parliament of Great Britain, is being used by our CBC news service. To a lesser extent, similar communications developments are occuring in other countries, as I mentioned before; for example, Spain and Portugal.

This committee could review what is being done by other countries with respect to their international television and radio services, because it is quite remarkable how other nations have determined to tell the world about themselves, their culture and their economic and investment potentials.

While, as I have mentioned, the Parliament of Great Britain has moved into that area in a prominent way, other nations are very active. The SCOLA satellite telecasts programs from a number of nations. An Arab language satellite has begun operating 24-hours a day, offering Arabic language, cartoons for the children and discussion about the economic potential of the Arab-speaking nations, and other subjects.

Honourable senators, it seems to some of us that the Senate could provide a most valuable and objective study of not only Radio Canada International but also ways in which the new technology can be adapted to Canada's international communication needs, whether by AM, FM, shortwave, long wave, television, satellite, or whatever the method. In relation to our size as a nation — and I have discussed with Radio Canada International officials our relative position in this communications race — we are several notches below countries with a smaller GNP and a smaller population.

There certainly is an abundance of expertise in this chamber. A number of senators on both sides have had expenence in the broadcast industry and are knowledgeable about international affairs. There are skilled communicators on both sides — including people like Senator Chaput-Rolland, Senator MacDonald, Senator Graham, and several others who have had distinguished careers in the communications industry. I feel sure that, together with others through the proposed committee process, we will be able to suggest many ways in which the Canadian message can be delivered even more effectively to the world communitv of nations.

[*Translation*]

I am sure that together with others, through the proposed committee process, they will be able to suggest many ways in which the Canadian message can be delivered even more effectively to the world community of nations.

[*English*]

There is an opportunity to do something good for the nation here by working jointly in committee. I urge support of this resolution.

Hon. Finlay MacDonald: Honourable senators, I totally agree with the suggestion of Senator Perrault. As he said at the outset, it would be quixotic to expect that this committee could find $13 or $20 million to try to restore RCI to its original position. Heaven only knows, when you compare it to the other nations, it is a small enough amount of money, if we had it.

As Senator Perrault says, one of these days we will be out of this fiscal mess. We have to decide whether or not we want Canada's voice known to other parts of the world. After the cut was originally made, one nation said, "The voice of Canada has been silenced." It is important, particularly in the area of foreign relations, to have people know exactly where Canada stands in any number of developing situations.

There are 16 nations now that are teaching Canadian studies. They have relied heavily upon the broadcasts of Radio Canada International, which is unique in that it should not be confused with radio broadcasting and conventional broadcasting as we know it. To the other parts of the world, it is a well-balanced view of Canada.

So that honourable senators understand exactly the situation in which we find ourselves, I should like to read a short chronology of what has happened. In December of 1990, the CBC announced cuts of more than $100 billion, with lay-offs of several hundred employees. The CBC said that it could no longer afford to fund Radio Canada International. The then Minister of External Affairs, Joe Clark, said that Canada should maintain Radio Canada International, "This important voice of Canada in the world."

In January and March of 1991, the CBC and the Department of External Affairs, plus other departments including Extemal Affairs, were unwilling to fund even a part of Radio Canada International. On March 15, the Prime Minister, in an interview broadcast on radio and television and

quoted in all of the newspapers, said that "he guarantees the survival of RCI because of its important international role." Then in March of 1991, the cabinet committee on Priorities and Planning authorized five-year funding totalling $81 million from the priorities reserved specifically for Radio Canada International. This comes from the Treasury Board and is added to External Affairs reference levels. External Affairs has consistently indicated that it cannot fund all or any part of RCI out of its own estimates.

• (1600)

Then Joe Clark announced cabinet approval of five-year funding for RCI to operate on a reduced scale, and to replace aging transmitters. If we lose our frequencies, the ball game is all over unless we go to satellites, as Senator Perrault suggested.

The RCI budget was cut from $22 million to $13 million; the staff was cut in half from 210 to 117, and seven broadcast languages — Portuguese, Japanese, Hungarian, Polish, Czech, Slovak and German were dropped. On June 4, 1991, Bill C-40 on the Broadcasting Act was passed and proclaimed into law. That bill has a clause 46(2), which says that the CBC shall "provide an international service". Finally, Treasury Board authorized the five-year funding chargeable to the Department of External Affairs' Canadian Interest Programs Abroad.

The Department of External Affairs initially is not interested in administering the RCI file. The contribution agreement was entered into by RCI and the Department of External Affairs for 1991-92 and then for 1992-93.

The most important thing that can be established by referring this matter to committee, as Senator Perrault has said, is to first of all find out exactly what went into the decision. Clearly, it was to save money. It was to cut $13 million out of the Consolidated Revenue Fund. However, who was there? How many departments were involved? There were many. Was the department in charge of tourism involved? When you walk around any place in Canada today, particularly the city of Toronto and outside here, and you see the bus tours, you cannot help but wonder where all the Japanese are coming from. How did they hear about us? There is no more programming into Japan.

It would be interesting to find out exactly who was at that meeting; how the decision was made; how, once we are back on our feet, this can be restored, although not necessarily in the same way it was before. Maybe there is a better way. We need to know, so that we do not go into it with the idea that suddenly there will be $13 million, and we can at least put it back to where it was, but to show our interest in projecting a vision of Canada to the rest of the world. This is the only way it can be done. Eventually, it has to be done and put back again. Those people who are responsible for the initial decisions should be made to realize that some of us are particularly interested in how that decision was arrived at, so that we will be in a position at some future time to put this service back together again.

I totally support the honourable senator's motion. I know the Transport and Communications committee is already heavily overburdened, but where else can we send it?

Motion agreed to.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-SIXTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the forty-sixth report of the Standing Committee on Internal Economy, Budgets and Administration, presented in the Senate on June 10, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the report.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Senator Stewart: Explain.

Senator Lavoie-Roux: I will try my best. I apologize for my voice, which has not been good for some ten days now.

At the request of senators, the Human Resources Directorate, in concert with the Office of the Law Clerk and the Chief of Protective Services, prepared a policy authorizing the Senate administration to conduct reliability checks of applicants for employment, and of employees and certain other persons who are to have access to the precincts or to informational assets of the Senate and senators and, based on an assessment of the information obtained, grant a reliability status to these persons.

[*Translation*]

First of all, I would like to say that all honourable senators have received a copy of this policy, but I would be glad to repeat it, if you are interested.

The current policy applies to all future and current employees of the Senate, to any future or current member of senators' staff, but only if a reliability check is requested, and to all independent contractors or their employees, if the senator or the director who retained their services feels this is useful.

Two levels of reliability checks have been approved. The first level is a cursory check in which the following information is evaluated: personal history, academic certificates, professional qualifications and certificates, and so forth.

There is also a more thorough reliability check.

In this case, in addition to checking and evaluating as for a cursory reliability check, the Senate's administration will investigate the existence of a police record, evaluate the results, and if a record exists, it will proceed with a fingerprint check.

That is the second level of this policy.

[*English*]

Hon. Eymard G. Corbin: Honourable senators, I want to say a brief word, not so much on this report as on the matter of security generally. I am beginning to find it ridiculous that, besides the Canada Post stamp, which has been properly obliterated, most of our mail comes in now marked with another stamp in red, or whatever, which reads "Checked by Senate Security" or something to that effect in English and French. Private, personal invitations for functions are being stamped as having been checked by Senate Security. If you get calendars, they have been checked by Senate Security for security purposes. Books have been checked for security. The whole thing is "Kafkaesque". It is bureaucracy at its worst.

There have been no particular incidents in the Senate that warrant that kind of examination or scrutiny of our mail by x-ray machines or personnel. How much is it all costing? Some of those things are frankly annoying. Someone in this establishment is becoming paranoid. Pretty soon, senators and visitors will have to take off their shoes and have them checked. They now go through electronic magnetic machines that buzz, scream, ring bells or whatever.

• (1610)

Parliament is the house of democracy. People should have access. I appreciate that senators and members of the House of Commons, particularly members of cabinet, have to be protected from whatever scourge is out there that could possibly want to do them harm. However, it has come to the point where every month we pile additional security considerations on top of previous security considerations. When will it all stop? Is this done for the sake of having something on the books to look good to give a sense of security? I question it?

Apparently every morning when we walk into this building our names are taken by security guards. Yet, if I happen to come in from the West Block or the East Block through a tunnel, no one knows that I am in this place. I could die in my office and be there for three days before someone finds out. Security and security considerations are being carried to excess. I wish that we would put a stop to this nonsense.

The Hon. the Speaker *pro tempore*: If Senator Lavoie-Roux speaks, now it will have the effect of closing the debate.

[*Translation*]

Senator Lavoie-Roux: Honourable senators, this is just in response to the comments by Senator Corbin. In fact, he said earlier that he realized this reliability check policy had been drawn up at the request of senators some time ago.

I am inclined to agree with Senator Corbin's comments on some of our security measures. If he wishes, I could report his concerns, but they have no connection with our report, which really deals with reliability checks on employees, not on current employees but on future employees, and will take the form of either a cursory or a more thorough check.

Meanwhile, there is certainly some basis for your comments, Senator Corbin.

Motion agreed to and report adopted.

FORTY- SEVENTH REPORT ADOPTED

The Senate proceeded to consideration of the forty-seventh report of the Standing Committee on Internal Economy Budgets and Administration (scales of entitlement), presented in the Senate on June 10, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that the forty-seventh report of the Standing Committee on Internal Economy, Budgets and Administration be adopted.

[*English*]

Hon. John B. Stewart: I would like to ask the honourable senator if she intends to say anything. I am not urging her to do so; however, I would like to ask her a question or two.

Senator Lavoie-Roux: Please go ahead with your question.

Senator Stewart: On what basis does the honourable senator, on behalf of the committee, decide what decisions made in the Standing Committee on Internal Economy, Budgets and Administration are reported to the Senate? I would like to know what decisions are made and are not reported to the Senate and what decisions are made and are reported to the Senate. What is the distinction between the two types of decisions?

Senator Lavoie-Roux: That is a good question. Every decision that entails a policy that has to be adopted by the Senate, or has already been adopted by the Senate but has been modified, or a new policy coming in, is brought to the floor of the Senate. On the whole, it is general in nature. It would also apply to the adoption of new policies that would have some inlluence on the functioning of the Senate.

Senator Stewart: Would this include decisions which involved additional public expenditure?

Senator Lavoie-Roux: Definitely. All of the budgets of the Senate, including extra budgets that are approved by the internal economy committee, are reported to the Senate. That is the manner in which we adopt the budget once a year, as well as the various expenses for committee work.

Senator Stewart: I thank the honourable senator for being so candid.

Motion agreed to and report adopted.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation.—(*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, before we proceed with new matters, there is a one item left over from Michael Wilson's 1985 budget that needs to be tied off, namely, the fate of the heavy water plants of Glace Bay and Port Hawkesbury in Cape Breton.

We remember from Part 4 of our story; how Mr. Mulroney went on a promise-making binge during the Central Nova by-election campaign. One of those promises, according to the *Globe and Mail* of August 17, 1983 was:

> I wouldn't cut back on DEVCO or Cape Breton's two heavy water plants until I could attract new industry into the region. High-tech might be the answer.

That is what he told the people of Nova Scotia.

Immediately following the general election of 1984, the Mulroneyites travelled to Nova Scotia with similar assurances. On May 23, 1985, however, Mr. Wilson buried those promises when he announced in his budget speech: "We will move immediately to close the plants." Therefore, contrary to what had been promised, and notwithstanding that there were no new industries in the area, let alone high-tech industries, the plants were closed and abandoned. Within days of Mr. Wilson's announcement, workers began dismantling them.

No one should be surprised that the people of Nova Scotia were very angry at the news and felt betrayed. The Ottawa *Citizen* of June 8, 1985, reported what Bernie MacDonald, a mechanic in the Glace Bay plant, said of then energy minister Pat Carney:

> "She came here and promised the plant would not be shut down until there were other jobs for us and we met with her yesterday and now all these promised jobs have been whittled down and gone to nothing."
>
> Clarence Rutledge, a Glace Bay councillor, said he could not understand how the government could "kick us when we're down."

By then, the people of Atlantic Canada began to appreciate what Mr. Mulroney really meant when he promised to burden them with prosperity and how he kept his promises.

The manner in which the Mulroney team dealt with Atlantic Canada deserves entire chapters of examination. There are few better examples of the chasm separating promise and performance. But, sorry, Michael Wilson's 1986 budget is growing impatient, so let's move to that.

On the economic front, we have seen that during the 1984 election campaign the deficit was not a major preoccupation with the Mulroney team. The members of the team promised that the deficit could be addressed without raising taxes or cutting social programs.

We then saw that in 1985, with Michael Wllson's very first budget, the deficit became the priority. Notwithstanding election promises, taxes were increased, social programs were cut, and the very wealthy were given generous bonbons so they would have sufficient energy when it came time to unleash their dynamism, as it was called by Mr. Wilson.

• (1620)

In 1986, with Mr. Wilson's second budget, that priority of deficit reduction became a veritable call to arms. When he rose in the House of Commons on February 26, 1986, to present his budget, he began thus:

> I want to speak frankly to this House, and to the people of Canada.
>
> My message today is a serious one, and in many ways not pleasant. But it must be said. And it must be understood.
>
> We have made tremendous progress together in the past 18 months. Growth has been strong. Jobs are being created in record numbers. The deficit is coming down.
>
> But the mounting burden of public debt continues to threaten our future. It is growing faster than our ability to pay. It must be controlled.

Senator Molgat: What year was that?

Senator Frith: The date of that speech was February 26, 1986.

Mr. Wilson then went on to prescribe some strong medicine — it certainly wouldn't taste very good going down. But in return, he promised a speedy recovery for the patient.

First, I will deal with the medicine. More Crown corporations were to be placed on the auction block. The Mulroney team's promise to increase foreign aid spending to 0.6 per cent of GDP by 1990 was shelved. The new promise was to reach that percentage by the mid-1990s.

The Mulroney team's promise to significantly increase defence spending was the next promise to go out the window. Real annual increases in defence spending would be curtailed to below 1984 levels. Total public service employment was to be cut by 15,000 by the year 1990-91.

Hon. Noël A. Kinsella: Honourable senators, I rise on a point of order.

Pursuant to rule 9(1), there seems not to be a quorum.

Senator Frith: Read the rule.

Senator Kinsella: Honourable senators, rule 9(1) states:

> A quorum, consisting of fifteen Senators, including the Speaker, shall be required for the Senate to transact business.

Rule 9(2)(*a*) and (*b*) states:

> During any sitting of the Senate, when a Senator draws the attention of the Senate to the possible lack of a quorum, the Speaker:
>
> (a) shall order the bells to call in the Senators to be sounded for not more than fifteen minutes;
>
> (b) summon the Senators who may be in the adjoining rooms.

Honourable senators, if the Speaker were to send a message to the back rooms, we might have our quorum.

Senator Stewart: Who is leading the government? Perhaps there is no leader.

Senator Frith: Ring the bells.

The Hon. the Speaker *pro tempore*: I see a quorum now, honourable senators. Is it your wish to proceed?

Hon. Senators: Agreed.

Senator Frith: Mr. Wilson also proudly announced how programs such as the Canadian Home Insulation Program had been terminated. Spending on economic and regional development was to be cut by 11.1 per cent. This followed a 15.4 per cent cut the previous year. Those cuts to economic and regional development are found at page 31 of his fiscal plan. That is how the promise to inflict prosperity on the regions was being kept.

Mr. Wilson, at page 28 of his fiscal plan, described how, beginning in the 1986-87 fiscal year, the indexation factor for Established Programs Financing was being reduced by two percentage points per year. This fairly innocuous entry in the fiscal plan was, in fact, a time bomb threatening the future of our most important social programs. Established Programs Financing, otherwise known as EPF, is the vehicle which the federal government uses to help the provinces fund post-secondary education and health care. We saw how candidate Mulroney promised — no, not merely promised, but vowed — to increase federal funding for health care to 50 per cent of total costs and beyond. But now, with Mr. Wilson's 1986 budget, the exact opposite was being done.

Here are a few paragraphs from a report of the National Council of Welfare, a federal government agency, entitled "Funding Health and Higher Education: Danger Looming" which was released in the spring of 1991:

> Originally, federal support for health and higher education was to keep pace each year with overall growth in the economy. Since 1986, however, the support has been cut back as a result of a series of unilateral decisions by the federal government aimed at reducing the deficit.
>
> One of the unavoidable consequences of the cutbacks is that the cash portion of basic federal support has begun to decline. If the current trend continues, every last penny of federal cash for health and higher education under the 1977 fiscal arrangements will disappear within few years.
>
> The consequences would be particularly severe for medicare. Instead of a national system of public health insurance that is more or less the same everywhere, we could wind up with 12 vastly different provincial and territorial medicare systems. Extra billing by doctors and hospital user fees — practices all but wiped out by the Canada Health Act of 1984 — would almost certainly reappear in some jurisdictions.

When and how did this problem first arise? The answer is on page 17 of the report, which states:

> The first change in the overall EPF fommula came in the 1986 budget as part of the federal government's efforts to reduce the size of the deficit. Ottawa announced unilaterally that EPF entitlements would no longer grow with the economy as a whole, but would be held to economic growth minus two percentage points.

This was the first step down the slippery slope. It was taken by Mr. Wilson in his 1986 budget, with the Prime Minister's full support, even though Mr. Mulroney knew that it broke the solemn promise he made to the people of Nova Scotia and all Canadians about increasing the federal government's support for health care. This first cutback was followed by others in subsequent budgets.

In his 1989 budget, Mr. Wilson announced another one per cent decrease in the growth of EPF transfers, effective January 1, 1990. Increases would now be held to economic growth minus three percentage points. In his 1990 budget, Mr. Wilson announced a complete freeze on per capita EPF transfers for two years. In his 1991 budget, Mr. Wilson announced that the two-year freeze was being extended for another three years. These changes removed billions of dollars in funding to the provinces for health and post-secondary education.

In the March 1993 issue of the C.D. Howe Institute Commentary magazine, an institute referred to approvingly by Senator Kelleher earlier this very day, there appeared an article entitled, "Stealing the Emperor's Clothes: Deficit Offloading and National Standards in Health Care." The authors, Paul Booth and Barbara Johnston, wanted to find out how much the federal government has offloaded or cut back on health care funding. They calculated that for the 1991-92 fiscal year alone, federal government offloading of $1.7 billion "can be attributed specifically to health care." They found that "the federal contribution to provincial social programs is declining as a share of the total cost of these programs."

• (1630)

Remember how candidate Mulroney promised to increase the federal government's share of the health care program. At page 6 of the article we read that the federal government's share of total health care spending "declined from about 21 per cent in fiscal year 1987-88 to about 15 per cent in 1991-92".

Has the federal government been cutting back on health care expenditures only in the same proportion that it is cutting other expenditures? According to Boothe and Johnson, the answer is no.

> Over the four-year period (1989-1992), other federal programs grew by 25.5 per cent while transfers for health grew by only 0.6 per cent. Clearly, federal transfers for health have borne a disproportionate share of the burden of federal deficit reduction.
>
> ...despite the rhetoric from Ottawa, the health care system has been targeted as one of the main areas to bear the burden of federal deficit reduction.

Health care, the most sacred of sacred trusts for Brian Mulroney, has been hammered the hardest by his team, according to this article.

The Mulroneyites, of course, argue that they transfer tax points as well as cash to the provinces. Boothe and Johnson mince no words in showing the specious nature of this argument.

> The tax points in question are included in the calculation of provincial tax payable on personal income tax returns. They are not included by the federal government in its own expenditure or revenue calculations. Nor have past transfers of tax points between federal and provincial governments been treated as anything other than provincial revenue. The federal government's rhetoric claiming that it is "giving" the provinces this tax revenue anew each year strains credulity — particularly since the actual collection is left to the provinces themselves.

The government normally gives all critics a contemptuous back of the hand, but this is a critical group which it usually lauds. These quotes are contained in a publication of the C.D. Howe Institute, an institution Mulroneyites normally describe with adoring adjectives.

The effect of these cutbacks is a national health care system under severe strain and it all started in 1986 when the members of Mr. Mulroney's team decided to offload their deficit problem onto the provinces by cutting back on health care funding. It is as simple as that.

What about the campaign promises Mr. Mulroney made about the sanctity of our health care system? Remember that Ottawa *Citizen* article of August 24, 1983.

> A Conservative government would restore the original 50-50 split in medicare costs between the federal and provincial governments if elected to office, says Tory leader Brian Mulroney.

We will soon be getting more promises like these from the Tories.

> In some cases — such as in northern British Columbia, New Brunswick and Nova Scotia — the federal share would likely be even higher, said Mulroney...
>
> "National health care is not a political issue," he said. "You're entitled to the same kind of quality services irrespective of place of residence.
>
> That may mean in certain cases a higher percentage than 50 per cent."

That is what he said in 1983. We now know what he did between 1984 and 1993, but what does Mr. Mulroney allege happened?

In his farewell speech to Tory delegates in Ottawa on Friday he declared, "We kept our word". Those four words, outlandish and utterly false, so stunned the Toronto *Star* that they made the paper's front page headline on Saturday. Those words recall the Mulroneyites' consistent loyalty to the Goebbels technique, that is, if you are going to lie, make it such a whopper, so breathtakingly false, that you hope to stun your audience out of the known truth.

The truth, as everyone knows, is that Mr. Mulroney did not keep his word. He made promises for one purpose, to win elections, and he did win elections, but after each one he dragged behind him a long train of broken promises. These broken promises became so heavy and so obvious to all Canadians, they finally dragged him under and forced him to resign. If he had kept his word, he might now be seeking a third mandate from Canadians, instead of attaching his cement boots to a new leader.

On Sunday, Ms Campbell, in her acceptance speech, thanked him for showing the Conservative Party "how to win." She was so impressed by how he had won in 1984, and how he dealt with all the promises he had made, I suppose, that she ran as a member of his team in 1988. She was taken under his wing and, no doubt, taught the craft of not worrying about any connection between the making of promises and their keeping.

Finding herself mercilessly bolted to her predecessor's policies and record, how will Ms Campbell deal with the problems now facing our health care system? Let us look at the *Globe and Mail* of April 30 of this year.

> Conservative leadership candidate Kim Campbell says she is ready to preside over a new era in medicare, in which Canadians could be required to pay for medical services they use.
>
> That fundamental change to the health care system is just one measure of where Ms Campbell believes a future prime minister could be forced to take the country.
>
> ... Asked whether she would consider user fees for medicare — a challenge to the whole system of universality in Canadian social services — Ms Campbell said she would. "If it was the consensus of working with the provinces on how to rejig our social programs, then yes."

She later said that though she did not believe user fees would help control medicare costs, she thought that perhaps one province could be allowed to impose them as an experiment. "Perhaps it might make sense to let one province experiment with them to demonstrate the fact they don't work". That musing is found in the *Gazette* of May 4, 1993.

The citizens of which province will be the lucky guinea pigs upon which Ms Campbell will experiment in order to show that user fees do not work? Senator Stewart says, "Surely it would be British Columbia, her own province."

Ms Campbell is an inner member of the Mulroney team that has been withholding from the provinces billions of dollars which should have been going to health care. Yes, she was and is a member of that team. She was in the cabinet and supported the decision of Mr. Mulroney and Mr. Wilson to reduce the federal government's share of health care costs.

There was, of course, more to the team's 1986 budget than expenditure reductions and downloading. There were also more tax increases from the minister who had vowed "we would not raise taxes".

First there was another increase to the federal sales tax effective April 1, 1986. It would increase from 11 to 12 per cent. Remember that, when the Mulroney team came to office, the tax stood at 9 per cent. In 18 months it was increased three times to 12 per cent. During those 18 months Mr. Wilson was not complaining that this tax was "a silent killer of jobs". That was to come later when he was trying to persuade people to swallow the GST.

Remember the "temporary" high income surtax? It was to stay and be joined by a new 3 per cent surtax for everyone. There were, of course, tax increases for tobacco and alcohol, along with a surtax for corporations, but corporations got something that individuals did not get when saddled with their surtax. Corporations would see their basic tax rate reduced from 36 to 33 per cent by 1989.

That was the medicine Mr. Wilson prescribed to deal with the deficit. Would the patient get better as a result? It would, Dr. Wilson assured Canadians. For the 1990-91 fiscal year, the deficit would be slashed to $22 billion, he promised. Is that what happened? No, it isn't. He was not even close. In 1990-91 the deficit was $30.5 billion, $8.5 billion more than he projected.

• (1640)

In an April 29, 1993 press release, we heard how Kim Campbell said:

> I am totally supportive of the government's economic direction first laid out by Michael Wilson and consistently followed since then.

She should look again. The only consistent aspect of Mr. Wilson's policies is that they, like his deficit projections, were consistent failures.

In 1986, Mr. Wilson also said that the government's financial requirements — what it actually had to borrow — would be $11 billion for the 1990-91 fiscal year. When that year came, were they $11 billion? No. $12 billion? No. $15 billion? No. $18 billion? No. $22 billion? No. When that year came, they were actually $23.8 billion, not $11 billion. That is the truth of what Mr. Wilson described as his "realistic" medium term plan. The government had to borrow a little over twice as much as Mr. Wilson had originally predicted. Is that any kind of performance for anyone to support or, as Ms Campbell said, totally support? That is the course to which Mr. Wilson wants Ms Campbell to hold, and that she, apparently, willingly accepts as the course to which to adhere.

In his budget of last month, Mr. Mazankowski claimed that the Mulroney-Campbell team, if given another chance, would get the deficit down to $21 billion by 1995-96. He was speaking of the same deficit that has increased every year since the 1987-88 fiscal year under the same Mulroney team. That gang, including Ms Campbell, unlike the majority of Canadians, thinks that Mr. Mazankowski presented a "realistic" budget. If it is realistic in the same way that Mr. Wilson's 1986 budget was realistic, we are looking at a $40 billion-plus deficit two years from now under any such Tory "same story" team. Let us hope not.

Let us briefly turn to Mr. Wilson's budget of February 18, 1987. That was his third budget. In 1987, the tone was much moderated. Mr. Wilson said the deficit battle was proceeding splendidly, requiring only a few adjustments. These adjustments were more tax increases. He had previously said they would not raise taxes. The air transportation tax was increased. The excise tax on gasoline was increased. The excise tax on cigarettes was increased. The federal sales tax was expanded once again. While expanding the scope of the sales tax, Mr. Wilson complained, at page 13 of his speech, that it needed reform because "...it is a silent killer of jobs."

It was only in this budget that Mr. Wilson reached anything that could remotely be called success. He projected a deficit of $29.3 billion for the 1987-88 fiscal year, and actually brought it in at $28.1 billion. But then it would climb in every subsequent year, reaching $35.5 billion in the 1992-93 fiscal year. The reason for this reversal was the general election of 1988. The deficit, which was no big problem during the 1984 campaign, a priority in 1985, and a virtual crisis in 1986, was put on the backburner in 1987 and declared tamed and caged in 1988 for election purposes.

But Mr. Wilson's 1988 budget, which properly belongs in our examination of the 1988 general election campaign, will have to take a temporary back seat.

Next, we will look at some of the other boasted "achievements" of the Mulroney team's first term.

Some Hon. Senators: Hear, hear!

On motion of Senator Frith, debate adjourned.

IMMIGRATION

Hon. Peter Bosa rose pursuant to notice of April 28, 1993:

> THAT he will call the attention of the Senate to some aspects of immigration with particular emphasis on his own personal experience, which today marks the 45th anniversary of his arriving in Toronto on April 28, 1948.

He said: Honourable senators, I am pleased to take this opportunity to speak on the subject of immigration. In the course of my remarks, I will make reference to some aspects of Canada's immigration policy. I will recite some statistics relating to immigrants who came to Canada after the Second World War. I will also share with honourable senators some of my own personal experiences as an immigrant in this country.

Canada's expansionist immigration policy of the late 1920s ended abruptly with the onset of the Great Depression. Immigration fell from an average of about 150,000 per year, and 165,000 in 1929, to just over 11,000 in 1935 during the depths of the depression. The outbreak of World War II led to a further decline to levels that were low, even by World War I standards, and had not been experienced since the pre-Confederation period of 1859-1860.

Even before the war had ended, many were seeking a liberalization of immigration policy. These were Canadians who believed immigration was essential to populate and develop the country, or who wished to rescue relatives and compatriots from the economic and political chaos of occupied Europe, and foreign countries anxious to settle the millions of Europeans uprooted by the war, or anxious about future employment once the war was over. In May of 1947, Prime Minister Mackenzie King made a major statement on proposed post-war immigration policy. He announced that, once again, the government would encourage immigration.

The Canadian population was small, and natural increase would only allow it to expand to 14.6 million by 1971. A larger population would help to develop Canadian resources and help reduce dependence on the export of primary products. Responding to fears that immigration would lead to a reduction in the standard of living, King stressed that it was "of the utmost importance to relate immigration to absorptive capacity." Thus, immigration would be adjusted in accordance with the requirements of the economy.

King vigorously defended the right of Canada to be very selective in its choice of immigrants:

> I wish to make it quite clear that Canada is perfectly within her rights in selecting the persons whom we regard as desirable future citizens. It is not a "fundamental human right" of any alien to enter Canada. It is a privilege. It is a matter of domestic policy.

For the first time, Canada was attempting to select immigrants, not only to bring the prairie farmlands under the plough and provide cultural labourers, but also to fuel industrial expansion.

Under the impact of Mackenzie King's new policy and the post-war economic prosperity, immigration to Canada skyrocketed from the historic low of 7,576 in 1942 to 17,719 in 1946, and to 282,162 in 1957. In fact, throughout the years 1946-1973, immigration fell below 100,000 only in 1961, 1962 and 1963. The average was over 137,000. A grand total of 3,842,963 immigrants were welcomed to Canada during those 28 years.

All but some 600,000 of these immigrants came from the countries of Western Europe and from the United States. Over the years, however, the patterns of immigration from the various countries of Western Europe changed. The British Isles was the largest single source of new immigrants for most of these years. Those from the war-devastated countries like Poland, the Netherlands, Italy and West Germany dominated the early post-war years. Overall, however, the 1950s and 1960s were dominated by immigration from Italy. Indeed, for the whole period of 1946 to 1973, total immigration from Italy amounted to almost 464,000, less than the 790,000 who came from England, but more than those who came from any other country including Germany and the United States.

• (1650)

From a low of 20,000 in the years 1946 to 1950, immigration from Italy rose to a height of more than 166,000 between 1951 and 1957 and was more than 100,000 in each of the periods 1958 to 1962 and 1963 to 1967. The economic miracle in the Italy of the late 1960s and early 1970s led to a decline from these unprecedented levels, just as the economic recovery of the Netherlands and West Germany a decade earlier had led to a similar decline in admissions from those countries. Recent statistics show that in the 1980s and 1990s an average of about 800 persons a year come from Italy.

Looking over the statistics for the intended employment of immigrants in the 20 or 25 years following the war, one immediately notices that most aspired to relatively modest positions. They had come to Canada less for their own sake than for the future of their children. Almost one in three expected to find employment in manufacturing, mechanical and construction work; between 10 and 15 per cent looked toward either agriculture or something referred to as service and recreation; and just under 10 per cent intended to become labourers. Others, perhaps about 15 per cent, aspired to clerical work or the commercial and financial sectors of the economy. Only about 15 per cent hoped to work in the professions, and scarcely 1 or 2 per cent aspired to managerial positions.

Specifically, in 1948 there were 3,202 immigrants from Italy. I was one of them.

My father, a Canadian citizen, sponsored me. He had immigrated to Canada at the age of 38, in December of 1927 when I was six months old. I met him again for the first time when I came to Toronto at the age of 21. My father, an accomplished tailor who had his own store, had come to Canada with the intention of spending three or four years here and then returning to Italy. However, the depression thwarted his plans. For many years he did not have regular employment. Economic instability had a devastating effect on him.

However, in the late 1930s, economic conditions improved and he changed his mind and wanted to reunite his family in Canada. His family consisted of my mother, my two sisters and me. But the Second World War broke out, and his plans had to be put on hold. For many years, there was no correspondence. We did not hear from him until the summer of 1945. That year he wrote to us that he was contemplating coming back to Italy. I wrote back to him, asking him to first sponsor me to Canada. I had been dreaming of coming to Canada since my early childhood. I recall staring at the map in school, trying to find where Toronto was located. However immigration from Italy did not open up until early 1948.

While waiting for that moment to happen, I was fortunate to get a job with the British Armed Forces in 1945 at an Air Force base near Bertiolo, the village where I was born, in the region of Friuli in northeast Italy. During the two and a half years that I worked for the British, I undertook an intensive study of the English language. This was my preparatory period before coming to Canada. At some time during that period, my English became good enough that I was often called upon to act as an interpreter between the British officers and the Italian workers. I am profoundly grateful to Flight Officer McCray from Aberdeen, whose patience was responsible for my progress in learning English, even though at first I spoke with a Scottish accent. He taught me what I thought was my first English song, *Just a wee deoch and dorris*. I did not find out until I came to Canada that it was really a Scottish song of a particular kind, but I still remember the words.

My sisters got married in 1945. My father made one last attempt to reunite his family in Canada in 1950, but my brothers-in-law were not interested in immigrating. As a consequence, my father changed his plans again and was planning to return to Italy at some time in the future. He postponed this plan from one year to the next. He died in 1963 at the age of 74, without ever rejoining his family. My mother, who had been left behind at the age of 33 with three children, was in reality a widow caused by the economic conditions of the time. She died in 1974 at the age of 82 without ever having experienced the togetherness of a reunited family. Theirs was an involuntary separation. I thought I should mention my family background as a demonstration of some of the tragic consequences and hardships of immigration which do not always come to light.

I myself have had an exciting life in Canada. Within five days of my arrival in Toronto, my father got me a job for $20 a week in a clothing manufacturing plant where he had worked during the war, making Army uniforms. Six years later I was promoted to foreman of the cutting department. I had taken two years of designing at night school, which enabled me to become skilful in pattern making. There was no retraining assistance by employers or governments at the time; one had to do it on one's own. I was one of two immigrants in that department of 26 employees, and I was chosen to become the foreman. We often hear people speak of discrimination, but I can honestly say I have not experienced discrimination. At least, if I had been discriminated against, I was not aware of it.

In 1957 I resigned my position as foreman to get into the insurance business as a subagent with the Adriatic Insurance Agency. The insurance industry gave me the opportunity to earn a living and to improve my education at the same time. Prior to entering the insurance business, my education was comparable to Grade 12. I enrolled in a five-year life underwriters training course and received my chartered life underwriter designation in 1968.

I have been very active in both the Italian community and in Canadian society as a whole. Three weeks after arriving in Canada, I joined the Famée Furlane Mutual Benefit Society. I was elected to the executive and served as corresponding secretary. I have been president of the Italian Football Club and president of the Italian-Canadian Recreational Club. I have served on the allocation committee of the United Fund and on the board of directors of the Northwestern General Hospital for over 20 years. I have been a member of the York Lions Club for the past 25 years and of many other community organizations too numerous to be repeated here. Through this involvement in Canadian society, I made many friends and gained valuable experience.

One of the most difficult decisions that confronted me in Canada was whether to become involved in Canadian politics. I was born under the Fascist regime, and I had witnessed the profound changes that took place in Italian society. I had witnessed the fratricidal war and the clashes of political ideologies. I had also experienced the turmoil of the German occupation. As a teenager, I was very disturbed by these experiences. I was afraid to become involved in any political party. It was not until nine years after arriving in this country that I was able to wash the political fear syndrome from my mind.

I joined the Davenport Liberal Association and helped the Honourable Paul Hellyer in 1957 and the Honourable Walter Gordon and Charles Caccia in every election campaign after that. I felt comfortable in the Liberal party. The party slogan, "Unity in diversity" appealed to me greatly. My involvement in the party intensified, and I worked at every level of government, including the leadership contests of our colleague Andy Thompson in 1964 and Pierre Trudeau in 1968.

Working for a political party for me was a matter of public duty, and I never expected anything in return. It came as a great surprise to me when I was asked in the summer of 1963 if I would accept an offer to become the special assistant to the then Minister of Citizenship and Immigration, the Honourable Guy Favreau. I accepted right away, even though the position offered less than two-thirds the remuneration I was then eaming in the insurance business. I was a bachelor at the time. I felt exhilarated. I also discovered that I had the distinction of being the first non-British-, non-French-Canadian to occupy such a position. My appointment received national coverage, and it sent a message to the ethnic groups that the Liberal party was serious about involving the minorities in our political process.

I also learned that one cannot make a career out of being a ministerial aid. When there is a cabinet shuffle, the assistants follow the minister in whatever department is assigned to them. Thus, in two and a half years, I had served as special assistant and executive assistant to the minister of Citizenship and Immigration, to the Government House Leader, and to the Postmaster General. It was a great experience. Some people might have thought that I was not able to hold on to a job.

While at Immigration, I had the unexpected and pleasant experience of meeting the immigration officer who had interviewed me in Rome 15 years earlier in March 1948, Mr. J. Robillard. At the time of my appointment he was the head of the placement section and, as such, we worked together on some cases. It was a phenomenal coincidence.

• (1700)

Senator Frith: Did he remember?

Senator Bosa: I am not sure. I showed him my old passport and he recognized the signature.

Senator Frith: You remembered him immediately?

Senator Bosa: Yes. In September 1965 I resigned my government position to work in the fall federal election campaign as chairman of a communications and public relations committee to liaise with the ethnic press and community leaders. After the election, I was offered opportunities with the federal public service, but decided instead to start my own general insurance brokerage in January 1966.

However, the political bug remained in me and in December 1969 I entered the municipal election in Ward 3 of the Borough of York and was elected on my first try. I was the first immigrant to become a member of council. I was elected two more times, but did not seek re-election in 1976. In November of the same year I was appointed chairman of the Canadian Consultative Council on Multiculturalism, a position I held for three years. This position brought me in touch with Canadians from coast to coast. I learned much during that period about the diversity of the people of Canada.

In April 1977 I was summoned to the Senate. While in the Senate, I have had the opportunity to participate in the political process at the highest level and to contribute personally to the solution of some of Canada's difficult problems. I have also had the opportunity to work with some of Canada's outstanding political figures, including Mr. Trudeau and Mr. MacEachen.

The Hon. the Speaker *pro tempore*: Honourable senators, the rules require that I inform you that the honourable senator's time has expired. Does the honourable gentleman have leave to continue?

Hon. Senators: Agreed.

Senator Bosa: I am glad also to use this occasion to acknowledge with thanks what Mr. Justice W. S. Tarnopolski of the Ontario Court of Appeal said at a public meeting some years ago at the Columbus Centre in Toronto. He attributed authorship of the idea behind section 27 of the Charter of Rights to Mr. Lawrence Decore of Alberta and me, though working independently of one another. Section 27 of the Charter of Rights refers to the policy of multiculturalism.

I celebrated the forty-fifth anniversary of my arrival in Canada last April 28. I could not have pursued a political career without the support of my family and many friends. Politics, as everyone knows, is demanding of one's time. I was absent from home a lot. My wife Teresa, a teacher of modern languages, stayed home to raise our two children. Angela, 23, graduated with a B.A. in Economics and is now working as an underwriter with an insurance company and Mark, 21, is in his last year of a business administration program at Ryerson Polytechnic Institute in Toronto.

When I left Italy to come to Toronto, I was confident that with hard work and perseverance, I would do well in Canada. I confess, honourable senators, that I never thought that Canada would be so good to me.

The Hon. the Speaker *pro tempore*: Honourable senators if no other senator wishes to speak, this inquiry is considered debated.

UNEMPLOYMENT

A CAUSE OF DEFICITS

Hon. Philippe Deane Gigantès rose pursuant to notice of Tuesday, May 4, 1993:

> THAT he will call the attention of the Senate to unemployment as a cause of deficits, the Tory reaction and the Liberal alternatives.

He said: Honourable senators, I was talking earlier about the threats to this country and other countries by so-called free trade. I was reading an article by William Pfaff and I would like to continue with that article:

> Theory said that industries in the rich countries would increase their productivity through investment and technological innovation. It has proved easier to force wages and benefits down and transfer production to low-wage countries. Thus the search for competitive efficiencies in the advanced countries during the 1980s and early 1990s has in practice turned into a competition in creating unemployment and lowering labour and welfare standards.
>
> Average wages have fallen in real terms, and social protection has been sharply reduced. This is obvious in the United States where the average wage has collapsed, the average family has been forced to depend on two incomes rather than one to maintain its standard of living, medical insurance for workers has been reduced or removed, and pension funds too often have disappeared in the course of corporate mergers, or have simply been looted by corporate management.

There is much discussion today in the United States as well as Western Europe about whether "the welfare state" destroys jobs. It obviously does so if the job-holder in Europe, which does have a welfare state, and in the United States, which does not, is directly competing with a Third World worker who earns a fraction of the Westerner's wage and has little or no social protection. How can it do otherwise? But the critic of free trade objects to the conclusion often being drawn, which says that the Western worker's income and social protection must be cut or eliminated to save his or her job.

The critic challenges the theoretical foundation of the free trade argument for universal betterment. This argument presumes a laboratory-model world in which industry, labour and investment are totally mobile, and currency values adjust to reflect and to correct competitive differences. None of these conditions actually exist. We currently see Britain the United States and other countries using competitive currency devaluation to rectify trade deficits or obtain trade or investment advantages.

The real-world experience of the Western countries during the last decade and a half does not demonstrate the superiority of the free trade model of global trade. It has demonstrated all too many of its disadvantages.

The matter simply is too complicated for sweeping conclusions and radical policy programs. High tariffs certainly contributed to the Great Depression of the 1930s. But it is equally clear that low tariffs are contributing to the great recession of our times — the competitive austerity and disinflation, and competitive unemployment and "social dumping" of the 1990s. Industrial specialization in the poor countries has too often tended to turn them into low-wage suppliers of goods that they remain too poor to consume, while weakening or destroying their agricultural self-sufficiency and undermining their social stability.

The French-British financier and sometime corporate trader Sir James Goldsmith, whom no one has ever accused of bleeding-heart liberalism, recently published (in the Paris newspaper Le Figaro) a powerful social as well as economic argument against further GATT tariff

liberalizations. Writing for a European audience, he said that Europe is essentially self-sufficient in economic terms and added: "Let us recognize, once and for all, that economic growth is valuable only to the extent that it reinforces the stability of our societies and augments the well-being of our people."

He concluded that the effect of unrestrained free trade is "to impoverish and destabilize the industrial world at the same time that it cruelly ravages the Third World." This seems to me a partial argument, but a very powerful one, and I have not yet heard it satisfactorily answered.

The major issue in this year's election is jobs. The Tories will tell you the recession is over. It is over only for rich Tories. It is not over for the 1.6 million unemployed. The recession is not over for hundreds of thousands more who have exhausted their unemployment insurance benefits and who are on welfare.

• (1710)

The multinational corporations of the Tories' rich friends report rising profits as a result of their "lean and mean" restructuring.

Senator Frith: Mostly mean.

Senator Gigantès: What this means to ordinary people is that jobs have been cut to increase profits. Jobs have been shipped to the southern United States, to Mexico and other low-wage locations where there are no laws to protect workers from exploitation.

What have the Tories done to create jobs here in Canada? Why, they have applied what is called "supply-side economics" and the "trickle-down" theory. They have increased the ways in which corporations can avoid paying their fair share of taxes. The Tories call that "tax incentives to invest."

Did the corporations invest their tax savings in Canada? For every dollar they received from you and me as tax incentives, the Tories' rich friends invested 20 cents in Canada, even in good times. The Tories have made thousands and thousands of Canadians much poorer. But the Tories have made the few rich much richer. In fact, Canada holds the dubious distinction of having the largest number of billionaires per capita.

Combine the fruitless Tory give-aways to their rich multinational corporate friends with the Tory policy of high interest rates and an overvalued dollar, which made our exports uncompetitive for several painful years, and you have the Tory economic policy. The result: 435,000 manufacturing jobs lost since 1988, according to Statistics Canada, and soaring unemployment. As President Clinton said, a recovery that does not reduce unemployment is not a recovery.

If we are to get the economy going again, we must create jobs. The Tories have never understood that the biggest cause of the deficit is unemployment. According to Statistics Canada, we paid $19.3 billion in unemployment insurance benefits in 1992. The federal government and the provinces also paid some $15.7 billion in welfare. The total for unemployment insurance and welfare is $35 billion. Then there is the deficit.

Through no fault of their own, those Canadians who want to work but whose jobs were abolished by Tory policies, collect $35 billion in handouts, written in red ink in government books. We are paying them to do nothing. Any business will tell you that paying people to do nothing leads to bankruptcy.

Unemployment has another deadly effect; it kills demand. The unemployed receive, on average, 60 per cent of what they earned when they worked. In other words, if two-thirds of the people who want jobs and cannot find them were working, they would be earning $39 billion a year, for which they would be producing $39 billion-worth of goods and services to make our economy grow — that is, a 5.5 per cent growth, which is great.

However, when they do not work, not only is the deficit increased by what they are paid in unemployment insurance and welfare benefits, but they also have 40 per cent less to spend than if they were working; $16 billion less to spend. A fall in demand of $16 billion. Who would invest when demand is down? To get an idea of how huge an effect $16 billion in demand can have, consider that President Clinton is asking Congress for $16 billion to restart the American economy, which is 10 times larger than ours. Unless we are prepared to practice euthanasia on the unemployed and their families, we must go on paying them to do nothing. Would it not be cheaper and more humane to put them back to work, which is what they want?

The first priority of a Liberal government will be to put people back to work. Our economic goal is simple: To help the private sector create well-paying jobs with a real future. We must also help Canadians adapt, through training, to inevitable change, because they may have to change jobs several times in one lifetime.

There must be a framework within which our job creation efforts will operate. Here is our framework: We will not introduce new programs that do not contribute directly to economic growth and jobs. We will finance new programs by cutting existing fat. We will reduce the deficit to 3 per cent of the gross domestic product, which is the standard the European Community has set for itself. We will reduce the national debt as a percentage of the gross domestic product. Thus, we will be able to have a monetary policy that produces lower interest rates. Our businesses have to pay rates that are double those paid by American businesses. It is difficult to be competitive with such a handicap.

We should stop being macho about zero inflation. Zero inflation means higher interest rates than those our competitors have. We should have the level of inflation the U.S. has. The price we have paid for trying to reach zero inflation is 1.6 million unemployed, plus hundreds of thousands more who have exhausted their unemployment benefits and are on welfare, although they would much rather work.

Our governments, federal and provincial, must collaborate genuinely, rather than trying to score points one against the other. To make its books look better, the Tory government cut billions of transfer payments to the provinces, as Senator Frith was telling us earlier. The provinces, in turn, cut transfers to municipalities. At the end of the day the taxpayer, other than the rich Tory taxpayer, paid the tab.

A Liberal government will renegotiate what share of taxes goes to the provinces and to the federal government. This redistribution should be based on agreed decisions about which level of government can best provide any given service. We will reduce duplication. While we are about it, we should also negotiate with the provinces to bring down barriers to trade among themselves. Our barriers to trade within Canada are much higher than those among European countries. It does not make sense.

A Liberal government will launch a major revamping of our roads, bridges, sewers, water mains, public transit, telecommunications networks and other essential aspects of our infrastructure. Our infrastructure is decades old, is crumbling and badly needs upgrading. With low inflation and high unemployment, this is the ideal time to launch these projects. The provinces and municipalities are willing to pay one-third each. The federal government will pay one-third. The Japanese are doing it. The Europeans are doing it. The Americans are about to do it. We cannot be left behind. Without solid, up-to-date infrastructure, a society cannot be competitive, attract investment or protect the environment.

If we really want to create economic growth, we must get our priorities straight. Nearly $6 billion for helicopters to fight the now-defunct Cold War is not a Liberal priority. Liberal priorities include spending on research, putting money in people, training them. In collaboration with the provinces, a Liberal government will establish an apprenticeship program that meets the best international standards; a Liberal government will offer tax incentives to companies that provide on-the-job training; a Liberal government will create a Canada Youth Service.

Moreover, a Liberal government will do its best to help business bring new products to market; help small and medium-sized businesses acquire new technologies; help these businesses export to markets they have not explored before; collaborate with provincial governments to reduce the regulatory burden on small and medium-size businesses.

We must negotiate determinedly with the Americans to convince them that it is in their interest, as well as in that of free trade as a whole, to have agreed rules of trade. We do not have them now. Any American company can start a tiresome and costly procedure, claiming — often falsely — that a non-American firm is selling products in the U.S. at below cost, which is called dumping; any American firm can claim, often falsely, that a foreign import is subsidized. American firms spend fortunes on lawyers. They could better use this money in improving their production techniques.

Traders, even American traders, need predictability, and known, non-capricious rules. If NAFTA is to go ahead, we shall want, as President Clinton wants, rules on labour standards and environmental protection. We shall want the same protection for our energy resources that Mexico got. The Tories gave our energy resources away in the free trade agreement and got nothing in exchange. We must correct that.

We must stop being so dependent on the American market, as we now are. No other country in the world is as dependent on one customer as we are. A Liberal government will work to find us other markets in the western hemisphere, the Pacific Rim and elsewhere.

• (1720)

Finally, a Liberal government will help the small and medium-size businesses which create most of the jobs to find financing. Even the most promising, those on the leading edge of technology and software development, environmental protection or databases, cannot get money from the banks. Canadian banks do not operate in an unregulated environment. Over the years, they have benefited greatly from the protection of the Bank Act. It is time for them to give something back, to develop concrete ways in which worthwhile small- and medium-size businesses can get access to the capital they need.

A Liberal government will put the interests of Canadians first — the interests of all Canadians, not just the interests of the Tories' multinational corporate friends. The Tories are mired in the thinking which brought about the Great Depression of the 1930s. They fight joblessness by cutting jobs. That is the Tory disease. It is time for the Liberal cure.

The Hon. the Speaker *pro tempore*: If no other senator wishes to speak, this inquiry is considered debated.

THE SENATE AND HOUSE OF COMMONS

INEQUITY IN TREATMENT OF SENATORS' PUBLIC BILLS AND PRIVATE MEMBERS' BILLS—INQUIRY—DEBATE ADJOURNED

Hon. Noël A. Kinsella rose pursuant to notice of June 10, 1993:

THAT he will call the attention of the Senate to an apparent inequity in the procedure followed by the House of Commons in dealing with Senator's public bills after they have been passed by the Senate, and the procedure followed by the Senate in dealing with a private member's bill passed by the House of Commons.

He said: Honourable senators, on June 10, I advised this chamber that I would call the attention of the Senate to an apparent inequity in the procedure followed by the House of Commons in dealing with senators' public bills after they have been passed by the Senate, and the procedure followed by this chamber in dealing with a private member's bill when that bill has been passed by the House of Commons.

This question has been of particular interest to me lately as I follow the journey of Bill S-15, recently passed by the Senate. However, honourable senators, I believe that the issue is larger than that. It seems to me that this issue touches on the ability of the upper chamber and the members of it to bring forward ideas and initiatives which would be given serious consideration and dealt with appropriately in the other place.

There are many senators within this chamber, myself included, who are strong proponents of the idea of Senate renewal. We believe that this chamber can play a creative and proactive role in the affairs of our nation. We believe that renewal of the Senate can occur from within; that through the force of our energy and ideas we can find exciting and contemporary roles for this chamber to undertake, roles which would otherwise be neglected in a unicameral system.

However, to do this, to fully utilize the collective talent and experience in this chamber, we must have a system which encourages proactive input and advice from the upper house and does not confine us simply to reacting to legislation from the other place.

If we are to develop this role of the Senate, to be creative and to seek initiatives, then we must know that our counsel will be heard in the other place. That is why I have initiated this inquiry. Honourable senators, you will know that legislation sent here by the other place receives our prompt attention, albeit, it is often argued, too prompt is the attention.

Even if a private member's bill is adopted by the House of Commons, our rules and proceedings in the Senate give that bill ample time to be debated, discussed, and decided. I believe this is the proper respect for one house of Parliament to show the decisions taken by the other house. The respect and the expediency we show legislation emanating from the House of Commons is not, I fear, reciprocated —

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I think we are short of a quorum. Here is another senator now. We perhaps have just made it. Senator Kinsella was good enough to call a quorum when I was speaking and so produced a larger audience for me, so I am quite happy to do the same for him.

Senator Lynch-Staunton: In particular, as he has something to say.

Senator Frith: A charitable response.

The Hon. the Speaker *pro tempore*: We have a quorum.

Senator Kinsella: The proverbial petard.

The respect and the expediency we show legislation coming from the House of Commons is not reciprocated in the other place.

Allow me to outline the process which senators' public bills must undergo to even be debated, let alone approved, in the other place. Upon hearing the delineation of these rules, honourable senators, I am certain you should come to recognize how it is that only one bill, Bill S-19, Senator Hastings' bill, an act to amend the Penitentiary Act to reinstate the visitation privileges of members of Parliament, has made it from this house all the way to being adopted in the other place in recent times.

Once adopted by this chamber, a senator's public bill must find a member of the other place to sponsor the bill as a private member's public bill. Upon finding a sponsor, the bill appears on the Order Paper under First Reading of Senate Public Bills in Routine Proceedings.

During Routine Proceedings, the Speaker in the House of Commons announces the name of the bill and the member sponsoring it outlines the bill's intent. While no debate is permitted, the bill must already face its first vote. While the courtesy of letting the bill proceed is usually extended, this is not always a *fait accompli*. In fact, several Senate public bills have been shot down in the other place upon first reading.

If the bill survives that vote, it is placed on a list of 15 and 30 other private members' bills which are all forwarded to the House Management Committee upon the recommendation of its Subcommittee on Private Members' Business. The fact that the bill has already received approval by this house, by the whole house, gives it no assistance whatsoever.

I would like to underscore that point because the bill, although initiated by an individual senator, at that point has been passed by the Senate and the message is sent to the other place. However, it is treated as if it were an ordinary bill, not approved by one house of Parliament, but rather treated in the same manner as a bill initiated by an individual member of Parliament.

It still must go through committee as well as a lottery to see if it is to be deemed a voteable item. If it is one of the lucky few selected, it may go to second reading in the other place, where it can be debated for up to 2 hours and 45 minutes and

be voted on. Let me reiterate here, honourable senators. Only one senator's public bill has ever made it this far and only recently. This begs the question: Where do the rest of them go?

Like private members' bills, all of the other bills go on to a long list of unselected items that are debated one at a time. Once the bill finally reaches the top of the list, it is granted a mere hour of debate, whereupon it is voted on, might one think? Not at all. That would be too easy, perhaps. It then goes back to the bottom of the list to wait its turn for another precious hour of debate. This can happen up to three times before a vote is taken. Should that vote carry, is the bill adopted? No. Indeed, honourable senators, that was just the second reading.

• (1730)

From there, the bill goes to a legislative committee which after its deliberation, reports back on the bill and places it — you guessed it — at the bottom of another order of precedence list. When it makes it to the top, it has up to two hours of debate before it is sent back to the bottom of the list to begin its ascent once again. Only upon its second climb to the summit are there means to force a vote.

Honourable senators, I find myself feeling as if I have just painstakingly outlined the magic bullet theory from the movie, *JFK*. It is little wonder, I have just outlined a process which encompasses five votes, three committees, and over 150 sitting days to complete. Only unanimous consent at every stage can spare our poor Senate bills this gruelling odyssey.

Those honourable senators who understand this process can go on to more complicated concepts like the NFL's quarterback rating system. If there are honourable senators who fear that this process of turning our bills into law is too arduous, fear not, there are always simpler tasks to undertake. Ones which come to mind are working pi to the last decimal place, or uncovering the secret of the Holy Grail.

If I seem less than lighthearted and a little cynical about this process, it is because I am. There is something wrong. It seems to me that the point is very serious. I know how committed senators are to seeing our bi-cameral parliamentary system become more effective. I have reflected on a number of ideas for Senate reform from within. While our role in reactive treatment of legislation is limited by our non-elected status perhaps — at least some would argue that way — there should be no barriers to what we can accomplish proactively. We could form nonpartisan regional caucuses to better meet our mandate in addressing regional issues and grievances. We could save the government the $45 million it spends annually on royal commissions by having our Senate committees examine salient issues and making recommendations. We could give this chamber a vital role to play in safeguarding individual and human rights and the legislation which governs them. By initiating legislation in this chamber, we can bring the collective wisdom and experience of this house to bear creatively and proactively upon issues that might otherwise escape the crowded agenda of the other place.

Honourable senators, if we are to meet the great potential, to assume the greater role and to serve the vital functions Canadians have so often said they want the upper house to serve, we need certain tools at our disposal. One of those tools I would claim, one of the most fundamental of tools, is the ability of each of us to know that if this chamber puts its weight of approval behind an initiative of an individual senator, that initiative will be dealt with expeditiously in the other place. Without this guarantee, there is little reason for this chamber to take on greater responsibility or to contribute to the flow of ideas that makes a democracy such as ours work. Sadly, in my judgment, the current process by which a senator's public bill is dealt with in the other place does not put that tool at our disposal.

I do not know if members of the House of Commons also find the process limiting but, in any event, we need not wait for them to act. We must develop ideas and modifications that will either simplify the current private members' public bills process and make it more accessible, or insist that the other place develop a process to deal with senators' public bills adopted by this house, which is commensurate with the respect and expediency due any piece of legislation adopted by one of the two houses of Parliament.

I hope that other honourable senators will reflect upon this inquiry and join with me in pursuit of the goals of the inquiry. I, for one, feel that the Senate is worth it.

Hon. John B. Stewart: Will the honourable senator accept a question?

Senator Kinsella: Yes.

Senator Stewart: It is now an established practice of government in Canada that the government of the day initiates almost all public bills. It is also a fact that nowadays, almost all the ministers are concentrated in the House of Commons. That may be a mistake, but it seems to be a fact. Third, the House of Commons long ago distinguished between government public bills and private members' public bills and allocated almost all of its time to government public bills.

That creates the situation to which Senator Kinsella refers. A bill comes over from the Senate. Shall we put it with the government bills, the good bills, or this motley collection from private members? The decision has been made to put it in with the motley collection. I know that Senator Kinsella thinks that this is unfair to the Senate. I will state my problem and I hope Senator Kinsella will treat it as a question.

From 1984 to the fall of 1990, the government was in the minority in the Senate. In other words, the Liberal majority could have passed bill after bill and sent them over to the other place. If those bills had been treated as government bills

in the other place, it would have disrupted Mr. Mulroney's legislative program — or should I say Mr. Andre's legislative program.

Senator Molgat: That may have been good.

Senator Stewart: That may have been good, but let us look ahead. Alternatively, they were put in with private members' public bills. It seems to me that unless you are going to take control of the time of the House of Commons away from the government, with all the consequences that that entails, you are going to have to devise some third category for these bills that come from the Senate. Has the honourable senator considered that problem? If so, what is his solution to it?

Senator Kinsella: I want to thank the Honourable Senator Stewart for that question. I recognize that the eventuality which you described is one that others have no doubt recognized, particularly those who were here before me when you had a majority in this chamber which was of a different political party than that in the other chamber.

Perhaps the solution is a special category in the time allotted in the other place to deal with Senate bills as passed. My initial reaction is that Senate bills should not go to the second category of Private Members' Public Bills. I would be happy to serve on a committee, if we found some interest from the other place to try to deal with this.

I will never have the political experience of most members of this chamber. However, many would argue that Bill S-15, for example, which we considered and passed, was a bill seeking to protect a group of people whom some might describe as a despised minority. Members of assemblies may not find it popular to be supporting a legislative initiative in terms of the majority of the voters. Perhaps, given the fact that senators are not elected, that is an argument in and by itself for this chamber to seek out those problem areas and to bring them forward. However, if they are brought forward and then just shunted aside in this lottery system, then there is not serious deliberation of the legislative initiative that comes from here.

We can think of other examples where legislative initiatives may, for all kinds of reasons, be best initiated in the Senate. However, as an example, our colleague Senator Hastings told me that it took years to get Bill S-19 through all stages. We should communicate with the other place, or perhaps have our officers communicate with them, and find a solution to this problem.

On motion of Senator Corbin, for Senator Hastings, debate adjourned.

• (1740)

THE SENATE

MOTION FOR DESIGNATION OF ROOM 256-S AS "ABORIGINAL PEOPLES ROOM"—MATTER REFERRED TO COMMITTEE

Hon. Orville H. Phillips, pursuant to notice of May 26, 1993, moved:

> THAT the Senate committee room No. 256-S be designated as the "Aboriginal Peoples Room".

He said: Honourable senators, the southern corridor of the Centre Block contains the Commonwealth Room, which incidentally, was formerly the smoking room of the House of Commons. You can still see the cigars, cigarettes and tobacco leaves in the motif in the rug and on the ceiling. I am sorry that my seatmate is not here to hear this. It was then changed and renamed the Commonwealth Room to commemorate the connections with the English-speaking commonwealth. More recently, at this end of the corridor, we have declared again the former smoking room of the Senate to be the Francophonie Room to recognize the Canadian connection with the Francophone community throughout the world.

While we have recognized both the English and French connections, we have not recognized the original people of Canada. I should like to see their contribution recognized in some way. On one occasion I had a tour of the New Zealand Parliament buildings. I was quite impressed to find the Maori room, which was decorated with Maori art and pictures of the Maori leaders. I was surprised at the number of those who had been awarded knighthoods by the monarchy. New Zealanders are very proud of showing and displaying the Maori room. In discussion with Senator Marchand, we decided that it would be appropriate for the aboriginal people of Canada to be recognized in the same way.

We selected room 256-S for obvious reasons. Presently the ceiling has a motif done in western Indian art. In addition to that, if we start in the east corner of the south block, we will find a series of paintings beginning with the canoe, building of the railways through the Rockies, ending up with a scene of Canadian ports. This represents the days when that room was used not only for committees on Indian Affairs, but also Transport. The Banking, Trade and Commerce committee also used this room. That is recognized by a painting representing the four industries at the time of Confederation. Farming, fishing, lumbering and mining are all represented.

It is not the intention of either Senator Marchand or myself that these paintings be disturbed in any way. Perhaps there could be some further Indian art added to that room without disturbing it too much. I will not comment on that because I am not much of a decorator. I would not want to start remodelling or redesigning that room. I am sure that that is not Senator Marchand's intention either. I would ask all honourable senators to give consideration to the motion.

Hon. Len Marchand: Honourable senators, I want to thank Senator Phillips for bringing forward this idea. I am happy to second the motion. He and I talked about it a few

years ago, after he got back from visiting New Zealand and told me that there was a Maori room there and how impressed he was with the room. I am absolutely delighted that he has brought the motion to the floor of the Senate.

He has set out pretty well how he envisages it. I do not know how long he will be here. I know how long I can be here, but I do not know what the future holds. Some of the paintings on the ceiling will undoubtedly peel off. We also talked at some point of visualizing what the room might be. I mentioned to Senator Phillips one of the things that I would like to see done. We have some absolutely tremendous aboriginal artists in the country, which include Inuit, Indian and Metis. There are some blank spots in Room 256-S that need filling in.

• (1750)

We could have some of those places filled in with art by some of the quite famous artists that we have right now. These are just some of the ideas that we talked about. We have the Commonwealth room, and we have the Francophonie room, which is appropriate. However, our people were here just a little before those people ever arrived. While there are some symbols of our people around, there really are not that many. By the entrance to the House of Commons, you will see some famous Mohawk carvings. That is wonderful, but I like the idea of a room that would be here for however long this place will last. It has been around since 1916, and I presume it will be here for quite a long time to come in the future. In the long term, I see it as a tremendous room that would be a tribute to all of the aboriginal peoples in the country, a tribute to their lives in every way. I presume that the artists will get the first tribute there, since the artists among our people have been at the forefront of keeping our traditions and culture alive.

Many of you have been to the Commonwealth room, and if you turn to your right when you get inside the door, you will see a large Inuit soapstone carving. On the left you will see an argillite totem pole that is 75 centimetres tall, and was donated in 1967 by the late Arthur Laing. At the time, it was the largest argillite totem pole that had ever been carved. Arthur Laing was the Minister of Indian Affairs at the time, and he thought the room looked rather barren and needed to be filled up with some more appropriate things. Maybe we could take those appropriate symbols and put them in an Aboriginal Peoples Room, but that is not necessary.

Those are little things that went through my mind after Senator Phillips introduced his motion. I will close by thanking him again. I hope all honourable senators who are of good will might give every consideration to Senator Phillips' motion, which is a very good one, and together we can start something here that we probably should have done a long time ago.

Hon. M. Lorne Bonnell: Honourable senators, I know it is late. I support Senator Phillips and the seconder of this motion. The only question I have is as to whether we should name the room. I think a room should be designated as the

Aboriginal Peoples Room, but I am not sure whether that is the name that should be used. I should like to refer this whole matter to the Standing Senate Committee on Aboriginal Peoples. They can decide, and perhaps tell us how they intend to decorate it, and how it will look. They can come up with a plan and report back to the Senate.

I move that this be matter referred to the Standing Senate Committee of Aboriginal Peoples for consideration.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Lewis, that this matter be referred to the Standing Senate Committee on Aboriginal Peoples.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Eymard G. Corbin: I would like to speak to the amendment, and at the same time address the substance of the motion.

Honourable senators will notice the paintings on the walls in this particular chamber. There was a special committee, instituted well before I came to this place, which had been mandated to determine whether these paintings should be kept or replaced by other tableaus from World War I, and how we could best represent what this country stands for and its values. I am not sure, but I thought that committee had reported, and there was then some objection, particularly from senators who had served in the various worldwide conflicts. It is not very old history, and in fact is rather recent in terms of the life of the Senate. The decision was to leave matters as they are.

We also know for a fact that the war museum would like to take these paintings down and restore them. As we look at them today, it is obvious that they are dusty. Some of them are cracking. They need some type of restoration.

I have no quarrel at all with people who wish to retain these paintings. Senator Molson was one of those who really fought for that, and now he is gone. However, strictly speaking, this is not a memorial chamber. We have the Memorial Chapel in honour of the men and women who gave their lives in the two major world conflicts in this century, as well as those who served in peacekeeping missions and the Korean Conflict.

This chamber is made up of people who basically speak for, or represent, provinces and regional interests, and there has been this happy evolution, especially in the last two decades, whereby we have ensured that native interests are also properly represented. That is why we have people such as Len Marchand in the Senate; people like Willie Adams, Charlie Watt, and Walter Twinn. The Senate has been known over the years as the house of regional interests, so why not founding peoples' interests as well?

Rather than designate an obscure chamber as the Aboriginal Peoples Room, I would personally prefer to have in this very chamber art with respect to our two native groups,

the Inuit and the North American Indians. It seems to me that we do not need all of these paintings. In terms of art, frankly, from what I know of art — and I have kept myself interested over the years — that is awful art. If we want to represent the sacrifice of those who gave up their lives, I think they are entitled to something better than what we have on those walls. I think a lot of people in this country, including experts, will agree with me. It seems to me we could find some —

The Hon. the Speaker *pro tempore*: Is it agreed, honourable senators, that we disregard the clock?

Hon. Senators: Agreed.

Senator Corbin: I did not realize we were working so hard. It seems to me that we ought to recognize our native people, not by some relatively unknown room, whichever room it is on the Hill. They ought to be recognized formally, artfully and gracefully in this very chamber, because of the vocation, if I may use that term, of the Senate.

Senator Phillips: Honourable senators, both Senator Marchand and I are quite prepared to accept the amendment — I think actually it was more a suggestion by Senator Bonnell — and to have it referred to the Aboriginal Peoples Committee to let them hold further discussions, probably with aboriginal peoples to find out whether they have any specific wishes. They may have suggestions that will go beyond our ideas and can be incorporated. We would both be quite happy to accept that suggestion.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Marchand:

> THAT Senate Committee Room 256-S be designated as the "Aboriginal Peoples Room".

In amendment, it is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Lewis:

> THAT this matter be referred to the Standing Senate Committee on Aboriginal Peoples.

Senator Phillips: Honourable senators, before the motion is put, there is one suggestion I would make, and that is that the referral of this matter to the Aboriginal Peoples Committee not die with the adjoumment of this session, but that it be allowed to continue on in the next session without the re-introduction of a new motion.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I suspect that that presents some problems. In fact the committees, along with any matters before them, die if there is prorogation. However, it can be re-introduced.

Senator Marchand: Even if we pass the motion?

Senator Molgat: It has been referred to the committee and is in the hands of the committee.

Senator Bonnell: Perhaps the chairman of the Aboriginal Peoples Committee could call his meeting quickly, report quickly, and we can give it unanimous consent tomorrow. They should not call too many witnesses. That is what they do with closure.

Senator Corbin: Why bother with having the committee meeting?

Senator Bonnell: Because we want to hear from other people who are not here tonight. We hardly have a quorum.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Honourable Senators: Agreed.

Motion in amendment agreed to and matter referred to the Standing Senate Committee on Aboriginal Peoples.

NORTHUMBERLAND STRAIT CROSSING BILL

FIRST READING

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons with Bill C-110, respecting the Northumberland Strait Crossing.

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Thursday, June 17, 1993.

PRIVATE BILL

CANADIAN MEDICAL ASSOCIATION—BILL TO CHANGE NAME—MESSAGE FROM COMMONS

The Hon. the Speaker *pro tempore* informed the Senate that a message had been received from the House of Commons returning Bill S-20, to change the name of the Canadian Medical Association, and to acquaint the Senate that they have passed this bill without amendment.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Obviously, Senator Kinsella's views travel quickly to the House of Commons.

The Senate adjourned until tomorrow at 1:30 p.m.

THE SENATE

Wednesday, June 16, 1993

The Senate met at 1:30 p.m., the Speaker in the Chair.

Prayers.

[*English*]

SENATORS' STATEMENTS

THE ECONOMY

MYTHOLOGY OF CONSERVATIVE ECONOMICS

Hon. Philippe Deane Gigantès: Honourable senators, there is by now a considerable body of scholarly work examining and debunking the mythology of Conservative economics. The mythology of Conservative economics is based on theoretical constructs, one of which is that markets always clear if you leave things untouched; there is a considerable amount of voluntary unemployment; and, if the state would only keep its cotton-picking hands off, everything would be properly reestablished as the good Lord or the invisible hand has decreed.

I will not have time to expound to you the totality of this considerable body of scholarly research in a three-minute speech, or in what is left of the session, but I will be delighted to let you have popularized versions, written by myself, of what these scholars are saying.

This research proves that the markets do not clear. They have never cleared. It is a myth. It has never happened. However, the Conservative economic mythology says that, in the long run, markets will clear.

We have researchers working for the Library of Parliament who say Conservative economics have never had a chance anywhere at any time in the world. There is a very good reason for that: we live in a democracy and people vote their governments in and out.

Let us look at free trade, a subject which we will be debating today. In the long run, the Mexicans and other poor countries will no doubt raise their standards of living sufficiently to be able to become customers for our products. The long run in a democracy is four years, maybe five. When I ask the economists if it can happen in four or five years, they say, "No, no, of course not. It will be 14 or 15 years."

Well, I am sorry, but that is not the real world. It is the world of certain public servants; it is the world of certain theoretical economists. In the real world, the public is going to say, "I do not like my life disturbed and destroyed on the basis of some economic theory invented by Adam Smith, which does not take into account the way I live, or my mortgage, or my need to put food on the table for my children and winter shoes on their feet."

The real world is not the Conservative economic world.

[*Translation*]

MONTREAL

INAUGURATION OF SENATOR AZELLUS DENIS PARK

Hon. Marcel Prud'homme: Honourable senators, tomorrow at 2 p.m., a new and unusual park will be officially opened in Montreal at the corner of Châteaubriand and De Castelnau.

I wanted to draw the attention of honourable senators to this event, because the municipal authorities of Montreal are doing us the honour of naming the park after Senator Azellus Denis. It is the first time in the history of Montreal that city authorities decided to name a park after a senator. I thought that you, honourable senators, who knew him so well, would be interested and perhaps might wish to attend this event.

Of course we all know, but I want this to be on the record, that Azellus Denis was the member of Parliament for Montreal—Saint-Denis from 1935 to 1964. What history may have forgotten is that he succeeded his brother, Dr. Denis, who was a member of Parliament from 1921 to 1935. My father became involved when he went to the convention in 1935. I succeeded Mr. Denis, from 1964 until quite recently.

Senator Denis sat in this house for 28 years. In fact, there are few instances in the history of the British Commonwealth where a parliamentarian was able to sit for 56 years in Parliament, 28 years as a member, and 28 years as a senator. I myself sat almost 29 years as a member. Unfortunately, because of mandatory retirement I will not be able to break the record of my predecessor.

I would like to thank the city authorities of Montreal, and especially André Berthelet, municipal counsellor for Jarry and Chairman of the Municipal Council of Montreal, for accepting this recommendation a year ago, well before I even considered a future Senate appointment.

[*English*]

I hope that honourable senators will take note of the great honour that the City of Montreal is bestowing indirectly on the Senate of Canada by naming one of the most French-speaking districts of that city after the late Azellus Denis.

The ceremony will be held in Montreal tomorrow at two o'clock. I am sure all honourable senators will be kind enough to allow me to say tomorrow in front of a few hundred guests, "I am honoured to represent all honourable senators."

Hon. Senators: Hear, hear!

ALBERTA

VICTORY OF CONSERVATIVE PARTY IN PROVINCIAL ELECTION

Hon. Ron Ghitter: Honourable senators, I rise to share with all honourable senators some wonderful news. It is news which I am sure all of you would wish to applaud and to share with me at this moment in Canadian history.

For the last number of months all of us have heard about the difficult circumstances that were about to occur in the province of Alberta. Many were suggesting that the changes about to occur in that wonderful province would wreak all kinds of havoc, difficulties and chagrin among Canadians and Albertans.

I am happy now to share with all honourable senators the headline of the *Calgary Herald* of this morning which states: "Klein's Miracle". How wonderful it is, honourable senators.

Some Hon. Senators: Hear, hear!

Senator Ghitter: Living in Alberta for the last number of months has been interesting. Last October, when the polls were at 17 per cent there were those who said that there was no way Tory fortunes would rise. The Liberals were saying that this was their year, their time to take over the governance of the fair province of Alberta.

Let me say today that that has not occurred. The Conservatives have 51 seats — a solid majority. The only advances the Grits made in that election were as a result of disenfranchised socialists who determined they would vote for the Grits, which, perhaps, is appropriate.

This is but a portent of what will happen federally in the province of Alberta when there is a fresh individual, with a fresh face and fresh ideas about matters that intrigue and attract the population. I am sure all honourable senators will agree that the very same thing will happen when the federal election is called and the new face of Kim Campbell comes forward in Alberta to receive the support of Albertans.

Some Hon. Senators: Hear, hear!

Senator Ghitter: Is my time up, or would honourable senators like to hear more?

Some Hon. Senators: More, more!

Senator Ghitter: In conclusion, I am sure I have the permission of this honourable chamber to carry forward the congratulations of all honourable senators to Premier Klein of Alberta on his wonderful victory in the hopes that he will carry on for many years to come.

Some Hon. Senators: Hear, hear!

Hon. H.A. Olson: Honourable senators, there is some vital background information that the Honourable Senator Ghitter forgot to mention.

First, the Tory vote went down and the Liberal vote went up by almost 400 per cent, when measured by MLAs. It is extremely important to note that there is no Conservative Party left in Alberta; it is now the Ralph Party. Everywhere one went, there were signs that said "Join Ralph's Team".

The law requires that there be a sponsor named on the signs. However, they put the sponsor's name in the smallest print possible. In fact, it could not be read on road signs without getting out of the car. The signs said only, "Ralph's Team".

The other thing that must be remembered in this context is that last December, when Ralph Klein became the leader of the then sitting government party, the establishment, which I think includes Senator Ghitter, of the so-called Conservative Party in Alberta, did everything it could to defeat Ralph Klein. The great patriarch of the Conservative Party, Peter Lougheed, his family and his associates, even tried to beat Ralph in his own riding, and they did. They actually got more votes out of Ralph Klein's own riding to try to beat him at the leadership convention in December than he got himself. If you think that Ralph does not know that, you are kidding yourselves.

The Tory party is dead in Alberta. Even the Tories do not use the name any more. That is just a little background information to help you understand things better.

Hon. Raymond J. Perrault: Honourable senators, I hope this will not be regarded as a foreign intervention because I am from British Columbia.

Senator Ghitter almost sprained his ankle attempting to jump on Ralph's bandwagon. I want him to know that there is competent medical advice and assistance available if he requires it.

From the British Columbia perspective, we wish Alberta every success under Ralph. The miracle of the campaign was that he was able to go through the entire campaign without once mentioning the Conservative Party, yet today the victory is credited solely to the Conservative Party of Alberta. Ralph's victory and his relationship with the PC Party was one of the best kept secrets in Canadian political history.

ROUTINE PROCEEDINGS

CANADA SHIPPING ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

WEDNESDAY, June 16, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

EIGHTEENTH REPORT

Your Committee, to which was referred Bill C-121, an Act to amend the Canada Shipping Act and to amend another Act in consequence thereof, has examined the said Bill in obedience to its Order of Reference of Thursday, June 10, 1993, and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

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

On motion of Senator Oliver, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

CRIMINAL CODE
CROWN LIABILITY AND PROCEEDINGS ACT
RADIOCOMMUNICATION ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

WEDNESDAY, June 16, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTY-THIRD REPORT

Your Committee, to which was referred Bill C-109, an Act to amend the Criminal Code, the Crown Liability and Proceedings Act and the Radiocommunication Act, has, in obedience to the Order of Reference of Monday, May 31, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GÉRALD-A. BEAUDOIN
Chairman

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

On motion of Senator Beaudoin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CRIMINAL CODE
CUSTOMS TARIFF

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, an Act to amend the Criminal Code and the Customs Tariff (child pornography and corrupting morals).

Bill read first time.

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for second reading on Friday, June 18, 1993.

[*English*]

INTER-PARLIAMENTARY SYMPOSIUM ON PARLIAMENT: GUARDIAN OF HUMAN RIGHTS

REPORT TABLED

Hon. A. Raynell Andreychuk: Honourable senators, I have the honour to table the Inter-Parliamentary Symposium Report, *Parliament: Guardian of Human Rights*, held in Budapest, Hungary, May 19 to 22, 1993.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 150 residents of British Columbia who object to the goods and services tax.

Most of these petitions are from Kelowna, Winfield, Delta, Vernon, Armstrong, Barrière and Vancouver.

I also have the honour to present a petition signed by 22 residents of Ontario who object to the goods and services tax.

Most of these petitions are from Sudbury, Vanier and Ottawa.

We have here a total of 172 petitioners who speak for the millions of Canadians who will never accept the GST.

I am glad to point out to Senator Murray, who unfortunately is not here to listen to what I have to say, that the last petition was delivered to my office this very morning.

[*English*]

QUESTION PERIOD

THE SENATE

ABSENCE OF GOVERNMENT LEADER

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to acknowledge for the record the courtesy of the Leader of the Government in the Senate in calling me this morning to say he would be attending a funeral and would not be here today for Question Period.

NORTH AMERICAN FREE TRADE AGREEMENT

INCLUSION OF CHAPTER 19 CONCERNING BINATIONAL PANELS—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, what response does the Deputy Leader of the Government in the Senate have to the question I put yesterday concerning the decision of the binational panel on swine.

• (1350)

Yesterday, the Leader of the Government made a commitment with regard to that matter. This is important because of the bill now before the house to implement the North American Free Trade Agreement.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I assume that the matter is being looked into, Senator Stewart, and I hope to have a reply tomorrow.

ORDERS OF THE DAY

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE ADJOURNED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. Allan J. MacEachen: Honourable senators, we are at the third reading stage of the NAFTA bill, the final stage. This provides a final opportunity to express our concerns about the enactment of this particular legislation, not only because of the content of the legislation itself but also because of the circumstances in which it is being legislated. With a major part of the negotiations still under way, the Canadian Parliament is being asked to pronounce finally on this legislation at a time when the United States government has yet to disclose the implementing legislation that will put forward the American version of what this agreement means. We will deal with those matters in more detail as the debate advances.

In my second reading speech, honourable senators, I mentioned the distressing fact that, once again, Parliament is being asked to pass its judgment upon the free trade agreement with the United States. Very few people in the country are satisfied that the results of the free trade agreement with the United States have been beneficial. There is disagreement, of course, but there is great concern generally in the country that the FTA has not produced the benefits that were claimed it would produce.

Despite that reality, we are being asked once again to reenact the FTA, because NAFTA itself reenacts the free trade agreement with the United States. If NAFTA passes and becomes law, the free trade agreement is suspended. It is held in existence but not in operation, because the NAFTA itself, with all its provisions, supersedes the free trade agreement.

Honourable senators, there is a real problem for Canada in entering into this agreement, and in framing an agreement that will confer equivalent benefits on all partners within the agreement, particularly when one takes into account that one partner to the agreement is a developing country with a rapidly growing population, a rapidly growing labour force, a high unemployment rate and a work force such that, in Mexico, wage levels are not reflected in their productivity. All these problems have in a sense been swept away and no provision has been made in the agreement for dealing with the particular circumstances of entering into an agreement not only with the United States but also with Mexico, which represents a totally different set of problems.

• (1400)

Mexico is the demandeur. Mexico asked for this agreement with clearly articulated objectives. It knows what it wants. It knows how it intends to reach its objectives. The United States responded to the Mexican overtures, maybe for political reasons, maybe for geopolitical reasons, and maybe for some economic reasons, probably the most important of which is the desire of the United States government to have consecrated in the NAFTA the market reforms which took place in Mexico and which could be changed by a new government, if they were not, as it were, solidified and given the support of international law through NAFTA.

Canada's objectives were never clearly formulated until the last minute, because we asked for permission to get aboard the train as it was ready to leave the station. We asked to come aboard because we were afraid either that the train would go in directions that might be harmful to Canada or that it might bring the passengers some benefits which Canada would miss. That is the situation.

We never received in the committee any convincing evidence that the NAFTA would confer real and substantial benefits on Canada. It is hoped that benefits will accrue. It is hoped that investment will occur. It is hoped that a lot of things will happen, and any assessments that have been provided have been based upon macroeconomic models filled with assumptions that seldom operate in the real world.

When the FTA was approved in 1988, Senator Murray was very optimistic. In fact, upon the passage of the FTA legislation in December 1988, he assured us that we were all entering "...a new era for Canada in which we build security and prosperity". If ever a statement was incorrect, that one was incorrect. He too, presumably, was basing his prognostications upon studies, documents and models that had been supplied by the Department of Finance and a host of private sector organizations that all came together to tell the Canadian people that prosperity and security were in hand once the FTA became a reality. The same has to be said about the prognostications concerning NAFTA itself.

Today, honourable senators, Parliament is being asked to pass this bill, to finish up NAFTA, and to adjourn as quickly as possible. The bill swept through the House of Commons. It is now proceeding through the Senate and the expectation is that it will become law in a very short time. It will receive Royal Assent, but it will not be proclaimed. The government will not proclaim NAFTA until some distant time in the future, because it knows that this is a leap into the unknown.

The President of the United States just said last week, I believe, that at present the negotiations were "at an impasse".

> We can't pass it in the House of Representatives today, but I think we'll be able to pass it when the time comes.

[Senator MacEachen]

I wonder when that time will be, because the Democratic House Leader, Richard Gephardt, left the question in a situation that is very disturbing. He said:

> All I'm saying is, let's not set an arbitrary time frame and say we've got to bring out side agreements whether they're good enough or not. In my view, they are the key to whether or not this whole transaction can be successfully completed, and if they aren't done, then we ought to just wait until they can be done. We ought to extend the time.
>
> The European Community took 13 years, and they still haven't fully integrated three developing countries into their midst. So why do we think we have to do it all at once, in six months, in one year and be done with it? I don't see why that has to be.

That is the leader of the Democrats in the House of Representatives saying, in effect, "Why the rush, because these side agreements are of deep importance to us and we ought not to rush them." In Canada we are rushing. We do not know what these side agreements really will contain.

It was interesting last week, when we had extremely valuable testimony from the chief negotiator for Canada, Mr. John Weekes, who told us, fresh as he was from the negotiations, what the state of play was.

Let us look for a moment at the labour side agreement. The President of the United States, supported by the progressive elements in the United States, is seeking through the side agreements some answer on the labour front to the concern that American workers and American plants will be harassed by cheap labour in Mexico. It was expected that through this agreement they might be able to do something about that.

Where is the state of play? Presumably, all that is intended now is that each country will comply with its own laws — labour standards, wages, hours of work, and safety. They will comply with their own laws. If they do not, they might be able to complain to somebody in a very uncertain system. There is no provision, and none is expected, that would prevent a country from changing its laws, if the country were found to be in noncompliance with the law. You could legislate downward and the side agreement would not cover that. Then Canada or the United States would complain about each other or about Mexico and they would come before a tribunal, a bureaucracy; but what would the sanction be?

What is the sanction? Canada is against trade sanctions, and rightly so, I think. Is there to be any sanction? Well, not really. They will simply tell each other, "You have misbehaved and you had better pull up your socks."

We are going through all this elaborate bureaucratic structure, the establishment of trinational commissions to hold surveillance over developments in each country with no possibility of exerting a real impact upon what is happening in each country.

• (1410)

Why do all of this, I ask myself, when the international labour organization has been working for many years in this field, attempting to elevate standards throughout the world? After listening to the testimony, my conclusion was that if this is all that is to come out of this negotiation, it will be very difficult for the President of the United States to convince his congressmen, his senators or his constituency that he has received anything valuable for the workers through the negotiation. That is my conclusion. I may be quite wrong, but certainly something substantial must emerge, because the American administration has stated that the passage of NAFTA as a whole is conditional upon the successful negotiation of side agreements on labour and the environment.

Why are we rushing this through? Is it to ensure that this bill is made law before Prime Minister Mulroney leaves office? What an unfortunate time to have reached the concluding phases of this bill, with the transition of office from one Prime Minister to another, and when the Minister for International Trade has decided that he will not be a continuing member of the Government of Canada. With all of these circumstances, Parliament is asked to proceed and to take, once more, a leap in the dark, a leap of faith.

I wish to conclude this point, honourable senators, by referring to the testimony which was given to the committee by Mr. Gordon Ritchie, who was deputy negotiator of the free trade agreement. I think we all have heard him from time to time. He is a frank, well-informed and straight-from-the-shoulder witness. We heard him when he was advocating the free trade agreement before the Senate. He appeared before our committee to testify on NAFTA, and when asked about the timing, he replied as follows:

> I am concerned, as someone who has worked in the trade policy area, about any suggestion that we legislate before the Americans have even put their legislation on the table...

Well, they have not put their legislation on the table.

> ...I can tell you without breaching confidence that the draft of the FTA legislation that the Americans were proposing to table was highly offensive, and the leverage we had in order to ensure that that legislation was cleaned up to a large degree was the leverage that we had not yet tabled, let alone approved, our legislation.

With respect to the NAFTA, therefore, here in Canada we have not only disclosed our legislation, which the Americans have not yet done, but we are about to pass it. The Americans will take their time, and we have not yet seen what will be the result of the negotiation that is now taking place between the United States administration and the Congress.

Mr. Ritchie went on to say that when the U.S. legislation came out on the free trade agreement, there were things in it that were perverse, and if Canada had acted, our leverage would have been diminished greatly. We had not acted, and we therefore had an option either to change our legislation to reduce benefits to the United States, or to bring them into line. That is exactly what happened. He said, "Having tabled it, you have the flexibility to amend it," if you have not passed the NAFTA legislation.

So, honourable senators, here we are, giving away all our cards, and the American administration is negotiating between itself and the Congress. I do not know the system well, but I understand that the bill will come out of a process in which elected people and the administration will work out the implementing legislation, then it will be disclosed and enacted. However, we have gone ahead of them all and said, there we are, we are good fellows, we trust everybody, and we consign our destiny to the goodwill of the United States administration and the Congress.

We have no reason, honourable senators, to be so sanguine that the American government or the American Congress will look after our interests. They look after their own interests, and that was never clearer than in the history of negotiations on trade rules. We all know that the trade rules to which I am referring are the disciplines on, or the practices concerning, the use of government subsidies, unfair pricing, antidumping and countervailing duties. Those are the trade rules.

Honourable senators may remember, with refreshed recollection, the debate prior to the enactment of the free trade legislation. It was the firm resolve of the Canadian government, repeated so frequently, that a principal objective of the free trade negotiation was to change American trade rules. There had to be a new regime. I would like to quote just a few excerpts.

In outlining the objectives for the negotiations with the United States in 1987, the Prime Minister said that he wanted a "comprehensive agreement addressing non-tariff barriers." That is what we are talking about. He went on to say:

> Let me leave no doubt that first, a new regime on trade remedy laws must be part of the Agreement.

He was quoted in the *New York Times* the following year saying:

> The U.S. trade remedy laws can't apply to Canada, period.

Our colleague Senator Carney, then Minister for International Trade, said:

> ...non-tariff barriers are on the table.

If they were, they were swept off by the Americans, as we shall see.

Mr. Crosbie, when speaking to the St. John's Board of Trade in Newfoundland, stated:

> Unless we get out from under the threat of...U.S. trade remedy laws —

and that is what we are talking about,

> — and unless there is an effective dispute resolution mechanism to bind the Americans to their commitments, a free trade agreement with the U.S. would not be a good deal for Canada.

We did not get out from under the threat of U.S. trade remedy laws. They are still being applied with vigour and with frequency to Canada. The fact of the matter is that, on this point in the FTA negotiations, we got nowhere. Mr. Ritchie has described the process by which the Americans flatly refused to engage in any serious dialogue on this problem. He said they attempted to address both these issues, the rules themselves and the application of the rules, in the original FTA negotiations. They —

• (1420)

> ...did indeed attempt to establish a new and...fairer set of trade rules and...failed. It was not possible...The Americans were unwilling to engage in a serious discussion of fair trade rules that would have applied equally to both sides. They were prepared to see tough rules applied to Canada, but not to themselves.

We failed, and the Americans had their way.

In order to provide us with some substance, it was agreed that there would be an obligation under the free trade agreement that, over the next five years, there would be an intensive negotiation between Canada and the United States on trade rules. If they failed in the first five, it would be extended to seven. There were working parties set up to handle this important negotiation, which, in the words of the Prime Minister, was an indispensable part of their search for an agreement with the United States.

We have that picture, and then NAFTA comes along. Lo and behold, what did the Government of Canada do in NAFTA? It withdrew further, and the obligation to negotiate trade rules was dropped. The working parties were dropped. We were back at square one. This essential part of the original agreement now disappears. What is the official explanation? Well, we dropped it in exchange for the panels, the dispute settlement mechanism, and we expect that somehow, through GATT, we will be able to handle the trade rules.

Mr. Ritchie told us in the evidence on NAFTA that the agenda of the Americans was addressed, but that the important agenda of Canada with respect to this particular sector of the agreement was not addressed. He asked why we say we have permanency in the panel system. It is as permanent as the six-month termination notice of the FTA itself. That is what he said. That is how much importance he attaches to the trade-off, a termination of six months. It can be brought to an end.

The objective initially was to reach agreement on new trade rules. That failed. The second objective was to see that the trade rules were applied fairly and properly, and that was to be done through the panel system.

For those of you who want to understand better how tough the world of negotiation is with the United States, I refer you to Mr. Ritchie's testimony before the committee. He argued very strenuously that, while the panel system has worked and the panels have done a good job, the Americans are doing their utmost to undermine the operation of the panels. The panels themselves, in his words, time and time again, have found, for example, that certain stabilization programs in Canada were not in violation of the FTA. Time and time again, the Americans go back with a further complaint and, if possible, they go to the extraordinary challenge that is provided under the agreement.

The Americans have fought tooth and nail against the prospect that the findings of these panels will have precedential value, that they will have some judicial status — namely, if a panel finds on this matter, that decision has a bearing on the next case and the next. The Americans resist that. They resist it greatly because they do not want any system of precedential value to come into effect. They go back time and time again because they will not accept the binding, precedent-setting character of panel decisions.

Mr. Ritchie says that this matter was not addressed in the NAFTA negotiations. It was a matter of deep concern to Canada, but it was not addressed. We backed off. What is more, in the NAFTA itself, they have attempted to elevate the role of lawyers and judges on these panels. Let me say that when I use these professional terms, I am not launching a hidden attack on that noble profession. The fact of the matter is that, in the initial negotiations, the Americans insisted that lawyers have a prominent, if not controlling, role on those panels. The Canadians did not want it, but the Americans had their way. Why? Because they hoped particularly American members of the bar would take a strictly legalistic view of matters and look only at American trade law, not at the broader economic context that ought to determine a decision. They succeeded in that, and they are back a second time with NAFTA, getting a better role for judges. Mr. Ritchie argued that this is a clear-cut American objective that does not bode well for the operation of the NAFTA agreement.

Honourable senators, I draw these matters to your attention because it was said by those who appeared before the committee that we have everything in NAFTA that we got in the FTA and more. It is not true. It is simply not true. Mr. Ritchie said NAFTA is a step backward. It is a step backward because of the evolution of events in the field of trade rules.

I am concerned that we set ourselves an objective in the FTA, the negotiation of trade rules with working parties over a period of time, and we abandoned that for the making permanent of a panel system that can be terminated in six months, under the termination notice of the agreement.

The Americans have, as Mr. Ritchie testified, done everything to undermine the operation of the panels. They are attempting to insert a long hand into the internal operation of the panels by selecting those for the panels who are more likely to take a view that will serve more directly the application of American trade law.

Senator Perrault: Shame.

Senator MacEachen: I will mention something else because it will give you a flavour of what is at stake here.

• (1430)

Senator Atkins asked a question. He said:

> I am getting the sense from you that the Americans are now sorry they signed the FTA. That is the impression I get from many of the comments I have heard you make today, as well as from previous testimony given before this committee. Am I getting the wrong impression from what you are saying?

Mr. Ritchie responded:

> I do not think, sir, that the Americans are unhappy they signed the FTA. I think, as is not unnatural, when they look at it with a fairly protectionist view of their national interest, they find there are some areas they do not like, and they would like to claw back.

I think the clawing back is occurring in the area of the trade rules. He went on to say:

> They are assiduously and astutely seeking to claw those back.

Senator Atkins: Through the NAFTA agreement?

Mr. Ritchie: Through NAFTA and the way they have been operating under the existing FTA.

For the reasons stated, I find this a great step backward, as Mr. Ritchie has said, through what has happened in NAFTA, and I intend to move an amendment which, if adopted, would have the effect of at least ensuring that the step backward would not take place.

I move:

> THAT the motion be amended by deleting all the words after the word "That" and adding the following words:
>
> "this House declines to approve and implement the North American Free Trade Agreement because *inter alia* the Agreement does not provide for the establishment of a working group to develop common rules and disciplines concerning the use of government subsidies, unfair pricing, antidumping and countervailing duties within time limits comparable to those prescribed in Article 1906 of the Free Trade Agreement between Canada and the United States of America."

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that Bill C-115 be read the third time.

It is moved in amendment by the Honourable Senator MacEachen, seconded by the Honourable Senator Bonnell:

> THAT the motion be amended by deleting all the words after the word "That" and adding the following words:
>
> "this House declines to approve and implement the North American Free Trade Agreement because *inter alia* the Agreement does not provide for the establishment of a working group to develop common rules and disciplines concerning the use of government subsidies, unfair pricing, antidumping and countervailing duties within time limits comparable to those prescribed in Article 1906 of the Free Trade Agreement between Canada and the United States of America."

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I move the adjournment of the debate to reflect on this motion.

On motion of Senator Lynch-Staunton, debate adjourned.

INVESTMENT CANADA ACT

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), for Senator Ghitter, moved the third reading of Bill C-89, to amend the Investment Canada Act.

Motion agreed to and bill read third time and passed, on division.

CRIMINAL CODE
YOUNG OFFENDERS ACT

BILL TO AMEND—SECOND READING—DEBATE ADJOURNED

Hon. Erminie Cohen moved the second reading of Bill C-126, to amend the Criminal Code and the Young Offenders Act.

She said: Honourable senators, I was sworn in last Tuesday, just a week ago. It is truly amazing just how fast one can ascend from being a rookie to being in the big leagues. I wish to take this opportunity to thank each and every one of you for the warm reception I received upon my appointment, and for your very generous comments.

I wish to tell you that I consider my appointment to the Senate an honour. I treat it with great pride. I make a commitment to work hard for the Senate and to work with each and every one of you. Thank you once again.

Hon. Senators: Hear, hear!

Senator Cohen: Honourable senators, it gives me great pleasure to speak on Bill C-126. The theme of this legislation is the protection of society. Its purpose is to improve the response under the Criminal Code to family violence, child abuse and violence against women. The bill has three goals. I will describe the various parts of the bill in relation to these goals.

The first goal is to improve protection in the area of family violence and violence against women. The bill makes three proposals: a new anti-stalking offence called criminal harassment; an amendment to the section giving a defence to a charge of parental child abduction; and amendments to bail provisions.

The new anti-stalking offence called criminal harassment will be less complicated and should be simpler to enforce and easier to use in protecting people from stalkers than the existing sections of the Criminal Code. Both men and women can be victims of stalking. However, it is most often women who are at risk. This proposed legislation sends a clear message to Canadians and members of the criminal justice system that the behaviour of men who stalk women is criminal, and will not be tolerated. The maximum penalty under the proposed section will be five years imprisonment. Also provided in this clause is a provision whereby the offender need not have overtly threatened the victim to have committed an offence.

This new criminal harassment clause would make it an offence for anyone with intent to harass to repeatedly follow or repeatedly communicate with another person or anyone known to them, or to watch where another person or anyone known to them lives or works, or to engage in threatening conduct directed at another person or any member of his or her family, if the behaviour causes that person reasonably to fear for his or her safety.

The definition is broad enough to capture behaviour that under different circumstances would be considered lawful. For example, parking in the street is legal, but if a man parks outside his ex-wife's home, watching her night after night, causing her to fear for her safety, then there are grounds for a charge of criminal harassment under this new legislation.

• (1440)

In my opinion, honourable senators, the proposed criminal harassment offence will capture the sort of behaviour that we as a society want to prevent without interfering unjustifiably with anyone's rights or freedoms as guaranteed under the Charter. While people have the right to move about freely and to communicate freely, no one has the right to deliberately harass another person in a way that causes the other person reasonably to fear for his or her safety. The bill makes a clear statement that this is a crime.

Regarding the other provisions in the bill that address family violence, the Criminal Code contains sections that prohibit the abduction of a child by a parent. The change, under section 285, gives people a defence to a charge of parental child abduction if the taking of the child was necessary to protect the child from danger of imminent harm.

The bill would amend section 285 so that the defence would also apply if the parent was escaping from danger of immediate harm to herself, not just danger to the child. This means that a battered woman who decides to escape the violence need not worry that she will be charged with parental child abduction. A battered woman ought not to have to choose between staying in the home or escaping the home and leaving her child behind for fear of being charged with abduction.

In relation to bail, it has been pointed out that, surprisingly, it is often the victim and her children, rather than the offender, who must leave the family home. I think most senators will agree with me that that is unacceptable.

Another concern addressed in this bill is that men who have been released on bail in a family violence situation often return to the family residence to harass, intimidate and even assault their wives. Again, I think most senators will agree with me that there is no reason why that situation should be allowed to continue.

The bill contains proposals that would correct these problems by amending the bail sections in the Criminal Code. Currently, section 515 does not specifically state that bail conditions include a clause vis-à-vis the accused communicating with the victim. The bill proposes to add this to section 515.

The bill allows a judge setting bail in a case involving physical violence or criminal harassment to order the accused not only to remain in a certain place, but also not to go near a certain place, such as the family home. The judge can also order that the accused not communicate with any witness, including the victim.

The bill proposes one more amendment to the bail provisions, and this was added based on the testimony of certain witnesses before the legislative committee in the other place. It is proposed to allow the judge to order, as a bail condition, that a person charged with criminal harassment be prohibited from possessing a firearm.

I believe these amendments to the bail provisions of the Criminal Code will improve our ability as a society to deal with the problems of family violence and violence against women in particular.

The second goal of Bill C-126 is to protect children suffering from various types of abuse. Sadly, we have heard a lot in recent months about how easy it is for convicted sex offenders to abuse children again once they have been released from prison.

One of the most repugnant crimes we know is sexual abuse of children. Interested groups and individuals have called for a change in the law in order to help prevent convicted sex offenders, after their release, from gaining easy access to children. The bill contains a proposal that would do that.

The proposed new section of the Criminal Code would authorize a court to ban convicted sex offenders from attending daycare centres, school yards, playgrounds, community centres, public parks or bathing areas, and from being a volunteer or an employee in a position of trust or authority over children.

I am convinced that this prohibition will reduce the likelihood of convicted sex offenders victimizing other children after their release from prison.

Also, as a part of this goal of protecting children, the bill proposes a new peace bond section in the Criminal Code that would allow a person to obtain a restraining order if he or she fears that another person will commit a sexual offence against a child.

The bill would also protect children from another danger by prohibiting people from taking a child from Canada to another country with the intention of committing an act of violence or sexual abuse against the child.

Recently, an Ontario Court of Appeal decision revealed a gap in our ability to protect children from parental abduction. The bill proposes to close that gap by amending the parental child abduction sections to state that an accused may be convicted when his or her intention is to deprive the other parent of custody of the child.

The third goal of Bill C-126 is to reduce the trauma suffered by children who have been the victims of sexual abuse and who must testify about this in court. As a result of a Supreme Court of Canada decision, in every case involving a child witness the judge must warn the jury about the danger of accepting the evidence of a child, even where the child has testified under oath. This view of children's abilities to testify is no longer supported by research. To correct this, the bill proposes to abrogate this rule. The result would be the removal of the presumption against the evidence given by children. The judge or jury would evaluate and determine the weight of a child's evidence on an assessment of the individual child's evidence, in the same way as they would an adult's.

Research has shown that child witnesses are much better able to testify about the abuse they have suffered if they are accompanied by a person who will provide emotional support. The bill would allow this by specifically enabling a judge to permit a support person of the child's choice to be present and close to the witness while the witness is testifying, even if the public has been excluded.

Finally, it is true that, generally speaking, people have the right to represent themselves in court. However, in child sexual abuse cases this may mean that the accused revictimizes the child by aggressively cross-examining the child about what has happened. This experience can be so upsetting for the child victim that she or he may be unable to testify.

I believe that in some cases allowing the accused to personally cross-examine the child victim of sexual abuse may amount to a court-sanctioned continuation of that same abuse. The bill would allow a judge to appoint counsel for the accused for the sole purpose of conducting this cross-examination. This solves the problem in a manner that is fair to all persons involved.

It is my sincere belief, honourable senators, that Bill C-126 proposes amendments that are both important and valuable as a response to the urgent problems of child abuse, family violence and violence against women. I believe that the proposals in this bill will offer greater protection from these abuses to those who most often suffer them and who are the more vulnerable members of our society.

On motion of Senator Stanbury, debate adjourned.

LAND TITLES REPEAL BILL

SECOND READING

Hon. Eric Arthur Berntson moved the second reading of Bill C-103, to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto.

He said: Honourable senators, I appreciate the opportunity to address Bill C-103. This bill continues the process of devolution launched by this government in 1984. It will effectively repeal the Land Titles Act and allow for amendments to related legislation that will provide the Yukon and the Northwest Territories with greater control and influence over local affairs.

The objective of the bill is to transfer legislative responsibility for land titles registration in the territories to the territorial governments. Both have clearly demonstrated their willingness and ability to accept this new responsibility. The territories formally requested this transfer in 1986. I am pleased that they will soon see their request granted.

• (1450)

In anticipation of honourable senators passing Bill C-103, both territorial governments have passed legislation, which will be proclaimed as soon as the Land Titles Act is repealed. This legislation will successfully replace the outgoing federal act. There is no question that the territories can assume this responsibility. Both governments currently register land titles within the boundaries of their respective territories. The Northwest Territories has administered the Land Titles Act since 1967; the Yukon has administered it since 1975.

Briefly, I will give my honourable colleagues examples of how the territorial governments have demonstrated their ability to manage affairs similar to those afforded them under Bill C-103. Since 1987, the governments of the North have been guided by the northern political and economic framework. One principle of this framework is devolution — the orderly transfer of programs and responsibilities of a provincial nature to the territorial governments, based on their willingness to accept and administer them.

Repeal of the Land Titles Act and transfer of responsibility for registration of land titles will extend this type of provincial function to the territories. Clearly, this function should be in their hands. In fact, the federal and territorial governments have been working towards just this sort of devolution for close to two decades. Your support of Bill C-103 will bring us, as governing bodies and as a nation, closer to our long-established goals. The transfer of this responsibility is not simply a rubber-stamping exercise. The issue on the table is genuine and the responsibility is, without question, desired by the territorial governments.

Honourable colleagues, I should like briefly to touch upon the purpose of the land titles registration system so that you can fully appreciate the significance of repealing the Land Titles Act. This administrative system is required to record interests in real property, ensuring certainty of ownership, protecting both the owners and others wishing to deal with the land or other real property registered in the system. Currently, all provinces maintain land title systems for those lands within their boundaries. Interestingly enough, in these jurisdictions, the federal government's only role is to ensure that all sales or purchases of federal Crown land are registered in the system.

In the North, the Department of Indian Affairs and Northern Development has retained, until now, this provincial responsibility for the actual management of the land titles registration system for both territories. The Land Titles Act, a federal statute which applies to both the Yukon and the Northwest Territories, provides the authority for this process.

Repeal of this Land Titles Act will not give the authority to the territories for management of federal Crown lands; this authority remains federal, as set forth in the Territorial Lands Act. The federal statute for which I am requesting your support deals essentially with the transferring of the responsibility for legal and administrative systems under which all territorial landowners may register their land titles.

Although the federal government is currently responsible for registering land titles in the territories, in practice this function has been carried out by territorial governments for some time. In fact, as I have already noted, the government of the Northwest Territories has been administering the day-to-day operations of the Land Titles Office in Yellowknife since 1967. The Yukon territorial government has administered the Whitehorse Land Titles Office since 1975.

Honourable colleagues, in many respects, employees of the territorial governments have administered the Land Titles Act for many years. What Bill C-103 will accomplish is the completion of a transfer process initiated more than two decades ago. This transfer allows the territorial governments to implement their own legislation, bringing their land titles systems into the 1990s.

The transfer of legislative responsibility will enable the territorial governments to enact their own modern land titles legislation according to their own needs and timetables. The fact that both territorial governments have legislation prepared to replace the Land Titles Act clearly indicates their willingness and ability to shoulder this new responsibility. When repeal of this act is complete, the legislation they have prepared will be proclaimed. The authority for this exists in the Yukon Act and the Northwest Territories Act, both of which empower their territorial governments to make ordinances for property rights and other local matters.

A number of provisions in Bill C-103 ensure that private property owners and the federal government will not forfeit rights under this new land titles regime. An example of provisions protecting these rights is the stipulation that the Land Titles Act must be replaced by legislation which will continue the Torrens system of land registration. This well-established system ensures that all reported land transactions are examined carefully and approved before being recorded against the title. This guarantees the accuracy of title as recorded on a certificate of title or deed.

Another provision of Bill C-103 restricts filing of caveats against lands for which no certificate of title has been issued. This protective measure is important to the Crown because the federal government is the major landowner in the territories. The effect of caveats filed against unpatented Crown lands could stall and complicate this government's determination to settle comprehensive land claims in the territories.

Honourable senators, I want to be perfectly clear on this point: Settlement of aboriginal land claims in the territories will not be affected by this transfer. We are continuing to act quickly in settling comprehensive land claims, and we will retain authority over the disposition of unalienated Crown lands.

With this legislation, we have also ensured the continued registration of certificates of title and statutory easements provided under the Northern Pipeline Act. Statutory easements are often required to secure financing for pipeline projects, so this clause is important. Bill C-103 also includes minor housekeeping amendments to the Navigable Waters Protection Act. These amendments will remove a reference to the Land Titles Act, thus ensuring certain documents can be registered with the territorial Land Titles Office.

The Assurance Fund, now maintained by the federal Minister of Finance under the Land Titles Act, will be transferred to the territorial governments under Bill C-103. This fund is operated from fees charged for registering a land transfer and new title. It defrays compensation and other costs payable by the Crown to persons suffering damage, loss or deprivation in the event of a faulty administration of the land titles system.

This one-time transfer involves a federal expenditure of approximately $1.7 million. Of this amount, $900,000 will go to the government of the Northwest Territories, and $763,000 will go to the government of the Yukon. The transfer reflects the assurance moneys credited to the land transactions in each territory. It will include earned interest beginning on the date the Land Titles Act is repealed in each territory.

Once the Land Titles Act is repealed and the one-time transfer is complete, the territorial governments will be responsible for paying claims resulting from operating their land titles registration system. Exceptions would be claims based upon actions prior to the transfer, and which exceed moneys in the Assurance Fund transferred to the territorial government in question. Should this happen, the federal government will indemnify the territory for the amount exceeding their one-time transfer, plus interest.

We have negotiated agreements covering the administrative costs of this transfer to the territories. Under the agreement, certain revenues from administration of the land titles system will be directed to the territorial governments. The government of the Northwest Territories will secure approximately $110,000 annually in fees for registering land transactions and titles, while in the Yukon, this figure will be about $60,000 annually. These revenues are to be deducted from the federal transfer payments made to the territories.

To cover operating costs of the Land Titles Office, the Department of Indian Affairs and Northern Development will make annual transfers of about $21,000 to the government of the Northwest Territories and $10,000 to the Yukon territorial government. As well, there will be a one-time transfer of computers, desks and other office equipment.

Bill C-103 also clarifies the authority of the Governor in Council to transfer lands to the commissioners and the authority for the commissioners to transfer lands back to the federal government. The Department of Justice recommends that legislation be enacted to clarify this authority. Bill C-103 does this by making appropriate amendments to the Yukon Act and the Northwest Territories Act.

• (1500)

The Department of Indian Affairs and Northern Development has received legal opinions indicating that the territorial governments do not currently have sufficiently clear authority to manage and sell those public lands that have been transferred to and are being administered by the commissioners. To address this legislative shortfall we are proposing specific amendments to the Territorial Lands Act. These amendments are consistent with our objective to strengthen responsible local government in the territories.

My final point is that the government is satisfied that northern aboriginal residents have been duly consulted about the proposed transfer in preparation of this bill and, although concerns were raised, the territorial governments have properly addressed those concerns.

This approach is consistent with our commitment under the northern political and economic framework. It ensures that the transfers have the support of affected aboriginal organizations and that they do not impede the land claims settlement process.

I request your support, honourable senators, for Bill C-103, because the legislation sends a message to the territories that we are sensitive to their concerns and are acting accordingly.

This government is sensitive to the desires of all northern people. The repeal of the Land Titles Act and the transfer of land title responsibilities to the territorial governments will continue to fulfil our obligations to northern Canadians.

Hon. Len Marchand: Honourable senators, first, I want to thank Senator Berntson for his explanation of Bill C-103, the Land Titles Repeal Act. The act confirms a relatively long-standing administrative practice between the federal and territorial governments concerning territorial government over land titles. The repeal of the Land Titles Act will enable the territorial governments to enact their own type of legislation.

The power to administer land titles is a power currently enjoyed by all provincial governments, and its extension to the territories is one more step towards provincehood. I am informed that the territorial governments have already prepared legislation governing titles and require only enabling legislative authority from Parliament to allow them to proclaim their legislation.

While the existing federal legislation dates back to 1894, the territories have been administering titles through administrative delegation for some time — since 1967 in the Northwest Territories and since 1975 in the Yukon. The bill responds to their 1986 request for the formal legislative transfer of authority.

New territorial legislation will maintain the Torrens land title system that was originally introduced into Western and Northern Canada in 1870, following the purchase of the territory from the Hudson's Bay Company. The bill also enhances territorial control over the assurance fund established to indemnify land owners from maladministration of the land titles legislation.

One important feature of the bill will be to transfer administration and control over lands to territorial commissioners, while at the same time bestowing territorial governments with the power to retransfer lands to federal government ministries.

The relatively flexible arrangement will provide the federal government with the ability to meet its outstanding obligation with respect to lands that may be reserved for the aboriginal people as a result of claim settlements. This legally clarifies the administrative practices that have developed over time. However, while I appreciate the intent of the bill and believe that the territorial government should enhance its control over territorial lands, this should not come at the expense of the pre-existing rights of the aboriginal peoples in the territories.

Several aboriginal representatives have expressed concern over the bill's impact upon aboriginal land rights and claims. The Tungavik federation of Nunavut stated:

> Tungavik...considers it appropriate to be explicit with the broad relationship of the proposed legislation to aboriginal and treaty rights, both defined and undefined. As land titles legislation purports on its face to go to the very heart of sorting out competing interests in the land, Tungavik believes it is advisable that the Bill incorporate the following non-derogation clause:
>
> > Nothing in this Act or in any ordinance of a territory enacted to replace the Land Titles Act shall abrogate or derogate from any aboriginal or treaty rights of the aboriginal peoples of Canada, including any rights that may be acquired by way of a land claims agreement.

The Métis nation of the Northwest Territories stated:

> We appear before this committee asking for the non-derogation clause, because that is what will give comfort to the Métis people of the Northwest Territories.

The Dene Nation has indicated that they:

> ...are not convinced this proposal will not affect land claims or future self-government agreements. We do not find a non-derogation clause with respect to aboriginal or treaty rights in the proposal.

The Council for Yukon Indians said:

> Bill C-103...Does more than consolidate territorial jurisdiction over land titles, as it would also legitimize public land transfers to Yukon. This ability to transfer public lands must be read together with Canada's constitutional responsibilities to settle with Yukon First Nations...through our proposed non-derogation clause.

My own view is that the transfer of power over land titles does not, as was the case in the transfer from the Hudson's Bay Company to Canada in 1870 and the extension of federal jurisdiction into the territory in 1894, affect the pre-existing land rights of the aboriginal peoples of the territories. That is an interpretation that is shared by the territorial governments. Nonetheless, when it comes to such an important matter such as aboriginal and treaty rights, I would tend to agree with my colleagues in the other place that assurances should be given to the aboriginal peoples that the legislation will not abrogate or derogate from those rights.

While the federal government has given this assurance, some aboriginal representatives would prefer to see that assurance inserted in the legislation.

I understand that the territorial governments are prepared to agree to this proposal. Efforts in the other place to amend the bill by inserting a non-derogation clause have been resisted by the government. This is unfortunate, because the resistance has, in itself, cast a shadow over the intention of the federal government on this matter.

• (1510)

I would like to remind honourable senators that it was not very long ago that we reviewed Bill C-104, the bill that paved the way for the treaty land entitlement with the First Nations of Saskatchewan. The settlement in that case stemmed, in part, from the outstanding expressed obligations of the federal government flowing from the land and resource transfer agreements concluded between the federal government and the prairie provinces in the 1930s.

Prior to 1930, the Government of Canada was not inhibited from settling aboriginal claims to land by the land titles of Manitoba, Saskatchewan or Alberta. After the transfer of titles

to the provinces, however, the federal government was unable to obtain provincial approval for the settlement of treaty land entitlements. The Natural Resource Transfer Agreements in 1930 contained language of a non-derogation type which recognized the federal obligations to treaty Indians with respect to treaty lands. Even with those assurances, it has taken over 50 years to settle their claims.

The current bill contains no such assurances for the aboriginal people in the territories. Clearly, we must be careful whenever transfers affecting the administration and control of lands is undertaken. We do not want to create any unnecessary roadblocks to the settlement of claims. There are far too many already.

While the current governments of the territories are disposed to settle aboriginal claims, this may not always be the case. While the jurisprudence on the recognition of aboriginal rights and aboriginal title has change considerably since the 1930s, the federal government continues to labour under the misguided illusion that it has no legal obligation to settle aboriginal claims.

An increase in population, a shift in federal policy and jurisprudence would create major political hurdles in the settlement of claims. We need not add to those. We must always remember that one of the reasons for extending federal authority over Indians and lands reserved for Indians in 1867 was to protect the Indians from local majorities. That is our constitutional obligation. We must ensure that it is done.

The government of the Northwest Territories has indicated that, failing the insertion of a non-derogation clause in federal legislation, it would be prepared to amend the Land Titles Transfer Agreement entered into between the NWT government and the federal government. The Northwest Territories government has indicated that it will provide an assurance in the agreement that aboriginal and treaty rights will not be affected. Perhaps this should be explored further. In any event, all options for resolving this matter should be explored.

This is not a matter where there is a disagreement on the aims and objectives of the bill. All agree that the territories should have enhanced powers over land administration, and that the legislation should not affect aboriginal treaty rights in the territories. It is somewhat disappointing, however, that the parties could not have arrived at an acceptable solution to this matter prior to our review of the bill.

However, I am prepared to have this matter referred to committee and to deal with it there as soon as we can. I understand from Senator Berntson that we are prepared to meet as early as five o'clock this afternoon.

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?

On motion of Senator Berntson, bill referred to the Standing Senate Committee on Aboriginal Peoples.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, in view of the hour, I move that all further Orders, Inquiries and Motions stand.

Motion agreed to.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Thursday, June 17, 1993.

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

Prayers.

SENATORS' STATEMENTS

STATEMENT OF PRIME MINISTER

EFFECT ON SENATORS' PRIVILEGES

Hon. Royce Frith (Leader of the Opposition): Honourable senators, the Right Honourable Brian Mulroney was quoted in the *Gazette* of June 13, 1993, as saying:

> I thought it was instructive that some Conservatives, who had implored me on bended knee for appointments to the Senate, and assured me of undying loyalty to the government agenda, would without so much as a by-your-leave to Senator Murray go the other way.

This could be seen as raising a Question of Privilege affecting the senators who were the object of the Prime Minister's attention.

If it is such a Question of Privilege, then the privileges of all senators and the Senate itself are affected.

The implication is that senators undertook before their appointment, and impliedly as a condition of their appointment, to vote in a promised way — the offensive words being "the assurance of undying loyalty to the government agenda."

I can understand why the senators supposedly referred to would not want to start a long chain of privilege debate and rulings, but I do not think that the statement by the Prime Minister should pass without any response from the Senate.

The provocation was the vote on Bill C-93, and one can understand the Prime Minister's very negative reaction to that vote. He no doubt made his statement in a perhaps understandable state of deep disappointment.

However, he did make the statement.

I do not think he should have, and the Senate should both take and record its offence.

[*Translation*]

NEW BRUNSWICK BOTANICAL GARDENS

OFFICIAL OPENING

Hon. Jean-Maurice Simard: Honourable senators, next Wednesday, June 23, in the beautiful northwestern region of New Brunswick, Premier McKenna and the Honourable Bernard Valcourt, in the presence of many citizens of that region, will officially open a brand-new institution of great importance for our province, the New Brunswick Botanical Garden.

I invite all my colleagues on both sides of the house to visit it, if not on Wednesday the 23rd, then perhaps some time in the summer or fall. This project required federal and provincial funding.

It is well known that for nine years, the senator from Edmundston worked hard with some of my colleagues to bring into being this important new "baby" which will make a major contribution to tourism and education for the whole province.

The beautiful site of the New Brunswick Botanical Garden, with a wooded mountain in the background and bordering a peaceful river, will charm you at first glance.

Spread over more than seven hectares, it is both a quiet, restful place and a centre to study nature at its most beautiful and colorful. Over 50,000 plants are on display there. The rose garden, the rhododendrons, the many annuals and perennials offer you a symphony of moving colour and the heady fragrance of a thousand perfumes. A walk in the arboretum or along the flowery brook will delight you.

[*English*]

Conceived and designed by a team from the prestigious Montreal Botanical Garden, the New Brunswick Botanical Garden can really be called a masterpiece.

Situated eight kilometres from the New Brunswick-Quebec border and seven kilometres north of Edmundston, the garden is conveniently located close to the TransCanada Highway.

So please come and see us and enjoy New Brunswick once more. Spend as many days as you wish, and bring some money too!

FREE TRADE

INFLUENCE OF BIG BUSINESS ON INTERNATIONAL AGREEMENTS

Hon. Philippe Deane Gigantès: Honourable senators, we heard yesterday a masterful exposition of the issues in the

North American Free Trade Agreement given by Senator MacEachen. He made a point which needs to be made again and again.

His point was that the Government of Canada, headed by Mr. Mulroney, did not meet its stated objectives.

We were told quite clearly — Senator MacEachen gave us the quotations, and I have them in a book I have written on the subject — that the principal aim of Canada in entering into those negotiations was to make sure that American trade laws did not apply to Canada. Well, they do. Senator MacEachen went on to say that what we did get, which is those panels that are supposed to adjudicate on disputes, is being undermined by what the Americans are doing now. In other words, we went into the free trade agreement and gave the Americans everything they wanted, and we did not get what we wanted.

The question has to be asked, were the Conservatives stupid about this matter, or did they have an ulterior motive? I know many of them are intelligent, so it is difficult to buy the "unintelligent" argument. That leads us to consider an ulterior motive.

The ulterior motive, as analyzed previously and as now being analyzed in Europe for similar issues, is that big business wants to enshrine the big business agenda in international agreements, and big business has a big hold on the party opposite. As we were saying yesterday, big business wants to have international treaties that will make it harder to roll back what Reagan and Mulroney and Thatcher wrought; to make sure that there are no obstacles to this mythical clearing of markets; to make sure that labour and consumers and Canadians outside of multinational companies can have no effect on the economy. The ultimate objective, of course, is for the rich to get richer while the poor get poorer and weaker.

[*Translation*]

HEALTH AND WELFARE

NATIONAL COUNCIL ON WELFARE—REPORT ON WELFARE PAYMENTS, 1992

Hon. Eymard G. Corbin: Honourable senators, the National Council on Welfare, an agency that acts as an adviser to the Minister of National Health and Welfare, recently published its report: "Welfare Incomes, 1992."

The report contains conclusions that are embarrassing to the government and the Progressive Conservative Party. For instance, welfare benefits are well below the poverty line in all Canadian provinces and territories. The report also says that the absolute value of the benefits of many welfare recipients has steadily diminished in the past few years.

The Council states quite frankly that income statistics collected by various government agencies hardly reflect the desperate poverty of 2.7 million Canadians.

Hundreds of thousands of children and families on welfare do not get enough to eat. Thousands of single persons and families live in substandard housing. Some welfare recipients even go without food, in order to get better accommodation. Thousands cannot make ends meet. The financial pressure on the disabled is even greater, however, because of the additional expenses incurred as a result of their disabilities.

Previously, the most striking improvement to social programs had been the decision to index benefits. Unfortunately, in line with its regressive policies, the Mulroney government dropped full indexation in many cases, including benefits for children.

With the exception of Quebec, the provinces do not index welfare benefits. From time to time, they grant some discretionary and rather meagre increases that fail to reflect real needs. The Council notes that the discretionary increases granted by the provinces are no substitute for annual increases indexed to the cost of living.

Between 1986 and 1992, thousands of welfare recipients have become even poorer. Take the case of a single, employable person living in Alberta. In 1986, his annual benefits drawn on the welfare account were $7,765, in constant 1992 dollars. Today, his income is $5,640. I imagine these statistics are good news for those who support the Tory government. To us, it is damning evidence that this government has ignored the plight of needy Canadians during its past two terms.

The Mulroney government has even ignored the recommendations of its advisory council. Clearly, this government is fully responsible for the chaotic condition of Canada's social assistance programs and for the lack of national minimum standards. Of course, they could not care less.

The Council concluded that today welfare only guarantees a life of desperate poverty, thanks to our friends across the way.

[*English*]

FATHER'S DAY

TRIBUTE TO ALL FATHERS EVERYWHERE

Hon. Mabel M. DeWare: Honourable senators, as we may or may not be sitting in this chamber tomorrow, I should like to pay tribute to the male gender of this country, and to those in the Senate who may be fathers, grandfathers, godfathers or uncles who will be celebrating their day on Sunday.

Some Hon. Senators: Hear, hear!

ROUTINE PROCEEDINGS

FOREIGN AFFAIRS

LAMONT-SPENCER CASE—REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. John B. Stewart, Chairman of the Standing Senate Committee on Foreign Affairs, presented the following report:

THURSDAY, June 17, 1993

The Standing Senate Committee on Foreign Affairs has the honour to present its

SEVENTEENTH REPORT

Your Committee, which was authorized on Tuesday, 8th June, 1993, to examine and report upon the continued imprisonment in Brazil of two young Canadians, Christine Lamont of Langley, B.C., and David Spencer of Moncton, N.B., now presents an interim report.

Your Committee recommends that it be authorized to publish and distribute its report as soon as it becomes available, even though the Senate may not then be sitting.

Respectfully submitted,

JOHN B. STEWART
Chairman

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Stewart: Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*g*), I move that this report be taken into consideration now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, may I ask the Honourable Senator Stewart to tell us why leave is required to proceed now?

Senator Stewart: Yes, I am quite happy to explain. The reference to the committee relates to the continued imprisonment in Brazil of two Canadians. The committee has set the process in motion to hear what evidence there is available on this matter as early as possible.

However, we anticipate that we will not have completed our work on this matter — indeed that we will not have another meeting — prior to the adjournment of this house for the summer. We concluded, therefore, that, given the urgency of the matter, it would be desirable that our committee report be prepared and made available before the end of the adjournment, or prior to the time that a new Parliament is summoned.

Senator Molgat: Honourable senators, considering the length of time that these young Canadians have been in gaol, the attempts to have them released and the urgency of doing so, if it will hasten that possibility, I am prepared to give leave.

Motion agreed to and report adopted.

[*Translation*]

SEIZED PROPERTY MANAGEMENT BILL

REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

THURSDAY, June 17, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTY-FOURTH REPORT

Your Committee, to which was referred the Bill C-123, an Act respecting the management of certain property seized or restrained in connection with certain offences, the disposition of certain property on forfeiture thereof, and the sharing of the proceeds of disposition therefrom in certain circumstances, has, in obedience to the Order of Reference of Monday, June 14, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GÉRALD-A. BEAUDOIN
Chairman

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

On motion of Senator Rivest, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*English*]

TELECOMMUNICATIONS BILL

REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

THURSDAY, June 17, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

NINETEENTH REPORT

Your Committee, to which was referred Bill C-62, an Act respecting telecommunications, has examined the said Bill in obedience to its Order of Reference of Tuesday, June 15, 1993, and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

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

On motion of Senator Lynch-Staunton, on behalf of Senator Sylvain, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CANADA LABOUR CODE PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Noël A. Kinsella, Chairman of the Standing Senate Committee on Social Affairs, Science and Technology, presented the following report:

THURSDAY, June 17, 1993

The Standing Senate Committee on Social Affairs, Science and Technology has the honour to present its

EIGHTEENTH REPORT

Your Committee, to which was referred the Bill C-101, an Act to amend the Canada Labour Code and the Public Service Staff Relations Act, has, in obedience to its Order of Reference of Thursday, June 10, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

NOËL A. KINSELLA
Acting Chairman

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

Hon. M. Lorne Bonnell: Honourable senators, before the motion is put, may I ask the chairman of the committee if he received the correspondence from the minister today, whether or not the Minister of Labour will accept the amendment, and if so, will he let the other members of the committee know, or will he keep it a secret to himself? Why is he presenting the report without the letter from the minister telling us whether he accepted the amendment? He said he would get it to us this afternoon.

(1420)

Senator Doody: The report will be considered tomorrow.

Senator Lynch-Staunton: There is no debate allowed at this time.

The Hon. the Speaker: This is not a debatable motion.

Senator Bonnell: This is not a debate. I am entitled to ask the chairman a question and he is entitled to answer me. Why have we not received anything from the minister, as the minister promised we would?

Senator Lynch-Staunton: Your question is out of order. He cannot answer.

The Hon. the Speaker: Senator Bonnell, perhaps your question could be answered on third reading.

Senator Bonnell: No. The minister told us this morning that he would tell us in writing this afternoon whether he would accept an amendment. The French language in the bill is not correct, according to the interpretation of the minister and some of the witnesses. He was going to look into it and report back to the chairman and the chairman was going to report back to us before presenting this report to the house today. The chairman did not report back to me, and I am a member of that committee.

Senator Kinsella: Honourable senators, the report which I presented to the Senate is a report made pursuant to the decision of the committee.

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

On motion of Senator DeWare, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CUSTOMS TARIFF

BILL TO AMEND—REPORT OF COMMITTEE

Hon. C. William Doody, Chairman of the Standing Senate Committee on Banking, Trade and Commerce, presented the following report:

THURSDAY, June 17, 1993

The Standing Senate Committee on Banking, Trade and Commerce has the honour to present its

THIRTY-THIRD REPORT

Your Committee, to which was referred Bill C-122, an Act to amend the Customs Tariff (textile tariff reduction), has examined the said Bill in obedience to its Order of Reference of Monday, June 14, 1993, and now reports the same without amendment.

Respectfully submitted,

C. WILLIAM DOODY
Chairman

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

On motion of Senator Doody, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

LAND TITLES REPEAL BILL

REPORT OF COMMITTEE

Hon. Len Marchand, Chairman of the Standing Senate Committee on Aboriginal Peoples, presented the following report:

THURSDAY, June 17, 1993

The Standing Committee on Aboriginal Peoples has the honour to present its

SIXTH REPORT

Your Committee, to which was referred the Bill C-103, an Act to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto, has in obedience to its Order of Reference of Wednesday, June 16, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

LEN MARCHAND
Chairman

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

On motion of Senator Lynch-Staunton, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

(1430)

PARLIAMENT OF CANADA

REPORT OF DELEGATION TO VENEZUELA TABLED

The Hon. the Speaker: Honourable senators, I have the honour to present, in both official languages, the report of a delegation from the Canadian Parliament having recently travelled to Venezuela and Colombia from May 9, 1993, to May 18, 1993.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I have a group of petitions, which state, "We refuse the dictatorship of the GST." They are worded very much like those that have previously been presented petitioning for the repeal of the act and for an election.

They are from the following sources: First, from Quebec, I have Barraute, Cadillac, Hull, Rochebaucourt, Senneterre, St- Joséphat and St-Marc; from New Brunswick, there are Bas-Caraquet, Bertrand, Goulet, Pokesudie, Saint John and Shippigan; from Ontario, there are Kirkland Lake, Larder Lake, Ottawa, Rockliffe, Timmins and Vanier.

In summary, from Quebec there are seven petitions with 145 names; from New Brunswick there are five petitions with 107 names; and from Ontario there are six petitions with 137 names. The total is 18 petitions, 389 names.

I must compliment these Canadian citizens for their petitions, for what they are requesting, for what they are saying, and, in particular, for their persistence.

[*Translation*]

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 199 citizens of British Columbia who object to the goods and services tax, especially as it relates to books and periodicals.

Most of these petitions are from Kelowna, Vernon, Penticton, Westbank, Summerland and Revelstoke.

If they are not heeded by this government, they certainly will be by the next one.

[*English*]

QUESTION PERIOD

BUDGET IMPLEMENTATION (GOVERNMENT ORGANIZATIONS) BILL, 1992

DEFEAT OF BILL—GOVERNMENT POSITION

Hon. Allan J. MacEachen: Honourable senators, I should like some clarification on the impact of the defeat of Bill C-93, and I have a number of questions on that subject.

First, I should like to know whether or not any preparations had been made by the government in anticipation of the passage of this bill to bring it into effect — for example, the transfer of resources, the reduction of funds, and so on. Assuming such preparations took place, then, in view of the decision of Parliament, I should like to know if any such preparations will be undone.

Hon. Lowell Murray (Leader of the Government): Honourable senators, the short answer to the question is "yes". I think that answer will not surprise my honourable friend.

Whether these preparations should, can, or will be undone is a matter that I cannot answer at the moment, but I shall make inquiries.

Senator MacEachen: Honourable senators, to take one example, which is not the most important in the bill, Part X repealed the Veterans' Land Act. I presume now that the status quo ante will prevail and the new arrangements that were envisaged in Bill C-93 will disappear. That is one specific example.

Another example is the repeal of the Social Sciences and Humanities Research Council Act. Do I take it that whatever preparations were put in place to give effect to the anticipated repeal will now be reversed? One example that comes to mind readily was the transfer of the cultural relations division from the Department of External Affairs to the new body. Will that all be undone and any personnel that might be involved restored to the Department of External affairs?

Finally, and this is not to exhaust the questions, there are the provisions in the bill that terminated the existence of Enterprise Cape Breton. In fact, the Financial Administration Act was amended to expunge from the act any reference to such a noble concept as "Enterprise Cape Breton", because the term "Enterprise Cape Breton Corporation" was expunged.

Those are some of the questions that I have. Generally, the minister has said in reply that any preparations will be undone and the status quo as it prevailed before the Budget will now come back into existence. However, I should like any detail that the minister can provide today or later.

Senator Murray: It is a fair question, honourable senators. I must say that I have not been looking into it in any detail since the defeat of the bill in this chamber last week.

While much light has been made of the amounts of money that are involved, which have perhaps been underestimated by some commentators, the fact of the matter is that I know for certain that the Minister of Finance and his officials are addressing themselves to the question of where and how to recoup the savings that could have been realized by this bill.

The short answer to all the questions asked by the honourable senator is that to the extent that any of these changes require legislation, they cannot be made. What administrative arrangements may be possible now, I do not know. I do know that in anticipation of the passage of the bill a great many routine organizational steps were taken.

I will ask to see whether a comprehensive note can be prepared by the appropriate people at Privy Council, Treasury Board, or elsewhere — that is, from the machinery of government people — as to what steps may now be necessary as a result of the defeat of the bill.

(1440)

COMMUNICATIONS

FUTURE OF CANADIAN MAGAZINE INDUSTRY—INTERIM REPORT OF TASK FORCE

Hon. Keith Davey: Honourable senators, it would appear that the Canadian magazine industry might just be saved. If I can quote from the *Citizen* of today:

> A parliamentary task force has suggested changing Investment Canada regulations to make it harder for American magazine publishers to print Canadian editions.

The report has not been made public, but the minister is reported by his aide to be very happy with it. That is good news indeed. I would be remiss if I did not compliment the members of the task force who have moved with far greater speed than I could possibly imagine. I am quite prepared to give the Leader of the Government some credit, since he, I am sure, pushed them along.

However, we are sort of left with two tiers. We do not have the third tier. We are almost there. The article goes on to say:

> ...Beatty can't move without the permission of Industry Minister Michael Wilson, the minister in charge of Investment Canada. The two ministers may not be able to address the issue before June 25, when Tory leader Kim Campbell's first cabinet is sworn in. Beatty and Wilson could find themselves with different jobs after that.

My question to the leader is: Will this matter be resolved or not? It seems to me there must be this final step, and I wonder if I should be positive about going all the way.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I pointed out some days ago to Senator Davey, in answer to a question on this very matter, that when we appointed the task force, consisting primarily of Mr. P. J. O'Callaghan and Mr. Roger Tassé, we invited them to bring in an interim report if they felt that such a step was necessary or desirable. I can confirm that they have done that. Mr. Tassé and Mr. O'Callaghan have presented an interim report to Mr. Beatty.

I can also confirm that what is being proposed in this interim report is in the nature of a standstill measure to prevent other U.S. publications from taking advantage of the loophole, if I may call it that, of which *Sports Illustrated* availed themselves through Time Warner. Meanwhile, the task force will continue its work with a view to finding some long-term solution here.

Senator Frith: Running in behind their blocking.

Senator Murray: It is a standstill measure that is recommended. I can also confirm that it would require some change in regulations, perhaps a change in policy on the part of the minister responsible for Investment Canada.

The report is in. I have not seen the report. I am telling the honourable senator what I understand to be in it. I do not think it is a matter that can be dealt with simply by one minister. The government will have to consider it. If this government does not consider it, I would hope and expect that it will be dealt with immediately by the new government. We all recognize that, in a situation of this kind, a decision will have to be taken very quickly.

Senator Davey: How will it affect *Sports Illustrated*, the so-called Canadian edition of *Sports Illustrated?*

Senator Murray: Honourable senators, I do not know the answer to that question. As I told my friend, I have not seen the report. I should not be stating my impression, but my impression is that *Sports Illustrated* will be there, at least until the final report of the committee comes in. They are not seeking by way of interim report, as I understand it, to undo the situation with regard to *Sports Illustrated*. They are proposing, as I understand it, a standstill measure to prevent others from following in the footsteps of *Sports Illustrated* before the task force has an opportunity to bring in its final report and recommendations.

Senator Davey: Honourable senators, does this mean that *Sports Illustrated* will continue but that new magazines coming in will not?

Senator Murray: When Mr. Beatty appointed the task force, he made it clear that he was giving no guarantees to *Sports Illustrated*. I gather from that that *Sports Illustrated* will continue at least until the task force has brought in its final report and recommendations. If adopted by the government, the recommendation in the interim report would be to prevent others from doing what *Sports Illustrated* has done.

Senator Davey: Would it be fair to say that *Sports Illustrated* will not be grandfathered in this situation?

Senator Murray: Honourable senators, the situation with *Sports Illustrated* is as it was when Mr. Beatty appointed the task force. We acknowledge that that magazine has taken advantage of what I might call a legal loophole. As I understand it, their situation is not immediately affected by the interim report and recommendations.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, does the acceptance, as the government leader puts it, of the report require regulation or legislation?

Senator Murray: It does not require legislation. It requires change in regulations governing Investment Canada, as I understand it, particularly to the definition of "new business". That change in itself has policy implications sufficient to engage not just one minister but the government.

Senator Frith: Those regulations, then, can be made by the Governor in Council, and would require no legislative approval, and would not be subject to any sunset laws or anything of that kind that would require legislative revival?

Senator Murray: I am certainly having a great deal to say about a report I have not seen. However, I am interested in the subject.

Senator Frith: I am more interested in what the result is.

Senator Murray: The regulations in question are within the ambit of the Investment Canada Act, which Parliament passed in 1985.

Senator Frith: The authority is there to pass the regulation.

Senator Murray: The authority is there to pass regulations, and it may well be that, technically speaking, the minister has the power himself to do this. However, as I said, there are policy implications that are sufficiently important that the matter will engage the government, not just one minister.

OFFICIAL LANGUAGES

BILINGUALISM—POSITION OF GOVERNMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, my question is to the minister. I realize that the new leader of his party is not yet the Prime Minister, so on policy matters I suppose we will have to wait. Nevertheless, my honourable friend was on the right bandwagon —

Senator Frith: He has a good chance.

Senator Molgat: — and is a close confidant of the new leader. Perhaps he can tell us whether we can expect a change in the government's policy vis-a-vis the bilingual and multicultural nature of Canada. In March at the leadership debate in Montreal, his new leader pointedly refused to defend bilingualism in Quebec. Subsequently, in an interview by the *Financial Post* on June 5, she was asked the question:

> Would you eliminate, change, or maintain in their present form, federal policies on bilingualism and multiculturalism?

The answer was:

> I support bilingualism for Canadian federal institutions.

My honourable friend will be aware that the Official Languages Act, under sections 41, 42, and 43, goes far beyond purely federal institutions. Is this a shift in policy?

Hon. Lowell Murray (Leader of the Government): Absolutely not, honourable senators.

Senator Molgat: That is clear. We shall wait.

EXTERNAL AFFAIRS

BOSNIA—THREATS TO UN-DESIGNATED SAFE HAVENS—SOMALIA—UN PROTECTION OF CIVILIAN POPULATIONS—GOVERNMENT POSITION

Hon. Jerahmiel S. Grafstein: Several days ago, I asked a question of the Leader of the Government in the Senate as to the status of the government's policy relating to the crisis in Bosnia, with particular regard to UN-designated safe havens.

(1450)

The *New York Times* today reports that seventeen people were killed in the last day or so in Serbian attacks on the safe haven. Apparently eight UN troops are now moving towards this enclave — to do what, we do not know.

The government has supported the United Nations; the United Nations has designated safe havens in Bosnia, but as yet has not brought about any means or efforts to contain murderous acts by Serbian forces on the helpless and unprotected Muslim population.

Can the Leader of the Government give us some elucidation as to what is the current thinking of the government in this transitional period?

Hon. Lowell Murray (Leader of the Government): The current thinking of the government on what matter in particular? I do not understand the question.

The honourable senator is aware that we have 2,300 troops in Bosnia and Croatia. The United Nations has a plan that would require more than 7,000 additional troops for the implementation of UN Security Council Resolution 836. The resolution is still subject to consultation with the UN and with current or potential troop-contributing nations. Of course, we are part of those consultations, but no final commitment to additional troops has been made by us or by anyone else at this stage.

Senator Grafstein: Honourable senators, in Somalia the United Nations has decided to attack, by gunship, those offending militias that attacked UN troops. Has the government indicated any support for a similar plan to use air support to protect civilian populations against attacks?

Senator Murray: Honourable senators, the safety of our own troops, as in other UN peacekeeping operations, is of considerable concern to the government. I remind the honourable senator that the UN resolution clearly lays out the mandate of those troops. Among other things, their mandate is to deter attacks against safe areas declared by Resolution 824.

Senator Grafstein: Is the Leader of the Government saying that in this transitional period the government does not have a precise policy on defending this helpless and unprotected population, despite the fact that the United States, as well as Canada, has designated these areas as safe havens?

Senator Murray: I do not know what the honourable senator is talking about when he suggests we do not have a policy. We are there pursuant to the United Nations Security Council resolution. As I said, the mandate is to deter acts against safe areas defined in Resolution 824; it is to monitor the ceasefire; it is to promote the withdrawal of military or paramilitary units other than those of the Republic of Bosnia-Hercegovina; and it is to occupy key points on the ground, in addition to participating in the delivery of humanitarian relief to the population. That is what we are there for, and that is what we are doing.

Senator Grafstein: In this interim period, perhaps the government might consider seeking air support from the United Nations in order to deter these attacks, because the present efforts appear only to be causing further deaths and do not really defend the population.

Senator Murray: I will see that the honourable senator's comments are conveyed to my cabinet colleagues.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have three delayed answers to questions asked in the Senate: First, on May 27, 1993, by Senator Simard regarding the difference in federal compensation programs between the fishermen of

Newfoundland and the fishermen of the Gulf; on June 15, 1993, by Senator MacEachen regarding the Senate committee report on the macroeconomic impact of the FTA; and on June 15, 1993, by Senator Stewart regarding the findings of the binational panel on swine.

FISHERIES

COMPENSATION PROGRAM OFFERED TO FISHERMEN OF NEWFOUNDLAND AND NEW BRUNSWICK

(Response to question raised by the Hon. Jean-Maurice Simard on May 27, 1993.)

The first question deals with the different assistance measures offered to the individuals affected by the northern cod moratorium and those affected by the 1993 groundfish quota reductions. The situation facing each of the regions is quite different. In July 1992, a moratorium was announced for the northern cod fishery. In the Gulf, quotas were reduced substantially for groundfish fisheries as part of the 1993 Groundfish Management Plan, but fishing continues on a limited basis. In addition, outside of Newfoundland, the fishery is much more diversified and the majority of fishers derive more of their income from other species such as lobster, crab, other shellfish and pelagics. These fisheries are being successfully pursued in 1993.

The transitional adjustment measures recently announced by the Minister of Fisheries and Oceans and the Minister of Employment and Immigration Canada are designed to meet the specific needs of individuals affected by the groundfish quota reductions, such as those being laid off or having insufficient weeks of work in 1993 to qualify for unemployment insurance benefits. These measures are providing temporary income support and long-term training opportunities to affected individuals.

The second question deals with the decision to allow a fishery and set Total Allowable Catches (TACs) for groundfish stocks in the Gulf in 1993. The situation of the Gulf cod stock biomass is not parallel to that of northern cod. Scientific assessments in 1992 indicated that a moratorium was not needed to maintain the spawning stock in NAFO area 4T. The 1993 TAC for the stock in 4T has been set at the target conservation level of F0.1, or 13,000 tonnes. Each fleet sector has been asked to submit conservation harvesting plans to ensure that juvenile fish are protected and control measures put in place on discarding and dumping practices.

The final question asks if the government is willing to review the 1993 transitional adjustments measures in light of the information provided by the Gulf coalition fishermen.

The Department of Fisheries and Oceans (DFO) has identified additional resources to launch job development projects at sea which will put fishermen's skills to good use. These projects could include the experimental use of gear to test for conservation applications. DFO is also prepared to begin discussions immediately on the vessel support program, to help defray tie up or maintenance costs in individual hardship cases.

FOREIGN AFFAIRS

REPORT OF COMMITTEE ENTITLED "MACRO-ECONOMIC IMPACT OF THE CANADA-UNITED STATES FREE TRADE AGREEMENT"—STATUS OF ACTION ON RECOMMENDATIONS—GOVERNMENT RESPONSE

(Response to question raised by Hon. Allan J. MacEachen on May 27, 1993)

The Senate Committee on Foreign Affairs has recommended that the government examine the possibility of commissioning a private-sector pilot study of the Canada-U.S. Free Trade Agreement's (FTA) impact on a limited number of sectors of the Canadian economy. The analytical approach suggested by the committee would assess market share changes based on tariff reductions in specific sectors since the FTA was implemented. The committee has suggested that such an approach might provide some indication of whether tariff reductions in canada had resulted in Canadian companies displacing domestic or third country suppliers in the U.S. markets.

Two considerations are particularly important in examining the possibility of undertaking such an analysis. The first relates to significant problems that have been identified by a number of studies in attempting to analyze the impact of the agreement on the Canadian economy. These problems are also identified in the Senate committee report itself and relate to the fact that the early years of FTA implementation took place during a period of prolonged recession coupled with major adjustments of the international economic system, tight monetary policies and the introduction of domestic economic initiatives such as the Goods and Services Tax. The Senate report quotes Peter Pauley of the University of Toronto as pointing out that, "it is patently obvious

that it should be extremely difficult to discern any potential contributions of the FTA to the Canadian ... Macro-economic performance underneath the noise induced by other national policies and a volatile international environment".

Although general impact analyses may not reveal much, many reports and studies of the FTA's impact on various sectors of the economy since its implementation have been published. In fact, certain aspects of the analytical approach suggested by the Senate committee have already been looked at. For instance, DRI Canada* and Statistics Canada** both have analyzed market share trends in Canada-U.S. trade over the past five years.

The DRI study concluded that market shares have changed in many U.S. And Canadian industries since the FTA. Of the 108 Canadian and U.S. manufacturing industries studied, 34 Canadian industries gained U.S. market share, 63 maintained U.S. market share and 11 lost U.S. market share. Important Canadian "winners" included several large technology-based industries such as the automotive, communications and electronic equipment, aircraft, business machine, electrical industrial equipment, plastics and fibre and man-made filament yarn industries.

The Statistics Canada study concentrated on trends in Canada-U.S. manufacturing industry trade patterns using market shares and their change over time as a means of separating changes due to market penetration from movements created by economic boom and recession. In the period 1989-1991, the study shows that Canadian manufactures as a proportion of U.S. Domestic supply reached an "all-time record share — 2.6 per cent of all manufactures available for domestic consumption in the United States."

A third study by the C.D. Howe Institute*** has also concluded that Canada's exports to the United States have performed strongest in those sectors that were liberalized by the FTA - and languished in those sectors not opened by the agreement. These studies are indicative of only part of the analytical work that has been undertaken by a multitude of institutions, organizations and individual authors since the FTA.

This leads to the second consideration the government must take into account in reviewing the feasibility of undertaking further analytical work on the impact of the FTA which is financial. Commissioning a private sector study of the specific impact on the economy of one aspect of the FTA is difficult to justify in the current climate of fiscal restraint. Although this government is still examining the recommendation of the Senate report, the conclusion of much of the scholarship and commentary on the FTA indicates that such an expenditure would be difficult to justify.

The Honourable Senator also asked whether the government had given any consideration to the committee's recommendation to promote efforts by Statistics Canada to develop a concordance with U.S. statistical data that would facilitate analysis of the impact of the FTA. Statistics Canada has been fully aware for some years of the difficulties in reconciling bilateral trade data. It has developed close working relationships with its corresponding agencies in the United States in order to ensure the greatest amount of consistency possible with respect to statistical systems. Significant progress is being made and appropriate changes are being incorporated within both the Canadian and U.S. statistical systems to help facilitate trade analysis.

* A Market Share Analysis of U.S. and Canadian Manufacturing Industries 1989 to 1991. DRI Canada. June 1992.

** Trade Patterns: Canada-United States, the Manufacturing Industries 1981-1991. Statistics Canada. February 1993.

*** Were the Optimists Wrong on Free Trade? A Canadian Perspective. C.D. Howe Institute. October 1992.

NORTH AMERICAN FREE TRADE AGREEMENT

INCLUSION OF CHAPTER 19 CONCERNING BINATIONAL PANELS—GOVERNMENT POSITION

(Response to question raised by Hon. John B. Stewart on June 15, 1993)

The FTA ruled that for the period on April 1, 1989 to March 31, 1990, Canada's National Tripartite Stabilization Program and other support programs provided countervailable benefits to the live swine industry.

This is the second time Canada has challenged a United States Department of Commerce (DOC) duty on live swine before a FTA panel. In the first instance, during the review period of April 1, 1988 to March 31, 1989, the panel upheld Canada's position that the National Tripartite Stabilization Program and other support programs did not provide countervailable subsidies. This was reaffirmed by an Extraordinary Challenge Committee under the FTA.

Each Administrative review covers a different time period and the results are based on the level of assistance given to producers during that last time.

The latest decision means that a duty of 9.32 cents per pound imposed by DOC on exports of live swine to the United States will remain in place.

The panel also ruled that Quebec's Farm Income Stabilization Insurance support program did not provide countervailable benefits to the industry during the DOC's subsidy calculation.

Since the duties on live swine were imposed in 1985 — before the FTA — Canada can take only the findings from each administrative review period to a Chapter 19 dispute settlement panel under the FTA, and not the original decision. Only administrative review findings by DOC issued after January 1, 1989 may be reviewed by binational panels.

Canada will continue to defend its position that these support programs do not provide countervailable benefits to the industry during the sixth (April 1, 1990 to March 31, 1991) and seventh (April 1, 1991 to March 31 1992) administrative reviews of live swine exports.

ORDERS OF THE DAY

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—MOTION IN AMENDMENT OF SENATOR MACEACHEN—VOTE DEFERRED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement.

And on the motion in amendment of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Bonnell, that the motion be amended by deleting all the words after the word "That" and adding the following words: "this house declines to approve and implement the North American Free Trade Agreement because *inter alia* the Agreement does not provide for the establishment of a working group to develop common rules and disciplines concerning the use of government subsidies, unfair pricing, antidumping and countervailing duties within time limits comparable to those prescribed in Article 1906 of the Free Trade Agreement between Canada and the United States of America."

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that Bill C-115, to implement the North American Free Trade Agreement, be read the third time.

[Senator Lynch–Staunton]

In amendment, it was moved by the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Bonnell:

THAT the motion be amended by deleting all the words after the word "That" and adding the following words: "this house declines to approve and implement the North American Free trade Agreement because *inter alia* the Agreement does not provide for the establishment of a working group to develop common rules and disciplines concerning the use of government subsidies, unfair pricing, antidumping and countervailing duties within time limits comparable to those prescribed in Article 1906 of the Free Trade Agreement between Canada and the United States of America."

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 senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Your Honour, before we proceed further, perhaps it would be a good time to outline the understanding between myself and the Deputy Leader of the Government.

It is our intention to call for a deferred vote. My understanding is that, under the *Rules of the Senate*, a deferred vote today would be held at 5:30 p.m. tomorrow. However, it is within the power of the Chief Whip of the Government to defer such a vote until the next sitting of the Senate, which would be next Monday, as I understand it. Under that procedure, the vote would be held on Monday at 5:30 p.m.

In discussion with my colleague opposite, we have agreed that, with the agreement of honourable senators, 8:30 p.m. on Monday would be a better time for the vote. The deferment would be to 8:30 p.m. on Monday.

Once we have disposed of this matter, and the vote is deferred, we will revert to the debate on the main motion, and further amendments may be made this afternoon. We propose that, with respect to such further amendments, the same course of action be followed, and that we again defer such votes until Monday at 8:30 p.m.

When we return again to the main motion on Monday, the understanding is that the same procedure would continue, and

that further amendments could be made. The deferment of the votes on those amendments would again be to 8:30 p.m.

Then at 8:30 p.m. on Monday, when we proceed to the votes, the understanding is that we would move through the amendments, one by one. On each amendment, before the standing vote is taken, there would an opportunity for an honourable senator from this side, and one from the other side, to speak on that specific amendment in order to refresh the memories of honourable senators. When we have five or six amendments in a block, it is sometimes difficult for honourable senators to recall the specific amendment with which we are dealing. Speaking to each amendment will clearly bring back the issue that is before the Senate at that time.

Senator Doody: What about independent senators?

Senator Molgat: Any senator can block this agreement. No senator is bound by the agreement. I am proposing it, after our discussion, as a sensible way to proceed, and a way in which, with the proviso of two speeches on each amendment, there will be a focus on that particular amendment.

With that understanding, we are prepared to proceed. My colleague, the Whip, would then call for the deferment of the vote.

Is that the understanding of my honourable friend?

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we are prepared for a vote right now, but the rules do provide for deferment. We have used it, and the opposition has used it when convenient, so we cannot quarrel with their decision. We are disappointed, however, because we were prepared for the vote.

(1500)

Be that as it may, ordinarily the deferred vote would take place tomorrow. As it is, because we will not sit Friday, it would be at 5:30 on Monday. The discussion between my friend opposite and me was that, because we normally do not sit on Monday afternoons, it would only be a matter of courtesy and fairness to our friends from the West and the East that we defer the vote until as late in the evening as possible. We thought 8:30 p.m. would be convenient to all.

I certainly agree that each amendment can be discussed separately and voted on separately. The issue is too important to steamroll it through. The final point we have to agree to is: when do we come to a final disposition of the legislation?

Senator Graham: "Steamroll" is a great word. We have become accustomed to steamrolling.

Senator Lynch-Staunton: When we come to a final disposition of the legislation, again I hope my friend opposite will agree that no later than eleven o'clock Wednesday morning is a schedule which would be convenient to all of us.

Senator Doody has asked when we will sit. The suggestion will be made, when we get to the adjournment motion, that we sit on Monday afternoon at two o'clock; that is because we are not having a vote this afternoon or tomorrow and we will not sit on Friday.

We will adjourn at the end of this day, once we have disposed of the major legislation, which could mean that we will have to ignore the clock and sit beyond six o'clock. We will return at two o'clock on Monday afternoon, dispose of the votes as of 8:30 on Monday evening, carry on with the rest of the business, and vote on Bill C-115 no later than eleven o'clock on Wednesday morning.

That summarizes the discussions we have had and I hope this receives the approval of this house.

Senator Molgat: Yes, that correctly reflects the discussion that we have had. My honourable friend did ask for an eventual time limit for a final vote and I did agree that it would be no later than eleven o'clock on Wednesday, and it could be earlier.

It is clear that, if there are five votes on Monday night and the whip opposite insists on a one-hour bell for each vote, we may not complete the voting on Monday night; we may have to decide to continue the voting on Tuesday morning. Obviously, when all the amendments are voted on, we are back to the main motion and there can be further amendments moved at that time and further discussion. There is no limit on that. The only limit is that no later than Wednesday at eleven o'clock we will dispose of the main motion.

The Hon. the Speaker: Honourable senators, according to our rules, if a vote is deferred until Monday night, it has to be taken on Monday night and not on Tuesday.

Senator Lynch-Staunton: Your Honour, we are asking for leave to delay until 8:30 p.m. the vote which would ordinarily take place at 5:30 p.m. With leave, it can be decided among ourselves how we wish to proceed.

Hon. William M. Kelly: Honourable senators, perhaps I could make a comment on the question of the bells, the Deputy Leader of the Opposition having raised the question. Having lived through last week, when my worthy counterpart drew me into agreeing to a five-minute bell —

Senator Molgat: It was purely a suggestion.

Senator Frith: I think "readily" agreed would be a better word.

Senator Kelly: With the best of good heart, and trusting my colleague as I do, over the weekend I will give some thought to whether it would be more prudent to have a one-hour bell in order to have the opportunity to check the halls to see who is hiding, since last week five minutes was not enough time to do so.

The Hon. the Speaker: Honourable senators, do you wish a special Order, or is it all agreed?

Senator Lynch-Staunton: It will be in the *Debates of the Senate* and could be considered an agreement and the equivalent of a house Order.

Senator Molgat: Perhaps it should be a matter on which we agree, so that there can be no change at a later date. If there is no disagreement at this time, then make it a house Order. In that way, the matter will be clearly settled and we will know for sure that there will not be someone objecting at the last minute.

The Hon. the Speaker: Honourable senators, if you want a special order, it may be drafted and put on the record. What is the wish of the chamber?

Senator Frith: We have agreed on it, so it is ordered.

Senator Lynch-Staunton: As the Leader of the Opposition suggests, what has been agreed to is so ordered, and that can be the Order of the house.

The Hon. the Speaker: It is on the record now.

Is it agreed, honourable senators?

Hon. Senators: Agreed.

Senator Molgat: The question was asked by one of my colleagues, "What about other business?" There is no particular understanding on other business. It carries on as usual.

The Hon. the Speaker: Honourable senators, is it agreed that the motion in amendment of Senator MacEachen will be addressed and voted on on Monday at 8:30 p.m.?

Hon. Senators: Agreed.

The Hon. the Speaker: We are back on third reading.

Senator Molgat: I believe our whip should now call for the vote to be deferred.

Senator Hébert: Honourable senators, I ask that the vote be deferred.

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

Hon. Senators: Agreed.

MOTION IN AMENDMENT OF SENATOR STEWART—VOTE DEFERRED

Hon. John B. Stewart: Honourable senators, I wish to move an amendment to clause 218 of Bill C-115, to implement the North American Free Trade Agreement.

My amendment deals with the new subsection 77.013(2) of the Special Imports Measures Act. That new subsection is proposed on page 159 of the bill. It would read as follows:

> (2) Judges of any superior court in Canada and persons who are retired judges of any superior court in Canada are eligible to be appointed to a panel.

Let me explain. The declared object and purpose of the free trade agreement between Canada and the United States is:

> The establishment of fair and predictable conditions for the progressive liberalization of trade between the two countries while maintaining effective disciplines on unfair trade practices.

Chapter 19 of the free trade agreement provides that the United States retains the right to apply its own antidumping and countervailing duty laws to goods imported from this country. We, likewise, can apply our laws to goods imported from the United States.

In addition, each country retains the right to change or modify its antidumping or countervailing laws. When a change or modification is made, the other country can initiate an examination by a binational panel to ascertain if the change or modification is contrary to the declared object and purpose of the agreement.

If the legislature that enacted a law found by a panel to be contrary to the object and purpose of the agreement does not take remedial action, the other country has the right to terminate the agreement.

Under the free trade agreement, Canada may bring on a binational panel review of a United States decision to impose antidumping or countervailing duty on Canadian goods.

(1510)

Similarly, the United States can bring on a panel review of Canadian decisions. The purpose of these binational panel reviews is to ascertain whether or not the relevant law was applied properly. The decision of a binational panel is final. Each of these binational panels has five members, and three of these members, including the chairmen, must be lawyers.

Now let us focus on how the binational panels have been working. Back in 1988, we were told repeatedly that the main aim of the free trade agreement between Canada and the United States was secure access to the United States market. The great difficulty for Canadian exporters in the 1980s was not high United States tariffs but rather what we regarded as administrative harassments. The binational panels, we have been told again and again, have worked to reduce harassment.

On March 31, 1993, Mr. Gordon Ritchie told the committee on External Affairs that the binational panel system has worked well. He told us that Canada has won the cases it ought to have won and has lost the cases it ought to have lost. Let me quote what Mr. Ritchie told the committee.

> The panels have taken their mandate very seriously, flexing their muscles a bit, and put the spotlight on the practices of administrative agencies in both countries.
>
> In my view, these panel decisions are batting a thousand. We have not won every case. We have lost some cases. We have lost the ones we should have lost; we have won the cases we should have won.
>
> Most important, the panels have found that the Americans have been unfairly applying their own laws on every product that has come before the panels. In some cases, they found that the Americans inflated the margin of alleged subsidy or dumping; in other cases, they found that they had invented injury where none existed. However, by and large, they have clearly determined that, quite apart from the problems with the American laws, the application of those laws has been unfair in the view of the binational expert panels.

Mr. Simon V. Potter, from Ogilvy, Renault, a highly experienced panelist, agrees emphatically with Mr. Ritchie on the effectiveness of the panels.

Senator Frith: Was Mr. Ritchie a panelist?

Senator Stewart: I don't think Mr. Ritchie was a panelist. He was the assistant negotiator of the free trade agreement. I never read anywhere that he had served as a panelist, but I assume that he has observed the work of the panels carefully.

What did Mr. Potter tell the committee? He said:

> The way to judge the system is whether it is operating fairly, are people winning the ones they ought to win, are people losing the ones they ought to lose. I am telling you it is working that way and Mr. Ritchie has said the same thing before both committees.

I assume he means the committee of the House of Commons and the Foreign Affairs committee of the Senate.

However, honourable senators, all is not well. The Americans refuse to accept the panels' findings as having precedential value. Senator MacEachen referred to this yesterday. As a result, what looks very much like the same case goes to the panels again and again.

According to Mr. Potter, some Americans believe that the panels have not shown sufficient respect for the American administrative agencies. Those Americans have complained about what they see as the willingness of the binational panels to change American law.

Let me quote Mr. Potter, perhaps the most experienced of all the panelists:

> They believe that some panels have gone too far and have been too big for their britches.

It takes a lawyer to turn a phrase like that.

They even took the 1992 panel decision on pork to an Extraordinary Challenge Committee. The Extraordinary Challenge Committee is not a court to which an appeal lies from a panel. Senator Carney, who is an authority on this matter, commented in the committee that the Extraordinary Challenge Committee was set up to deal with

> ...sleaziness, thuggery and outright thievery or bribing of judges and things like that.

Nevertheless, the Americans took the decision of the panel on pork to an Extraordinary Challenge Committee. They misused the Extraordinary Challenge Committee.

Senator Frith: They turned it into an appeal court.

Senator Stewart: The Americans are frustrated, and the Canadians are frustrated too. A panel produces what the Canadians see as the right decision, and then the Americans refuse to accept that decision as final. Something is wrong.

What is the explanation? Is it that the Canadians are somehow blinded? Is it that the Americans are obtuse?

My conclusion, honourable senators, is that the basic cause of the trouble is the binational panel system itself. Let us remember that this system was contrived at the very last minute to keep the free trade negotiations with the United States from falling apart.

In the United States, the panels now perform the role of a judicial body, the role formerly performed by the Court of International Trade. Those panels include persons who are not judges; indeed, two of the members of a panel may not even be lawyers. Consequently, the panels are not producing the kinds of decisions Americans would expect from their own Court of International Trade. They are disappointed. What they want is decisions such as they would have had from the Court of International Trade.

For example, the decision on live swine rendered last Friday, June 11, is very revealing. According to that decision, which I have here:

> Panels are required to hold unlawful the determinations of Commerce —

meaning the Department of Commerce

> — that are unsupported by substantial record evidence or otherwise not in accordance with law.

The panel then quotes an admonition uttered by the Extraordinary Challenge Committee: Panels "must follow and apply the law, not create it." Presumably, that suggests that panels have not been following the law, but have been attempting to create it.

Now let me read the very next sentence in the decision in the live swine case decided last week:

> Moreover like the Court of International Trade, panels must show deference to Commerce with respect to its interpretation of the law, as well as its determinations on the facts in each case.

(1520)

From the American viewpoint, what is the root of the problem? The root of the problem is that the panels have not been acting with judicial restraint. There are too many trade lawyers on the panels. Indeed, there are too many panelists who are not even lawyers.

The United States wants to exclude what are called trade practitioners from the panels. Growing weary of having been found wrong again and again by the panels, the Americans have come to question the personnel of the panels. There are just too many people on the panels who understand trade law; too many people who feel competent to question the Department of Commerce on the facts in a case.

Now we can understand the provision on page 19-16 of the North American Free Trade Agreement which states that the roster from which the panellists are to be selected for the NAFTA "shall include judges or former judges to the fullest extent practicable." What the Americans want are panels composed entirely of judges to the fullest extent practicable. Conceivably, I say 100 per cent. For the United States, the inclusion of that provision in the North American Free Trade Agreement was a major achievement. According to Mr. Ritchie:

> ...the Americans have systematically attempted to throttle or subvert the panels.

In other words, what they failed to do in the free trade agreement, they are now doing in the North American Free Trade Agreement.

Mr. Potter of Ogilvy Renault commented:

> ...if it is required that we install judges, sitting or retired, on this roster and eventually on the panels, this may bring about a significant change for the binational panel process. I believe that a great deal of what we have seen from the binational process comes from the fact that the panels are made up, essentially, of practitioners who know what it is to deal with the Department of Commerce or with the ITC in the United States.

Later, Mr. Potter made a remark loaded with meaning, heavy with significance. He said that the effect of this change — the change that is proposed in the roster and thus in the panels — may be to change the attitude to the binational panels in Canada as well as in the United States.

What does he mean? He means that the congratulatory attitude which we hear expressed by the Government of Canada, by Mr. Ritchie and by Mr. Potter himself may disappear as a result of the panels being composed of judges only. On the other hand, the attitude in the United States may change. Whereas up until now the panels have been regarded as at least a bother, and at worst as a corruption of U.S. fair trade law, they will come to be regarded as very satisfactory, almost as satisfactory as the Court of International Trade. That is the situation.

What does clause 218 of Bill C-115 now before this house do? It brings the Special Import Measures Act into accord with the North American Free Trade Agreement. As I said earlier, the proposed new section is clause 77.013(2) on page 159 of the bill. Look at it, honourable senators.

Our Judges Act precludes judges from acting as members of these binational panels. The proposed subsection of the Special Import Measures Act would read as follows:

> Judges of any superior court in Canada and persons who are retired judges of any superior court in Canada are eligible to be appointed to a panel.

By this clause, the Government of Canada is asking this house to support the government's decision to acquiesce in the American demand that the nature of the panels be changed.

But, honourable senators, we have been told by the same government and by expert witnesses that the decisions of the panels have been sound. We have been told that the decisions of the panels have been fair. We have been told that we won when we ought to have won, and that we lost when we ought to have lost. If what the government says is true, why should the composition of the roster, and thus the composition of the panels, be changed?

Honourable senators, we ought not to give our approval to this change in the panels. Accordingly, I move:

> That Bill C-115 be not now read the third time, but that it be amended in clause 218 at page 159 by striking out section 77.013(2) as set out in that clause, and by renumbering section 77.013(3) as 77.013(2).

Honourable senators, to vote for this change in the panels is simply to accept the American view of the role of the panels. Indeed, to vote for this change is to reject the contention of the Canadian government that the binational panel system has been working very well.

Some Hon. Senators: Hear, hear!

Hon. Allan J. MacEachen: Honourable senators, I have just a few words to say in support of the argumentation which Senator Stewart has made with respect to the composition of the binational panels and the American request to have panels composed of judges or former judges.

We dealt with this subject in the committee. It is interesting to put some of that testimony on the record. It illustrates that not only did the Americans request, in this case, that the composition of panels be readjusted to permit the service of judges and former judges on the binational panels, but that our negotiators acquiesced to request. Further, the Government of Canada undertook a special amendment in this bill to accommodate that request.

(1520)

Honourable senators, in a sense, we are retracing steps that we covered on the occasion we examined the free trade agreement, because, at that time, we noted there was a provision in the free trade agreement to provide for a special status for lawyers on the panels. It was put forward in testimony at the time that that particular request was made by the American partners. I have been unable to put my finger on the exact testimony, but I referred to it in the recent committee hearings in the presence of the legal advisor and other witnesses, and no one raised their hand and said I was mistaken.

What is the relevance? The relevance is not that anyone is opposed in principle to the service of lawyers. It is because the government of the United States is of the view that members of the legal profession are more likely to take a legalistic view, rather than what one might call a broader view. In other words, the standard of review which the Americans seek is a highly legalistic one, and not a broad one. Therefore, they asked for lawyers in the first case and they came back this time and asked for judges. In the Committee on Foreign Affairs, Issue No. 30 of June 8, 1993, in asking some questions, I made the following comment:

> If that is the case, having achieved that wish —

namely, the role assigned to lawyers —

> — which I understand was not greeted with enthusiasm by Canada — there is now in the NAFTA a provision for judges or retired judges to become members of panels, or a certain class of panels. Was that sought by Canada or by the United States?

I asked that question, and Mr. von Finckenstein, the chief legal adviser, said he did not know, and he went on to make other comments. However, another official from the Department of Finance, Ms Susan Spencer, replied voluntarily and said:

> It was an American request, certainly, to have judges appear on the roster. You will see that the language says:
>
> ...judges or former judges to the fullest extent practicable.
>
> From that perspective, we are still permitted to appoint persons of the trade community in Canada, either lawyers or trade consultants or academics, anyone who meets those particular criteria.

Here again, the witness confirmed that the request was put forward by the Americans.

I went on to ask the legal advisor whether it was true that, in order to accommodate the Americans, the government of Canada was undertaking an amendment to the Judges Act:

> ...As I understand it, we have accommodated the Americans by proposing an amendment to the Judges Act to permit judges to participate; is that not the case?
>
> **Mr. von Finckenstein:** No, there is no amendment to the Judges Act in the legislation before you, senator.
>
> **Senator MacEachen:** I was mistaken, then.

However, it was a purely temporary setback to my argument, because the witness then acknowledged that, in order to make it possible for judges to serve, there was required an amendment to the Special Import Measures Act. An amendment was undertaken to accommodate the Americans to permit judges:

> **Senator MacEachen:** That was the point I raised.
>
> **Mr. von Finckenstein:** I apologize, senator. I made a mistake.

So in this case, it is clear that we accommodated the American request.

Honourable senators, I just conclude by saying that the relevance of this analysis by Mr. Ritchie, the deputy trade negotiator, is that there is a purpose, an effort on the part of the Americans to "claw back", as I said yesterday in direct quotation, the gains which were made in the FTA. The effort to claw back is exemplified by the refusal of the Americans to assign precedential value to the findings of the binational panels, a subject that Mr. Ritchie thought ought to have been addressed in the NAFTA negotiations and which was not addressed.

What has been addressed in the NAFTA is, to put it bluntly, the American agenda; the attempt to weaken the binding powers of the binational panels. That is why there is a rather strange clause that provides not only that lawyers will be the majority on the panels but that, normally, judges will be named to these panels to narrow the scope of the panel review.

That is the significance of this argument, and that is the significance of the amendment proposed by Senator Stewart. I am delighted that we have this occasion to highlight two aspects: The efficacy of the binational panels and, at the same time, to underline what has been described, not only by Mr. Ritchie but by the witnesses cited by Senator Stewart, as an effort to undermine and to claw back what was given in the FTA process.

Senator Stewart: Honourable senators, I wonder if Senator MacEachen will entertain a question? I notice that the witness quoted says it would be permissible to appoint persons other than judges, and that, in fact, the purpose of this would be to permit the appointment of judges. Surely the provision of the North American Free Trade Act is more demanding than that. The language says, "to the fullest extent practicable". That might be 100 per cent.

Surely Canada, entering this international obligation, will not try to duck out by appointing a judge here and a judge there. The roster is to be composed of judges or retired judges "to the fullest extent practicable." That might be 100 per cent, or something very close to it. Consequently, most panels will be composed largely of judges; not just lawyers, but of judges. Is this not the point of which we must not lose sight?

Senator MacEachen: Honourable senators, I think it is, and I regret that I did not underline the point as vigorously as Senator Stewart has done. It is true that Ms Spencer said that:

> You will see that the language says:
>
> ...judges or former judges to the fullest extent practicable.

The witness goes on to say "we are still permitted". In other words, others are not ruled out, if to the fullest extent practicable, a search has been made for a judge and a former judge and the search has been fruitless.

(1540)

Hon. A. Raynell Andreychuk: Honourable senators, I wish to speak in favour of Bill C-115. At this time I will not speak to the amendment which the honourable senator has just moved.

I want to differentiate NAFTA from FTA in this sense. I respectfully, therefore, disagree with Senator MacEachen's opinion that we are being pulled into the NAFTA. In the FTA, the government made a conscious and strategic decision to embark on a new trade strategy —

Senator Molgat: Honourable senators, I really hate to interrupt a new senator, but for the sake of the rules, and since she said she would not be speaking to the amendment, why do we not put the question on the amendment. We would then be back on the main motion and the honourable senator would be perfectly in order to speak on the main motion. We will defer the vote in any case, so it will take only a minute.

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by the honourable Senator Stratton, seconded by honourable Senator Keon, that this bill be read the third time. It is further moved, in amendment thereto, by Senator Stewart, seconded by Senator Olson:

> That Bill C-115 be not now read the third time, but that it be amended in clause 218 at page 159 by striking out section 77.013(2) as set out in that clause and by renumbering section 77.013(3) as 77.013(2).

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion the nays have it.

Senator Lynch-Staunton: We will abide by the agreement that was made and defer this vote until Monday as of 8:30 p.m.

Senator Molgat: Agreed.

The Hon. the Speaker *pro tempore*: The recorded vote will take place as of 8:30 Monday night.

Senator MacEachen: Honourable senators, I want to enter a thought in light of what has been stated by Senator Lynch-Staunton. One might get the impression that by deferring this amendment the vote would occur instantly. For the purposes of my own clarification, it is still possible, before the vote is taken, for a speech to be made by either side on this amendment.

Senator Lynch-Staunton: I did correct myself by saying "as of 8:30 p.m.". In other words, we will have discussion and a recorded vote on each amendment. They will not all be disposed of in a single fell swoop. The process will commence at 8:30 and will then unfold.

Senator Andreychuk: Honourable senators, in light of that agreement, I am perfectly willing to wait until a future time to make the comments I wish to make on the bill. If it would be preferable to continue with whatever other amendments there may be, I can defer my remarks to a later time. I have no difficulty with that.

MOTION IN AMENDMENT OF SENATOR STOLLERY—VOTE DEFERRED

Hon. Peter A. Stollery: Honourable senators, I wish to speak on the main motion, assuming that the amendments have been put off until Monday. I will be moving an amendment.

Honourable senators, the debate about the North American Free Trade Agreement has not only been extremely interesting and useful, but has been very important as an introduction to an issue forced to marginal importance by the Cold War.

There is a useful anecdote about the Cold War and the Spanish speaking republics. General Marshall made his famous speech and announced the Marshall Plan at Harvard University on June 5, 1947. Ten months later, on March 29, 1948, General Marshall led the U.S. delegation, which included Avril Harriman, to the ninth International Conference of American States in Bogota, Colombia. It was to be the founding meeting of the Organization of American States. The Who's Who of the Spanish republics, plus Brazil, many of whom described themselves at the time as "Rooseveltians", hoped for a regional Marshall Plan. Even Fidel Castro, recent survivor of his first revolutionary attempt to overthrow Trujillo in the Dominican Republic, was at the meeting and thought that there would be a Marshall Plan.

To quote Willard Beaulac, then U.S. Ambassador to Colombia, Marshall addressed the delegates "with sober eloquence. No one could doubt his sincerity. He disabused his listeners of any thought that they could expect a Marshall Plan for Latin America".

The Cold War had started and almost all the wealth and materials that the United States could spare were applied to helping Europe rebuild its war-shattered economy.

A few days later, on April 9, there was a terrible riot in Bogota, the worst riot in the history of the Americas. It was and is called the Bogotazo. It had little to do with the conference, but the delegates were caught in the middle and Generals Marshall and Ridgway organized U.S. embassy emergency measures. About 4,000 people were killed in the riot and more than 80 city blocks burned to the ground. Marshall made the following statement:

> This situation must not be judged on a local basis, however tragic the immediate results to the Colombian people. The occurrence goes far beyond Colombia.
>
> It is the same definite pattern as occurrences which provoked strikes in France and Italy... In actions we take here regarding the present situation, we must keep clearly in mind the fact that this is a world affair — not merely Colombian or Latin America.

General Marshall was wrong. The Bogotazo was a local affair. It had everything to do with Colombian politics and nothing to do with international communism. Nonetheless, for the next 40 years world affairs took precedence. The Spanish speaking republics and their often unpleasant ways of governing themselves were forced to the sidelines and local secrecy.

The North American Free Trade Agreement, this attempt to create a hemispheric trading bloc, has opened that subject again. As I say to my Mexican friends, and I will say it to others if this goes any further, "You can say it is none of my business how Mexico governs itself, but you can't say it if you want free trade with Canada and want Canadian workers to compete with your workers. I now have the right to inquire and get answers about your labour rules, for example."

Listen to this sanctimonious codswallop that we have heard: "the American family of nations", "hemispheric solidarity", "our hemispheric trading partners".

When I asked a visiting Mexican congressmen, whose spokesmen told the Senate Foreign Affairs committee that we had much in common; just what it was that we had in common apart from our geography, he had no answer. I think that he was surprised, because in most of Spanish speaking America those public statements are left unquestioned. Only in private do the real conversations take place.

In New York, at the time of the Panamanian adventure, the wife of an important ambassador said to me, "You know our countries, Peter. In our countries time is not permitted to move. Every once in a while someone comes along who does make it move. That person is always murdered and the crime is never solved."

What is the reason for the institutional Revolutionary Party in Mexico? León Blum said it best many years ago when he stated that "No government can remain stable in an unstable society." The Revolutionary Party in Mexico has been in power since 1927 or 1929, depending on how you calculate. It is in power because that country was never able to change governments without a blood bath.

(1550)

Honourable senators do not need me to explain what happens in one-party states. Senator Ghitter did it very well on Monday. I doubt, for example, if in Mexico there is an independent judiciary. As years go by, the police become more active and more powerful and, from the reports of the murder of Cardinal Posadas Ocampo, clearly more out of control.

In Mexico the unions are not independent. In fact, the foreign affairs committee was told by an expert Mexican witness:

> One has to understand that traditionally the CTM —

And the CTM is the main union organization. The witness goes on to state:

> ...is one of the gears, one of the links which the government has in order to maintain political control of the labour movement.

Honourable senators, we know that wages are low in Mexico. I do not believe that government members of the committee seriously disagree with that. We know that as productivity has gone up, wages have not risen and have actually gone down. We also know that distribution of income is limited in Mexico, so that the real impact of the 1992 World Bank Development Report, Table No. 1, Basic Indicators, which shows Mexican income at $2,470 a year, is quite awful.

We know, from Mr. John Weekes, our chief negotiator who gave evidence at the Foreign Affairs Committee, that the enforcement of labour standards may help kill NAFTA in the United States. We know that the problem arises because we do not trust the government of a one-party state with questionable judiciary and no independent labour movement.

I was surprised when I read the human rights concerns of Senator Ghitter, who pulled his punch on Monday when he spoke so eloquently of human rights and seemed to be leading to an inevitable conclusion, namely that he would not be able to support the NAFTA agreement. Surely Senator Ghitter would regard independent judiciary and independent unions as important elements of human rights and elements that are crucial to the success of this agreement. Surely he would view the lack of these elements as possibly causing the failure of this agreement.

Human rights are something — not just a vague, make-me-feel- good assurance. This is an important opportunity for this house and for the Parliament of Canada to make a meaningful statement on human rights in Mexico. Yet Senator Ghitter, who the other night made his strong appeal for better human rights and had been horrified by a report that he had read by Amnesty International, proceeded to collapse. He was supported here in the Senate by Senator Di Nino and Senator Kinsella, but they all just collapsed. They did not say, "Look, our negotiators were not instructed when they went about their business to deal with labour legislation in Mexico."

[Senator Stollery]

If there were independent unions in Mexico and if there was a law that was in force by an independent judiciary, this would be of immeasurable assistance to the human rights that Senator Ghitter is so concerned about. But did he state that? No. He said, "Well"; "Nevertheless"; "I hope"; "This is significant"; "Notwithstanding"; and all of the rest of it. So did Senators Di Nino and Kinsella, who also said, "Notwithstanding", "Well, okay, but I will not deal with that issue at this time."

Well, honourable senators, I am going to deal with it. I will move an amendment to this bill.

I will move that Bill C-115 be not now read the third time, but that it be amended in clause 242 at page 193 by striking out lines 20 to 30, inclusive, and substituting therefor the following:

> tion (1), unless
>
> (*a*) the Governor in Council is satisfied that the government of the United Mexican States and the Government of the United States of America have taken satisfactory steps to implement the Agreement, and
>
> (*b*) the Senate and House of Commons have by resolution approved all agreements entered into prior to the date of the order that are supplementary to the Agreement.

Honourable senators, I think that this is an important amendment, particularly in view of the fact that the foreign affairs committee learned, to my surprise, that the terms of reference to our own negotiators included nothing about labour standards and inquiring about independent judiciary and the labour movement in Mexico. Consequently, the deal is now on the verge of collapse because of the lack of labour standards in Mexico — caused by the observations that I have made — and the suspicion that in a one-party state, the law will not be enforced. That is causing more than consternation and caused the President of the United States, as recently as last week, to question whether the agreement would pass the House of Representatives in its current state.

Honourable senators, in passing this amendment this house would be very wise to ensure that whatever agreements there are, have the approval of the House of Commons and the Senate of Canada.

(1600)

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that Bill C-115 be read the third time.

In amendment it is moved by the Honourable Senator Stollery, seconded by the Honourable Senator Corbin:

> THAT Bill C-115 be not now read the third time but that it be amended in clause 242 at page 193 by striking out lines 20 to 30, inclusive, and substituting therefore the following:

tion (1), unless

(*a*) the Governor in Council is satisfied that the Government of the United Mexican States and the Government of the United States of America have taken satisfactory steps to implement the Agreement, and.

(*b*) the Senate and the House of Commons have by resolution approved all agreements entered into prior to the date of the order that are supplementary to the Agreement.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Pursuant to the Order of this house, we will hold the vote on Monday.

On motion of Senator Bosa, debate adjourned.

NORTHUMBERLAND STRAIT CROSSING BILL

SECOND READING

Hon. Orville H. Phillips, moved the second reading of Bill C-110, respecting the Northumberland Strait Crossing.

He said: Honourable senators, I am pleased to speak on behalf of this bill which, when passed, will bring the dream of a fixed bridge linking New Brunswick and Canada to Prince Edward Island one step closer to reality.

This is not a new idea and, if I may digress from the bill for a moment, I should like to point out that a former member of this chamber, the late Senator Howlan in the late 1880s, proposed a tunnel under the Northumberland Strait to connect the rest of Canada to Prince Edward Island. At one time I had a number of the post cards they had printed at that time. It consisted of a blue area representing the Northumberland Strait, the tunnel underneath it and a train in the tunnel. Perhaps it is interesting to know that in the discussions leading up to the fixed link proposal, a tunnel was one of the considerations. It was rejected by the experts and I will not go into the reasons. I will leave that to my honourable colleague —

Senator Frith: Tunnel vision, probably.

Senator Phillips: — Senator Macquarrie, as I do not want to steal any of his thunder.

This enormous project will have a profound impact on the economies of Prince Edward Island and the rest of Atlantic Canada for years, indeed for decades to come. It will be constructed primarily as a private sector initiative, with most of the business risks being borne by the development consortium Strait Crossing Incorporated (SCI) and with limited annual costs to the Government of Canada and to Canadian taxpayers.

This is essentially what Bill C-110 is all about. It spells out the financial terms and conditions under which the project will operate. These terms ensure that neither future federal governments nor Canadian taxpayers will be subjected to undue or unexpected financial obligations. The agreement between the Government of Canada and SCI provides that $645 million plus interest of $75 million for a total of $720 million be placed in a trust. SCI can only draw from this trust with the approval of an independent engineering firm in charge. In addition, the agreement calls for a 10-per-cent contingency fund, 10-per-cent equity and a $200-million performance bond. I point out to honourable senators that the $200-million performance bond is one of the largest performance bonds ever asked for in Canada.

In addition to the guarantees I just mentioned, the major partners with SCI — Morrison, Knudson Corporation of Boise, Idaho and GTM International of Nanterre, France — also carry financial guarantees for the project's completion.

A fund of $10 million is provided for fishermen whose livelihood may be affected by construction. A most interesting aspect of this project is the fact that the fishermen represent 70 per cent of the Fishermen Liaison Committee, which will administer the $10 million fund and that committee will make the decisions on any required payout from the fund.

Unfortunately some of the present employees of Marine Atlantic will face layoffs and no one regrets this more than I. However, the Marine Atlantic employees will be given first priority for employment on the fixed link and its service areas. Retraining and early retirement packages will be offered and it is hoped that present employees of Marine Atlantic, who do not have the seniority to receive benefits from the packages I mentioned, will be offered employment on other branches of Marine Atlantic. A development fund has been provided for future economic development for the Borden area and other areas affected by the cessation of ferry service.

(1610)

Honourable senators, let me first deal with the proposed annual federal subsidy of $42 million, in 1992 dollars, which will be paid over the first 35 years of the life of the contract. This figure was carefully worked out by Transport Canada and represents the sum of direct costs paid to subsidize Marine Atlantic, which operates the ferry service, as well as the administrative overhead, the replacement of vessels, the refitting of boats and repairs of land-based facilities. In other words, the cost of the subsidy to Canadians will be less than the current subsidy we pay to ensure the continued operation

of the Borden-Tormentine ferry service. As the Minister of Public Works pointed out in introducing this bill in the other place, the difference is that at the end of 35 years, the Canadian people will inherit a bridge in good condition, with 65 years of further operational life and with no further subsidies required. In all probability, honourable senators, the bridge will last longer than the projected 100 years.

I wish to make a brief comparison of the cost of the ferry operation/ferry replacement and the bridge over a 100-year period. The average life of a ferry, I am told, is 25 years. Today's cost of replacing the ferries four times over the 100 years would be 1.4 billion, in today's dollars. Honourable senators, this does not provide for an increase in traffic. Should traffic increase — and later on I will point out that traffic over the last 10 years has increased dramatically — each car ferry, I am advised by the Department of Transport, would cost in the vicinity of $100 million.

Allow me to make some comparisons in traffic increases. In 1982, Marine Atlantic carried 1,450,000 passengers. The cost to the passenger in 1982 was $1.30; today it is $6.50. Marine Atlantic carried 442,000 cars in 1982; last year, that figure had increased to over 600,000.

Trucks used in taking produce off the Island and bringing in requirements from the rest of Canada are more significant. Marine Atlantic, on the New Brunswick-PEI run in 1982, carried 66,000 units, while last year it carried 126,000 units.

Let us look at the costs of transportation. A truck crossing in 1982 cost $11.11. That cost has now risen, honourable senators, to $39.50. I wonder if honourable senators appreciate the fact that the cost of an 18-wheeler, including the rig, the drivers, wages, operating while they are waiting — and I point out that these units must run at half throttle because you cannot shut them off during a waiting period — could be as much as $250 to $300 and perhaps even higher during a six- to eight-hour waiting period. That type of delay is not unusual in the wintertime.

The alternative, honourable senators, is the continuation of the ferry service. This entails the payment of the subsidy in perpetuity, plus the escalating subsidy year by year as a result of inflation. It is clear which option represents the best deal for Canadians.

The bridge will have a design that should carry it into the end of the twenty-first century, with proper maintenance. The agreement with Strait Crossing Incorporated includes a strict provision that the developer will not have access to the annual toll revenues until the government is satisfied that necessary maintenance and repairs have been carried out. The responsibility for this function rests with an independent engineering firm, which I believe is from Vancouver. I would point out that the engineering firm is in place not only for the period of construction but for the 35-year term of the agreement as well.

By agreement, no subsidy will be paid to the developer until a prearranged completion date comes into effect; that is, October 1, 1996. Should the developers fail to complete construction and have the fixed link in operation by that time, they will assume the cost of operating the ferry system until the fixed link is opened.

Fears that the users of the bridge will be at the mercy of tolls set by the private sector are groundless. I readily admit that I, at one time, shared this fear of tolls being increased by the developer. However, one of the important provisions of Bill C-110 limits the increase in annual tolls to three-quarters of the Consumer Price Index. This means that, as the years go by, the relative cost of using the bridge will actually decline.

Many honourable senators have asked me about the environmental impact of the project. The proposed bridge has had a more thorough environmental assessment than any other major project undertaken in Canada. Over 90 studies, costing $21 million, have been conducted. These include 24 studies on fisheries; 17 on ice movements; 2 socioeconomic; 4 on wind; and many miscellaneous studies. In addition, a total of 64 public meetings have been held across Atlantic Canada.

Most recently, in response to a Federal Court order, the developer prepared a specific environmental evaluation of its proposal, which was then scrutinized at a number of public meetings and by the federal government and provincial government experts.

(1620)

In P.E.I. over 4,000 people attended nine public meetings. On this basis, the Minister of Public Works concluded that the potential environmental effects that might be caused are either insignificant or can be solved with known technology.

The economic benefits that the bridge will bring to Atlantic Canada, in particular P.E.I., have been well documented.

P.E.I. producers have indicated in a letter to me that they often experience delays of six to eight hours, waiting to get to the mainland. This creates difficulty for those producers who must meet deadlines in delivering the produce, whatever it is; but it must be delivered to an area at a specific time and this is, naturally, a matter of great concern to them.

During construction, the fixed link will generate 3,000 to 4,000 person-years of employment; 70 to 80 per cent of the total expenditure, materials and labour, will come from the Atlantic region. This will help very much with the high chronic unemployment in the area.

The federal government has agreed in the negotiations with New Brunswick and P.E.I. to provide $20 million to each province for construction approaches to the bridge. P.E.I. has asked, and the federal government has agreed, that the

province can use the $20 million to upgrade highways where it anticipates traffic will increase significantly. It is my hope that my province will maintain the approaches to the bridge to the same high standard as New Brunswick.

Building the bridge will contribute $450 million to the region's economy.

When the bridge is completed, the lasting and long-term benefits will begin to kick in. These benefits include an estimated 25-per-cent increase in P.E.I.'s annual tourist traffic which, as honourable senators know, is a vital mainstay of the province's economy. We must remember that this bridge will be 13.5 kilometres long, one of the longest in the world and the bridge will draw sightseers during construction and for years after it is completed.

Senator Corbin: I prefer the ferry any day.

Senator Phillips: The honourable senator is entitled to his viewpoint. I express the hope that he will continue to visit P.E.I. as often as he does. I assure him that he will receive the same welcome as he has always received.

The bridge will greatly improve the efficiency of those industries that require a constant and certain transportation route for their products. It will save money, too: an estimated $10 million annually, according to the Atlantic Provinces Transportation Committee.

Agricultural and fishery industries will have greater certainty for their deliveries. Earlier I referred to the necessity of meeting deadlines in delivery. At the end of each day, one firm in eastern Prince Edward Island, with which Senator Bonnell will be well familiar, sends out four trailer trucks of washed and selected potatoes for the Miami market. That firm must meet a time delivery so that those potatoes can be distributed throughout the restaurants in Miami. The bridge will certainly make it much easier for firms of this nature and will generally open up opportunities for greater economic diversification within all the province.

Given all of this, it is not surprising that the bridge has the strong support of the citizens most directly affected. A recent independent poll showed that the bridge has the support of 63 per cent of Islanders interviewed, compared to only 34 per cent opposed. Popular support for the project is both strong and growing as the benefits of moving forward become more apparent.

The governments in Prince Edward Island and New Brunswick have strongly supported the project from the beginning. I wish to point out to Senator Corbin that the provincial government in his province is one of the most ardent supporters of this project.

Senator Corbin: Unfortunately, they always make their decisions without consulting me.

Senator Phillips: I often find that the provincial government of P.E.I. makes its decisions without consulting me.

Senator Corbin: On occasion, they even dare meddle in my federal problems.

Senator Phillips: Again, I share the same problem.

From the beginning, the governments of both Prince Edward Island and New Brunswick have cooperated closely with the federal government in working out the details of their shared responsibilities. The efforts and studies of the provincial government as well as APEC and other organizations working towards greater development within the Maritimes always come back to transportation as the number one problem for further economic development and diversification.

The business organizations throughout Atlantic Canada, as well as most of the unions in the region, have also been consistent in their support.

(1630)

The idea of a fixed link joining P.E.I. with the mainland of Canada has been talked and dreamed about since before Confederation. The difference today is that the present federal government has acted, where previous governments were content to talk and conduct studies.

I would be remiss if I did not pay tribute to the efforts and the work of the Honourable Elmer MacKay, the Minister of Public Works, who has spent many hours working on this project. On behalf of myself and the two out of three Islanders who support the project, I extend my thanks to him.

The present government has encouraged the private sector to take the initiative, thus strictly limiting the costs and the risks that will fall to the government and to ordinary Canadians. They have carefully and painstakingly considered all the social and economic impacts of the project and have developed a detailed plan which takes into account the concerns of fishermen, the ferry workers and others whose livelihoods may be affected.

Prince Edward Island needs this project; Atlantic Canada needs it; Canada needs it. It is clearly a winner. Bill C-110 is an important element in this project. It will enshrine in law important financial aspects of this history-making initiative. It will ensure the fiscal integrity of the undertaking and protect the interests of the government and the taxpayers of Canada.

It is my hope that honourable senators will want to give this bill the speedy passage it deserves so that we can move ahead to the final phases and get this great project under way.

Hon. John B. Stewart: May I ask the Honourable Senator Phillips a question or two?

The last time the fixed link project was under way, studies were begun by the auspices of the Diefenbaker government. I think it is unfair to say that Mr. Diefenbaker only conducted studies. Is the work that was done on approaches to the fixed link that was projected in the 1960s still intact to the extent that the work and expenditures required for the approaches to the bridge will be reduced?

My second question is, did I understand the Honourable Senator Phillips to say that if there is an impact on the fisheries — I have in mind particularly the lobster fishery — by reason of any change in water temperature caused by the disruption in ice movements, the fishermen in Pictou and Antigonish counties will be compensated?

Senator Phillips: I thank the Honourable Senator Stewart for his question. I recall the 1967-68 election. I remember there was a great sod-turning with a bulldozer to begin construction. I would remind Senator Stewart of a cartoon in the Halifax *Herald* which I am sure he saw. I have what I claim to be the original cartoon, but others also make that claim. It shows Mr. Pearson driving up in a Jeep and saying, "Stop the construction of the causeway. There is nothing over there but taters and Tories." Unfortunately, the taters have increased and the Tories have declined. I anticipate with our new leadership we will be correcting that situation.

The question concerning fisheries would probably be better asked in committee. However, my understanding of the fisheries liaison fund — and this is strictly my understanding — is that it would apply only to disruption of the fisheries during construction. I think there is very little danger of fishermen in your area being affected. I recall that when the Canso causeway was being built, the Prince Edward Island fishermen made no claim of disruption, and I do not think they experienced any disruption or loss of fisheries. I would anticipate that the same would be true in reverse on this occasion.

Senator Stewart: Senator Phillips, with regard to the Canso causeway, I do not think there are many fishermen on either the north or south side of the causeway who would agree that that causeway has not had a considerable impact upon the fishery. When you go to the south of the causeway, the argument is heard that because the flow of water through the Strait of Canso has been interrupted, the lobster in the larva stage are not carried down into Chedabucto Bay, with the consequence that the lobster fishery there has been reduced. If that is the parallel upon which you rely, I think you had better talk to some fishermen.

Senator Phillips: I would point out to the Honourable Senator Stewart that a lobster does not move very far from its place of origin. A lobster is very much like a Liberal. It does not move forward; it moves backwards. Consequently, it does not travel very far.

Senator Stewart: You may know how to eat lobsters, but you do not know much more than that about them.

Senator Phillips: I do not think the fixed link across the Northumberland Strait will affect the lobsters in Chedabucto, because they just do not travel that far.

Hon. M. Lorne Bonnell: Honourable senators, this is a very historic day, because today Senator Orville Phillips from the western part of Prince Edward Island made a historic motion concerning a historic event. Another senator from the eastern part of Prince Edward Island is now up to take the other part of the argument. I am hoping that my friend Senator Macquarrie will also be able to get on the agenda for this day so that his remarks, too, can be recorded in history.

Senator Corbin: Is he from the south or the north?

Senator Bonnell: He is from the centre. He is from the populated area. He is from the area so close to Borden that he can look out of the window of his summer cottage and see the ferry boats coming and going, which is a beautiful sight to see.

(1640)

Perhaps Senator Rossiter will have an opportunity to say something today to make this an even more historic day. If that is the case, then all senators from Prince Edward Island will have put their names on the record as to how they feel about the fixed link.

Senator Stewart, a former Islander who got misplaced in Nova Scotia, is now concerned about Chedabucto Bay. He is asking questions about this bill.

Honourable senators, I rise to make a few comments with respect to Bill C-110, respecting the Northumberland Strait or, as it has been more commonly referred to, the fixed link project. This bill provides the authority for the Minister of Public Works of Canada to enter into and carry out agreements relating to the fixed link.

The minister will also be authorized to lease any Crown property necessary for the construction or operation of this bridge. When the agreement with the developer has expired or otherwise terminated, the minister will be authorized to set the tolls by regulation.

The concept of a bridge, a tunnel or a causeway has long been part of Prince Edward Island's history. As part of our agreement in joining Confederation, the government of Prince Edward Island stipulated that the Government of Canada needed to maintain a continuous transportation link to the mainland. This has been accomplished by two ferry systems provided by the federal government, one which operates the full year and the other which operates in the summer only.

This is not the first time the federal government has approved such a project. In 1965, the federal government approved the construction of a combined causeway-bridge-tunnel. Because of financial and hazardous

shipping grounds, the project was terminated in 1969 before much was completed, except part of a road. The Honourable J. Watson MacNaught had a bulldozer there even before the election was called to show how the thing would proceed.

Honourable senators, that leads us to today's proposal. The Government of Canada, in its December 1992 budget, announced that the current project would go ahead. In deciding to solicit project proposals, the federal government developed a number of principles which bidders were required to consider when looking at the project.

The private sector would be responsible to design, finance, construct and operate the bridge for 35 years. The private sector would accept all risk except for very limited events, including acts of the Queen's enemies, the EARP process, federal legislation directed to the project and non-insurable nuclear events. The government's annual subsidy would be limited to $35 million in 1988 dollars, or $42 million in 1992 dollars. The project needed to be environmentally sound and the project was to provide significant regional benefits. They targeted approximately 70-per-cent benefits. The sponsors were to provide a complete insurance and security package. The project needed to be delivered by a certain date, otherwise the developer would be required to reimburse the cost of the ferry service if the project was late.

On January 30, 1992, the Minister of Public Works announced that three bridge proposals met the environmental requirements. However, the three bids did not fully comply with the terms of the proposal called.

On July 17, 1992, Public Works Canada announced it would initiate discussions with the lowest bidder, Strait Crossing Incorporated, in the hope that this company could submit an acceptable plan. In its December 2 economic statement, the government announced that Strait Crossing Incorporated was selected to carry out the project.

The fixed crossing will be 27 kilometres long — 13 kilometres spanning the channel and two 7-kilometre sections joining existing approach roads. The two-lane bridge would allow the crossing of about 1,000 vehicles per hour in either direction and could accommodate all probable loads.

The estimated cost of the proposed bridge is between $800 million and $900 million, with construction to take up to five years, providing up to 3,500 direct person-years of employment.

The fixed crossing will be financed, constructed, owned and operated by a private sector consortium which, after 35 years of operation, will transfer it back to the federal government.

The Government of Canada will guarantee subsidies for operation to the developer not exceeding $42 million for 35 years. This amount represents the projected cost of the Borden-Tormentine ferry system over the next 35 years and includes capital expenditures which are not covered by the annual subsidy granted to Marine Atlantic.

In this argument we often overlook the costs of a continued ferry service. If the bridge is not built, the federal government would continue to spend $42 million, not only for the next 35 years, but forever. With the completion of the bridge, the government will get a bridge in good operating condition after only making 35 payments of $42 million.

Furthermore, honourable senators, the bridge will have a design life of 100 years without any major refits. By ensuring proper maintenance, the bridge's life expectancy can be extended far beyond a century. In addition, there is a strict requirement that the developer not access the toll revenue funds until after the repairs and maintenance have been carried out.

As you would expect, this issue has sparked a very emotional debate on Prince Edward Island over the years. As honourable senators may recall, the Prince Edward Island government, led by the Honourable Joseph A. Ghiz, decided in the truest form of democracy that the citizens of the Island should be asked directly to vote in a plebiscite on the concept of a fixed link. The plebiscite held on January 18, 1988, resulted in a 58 per cent vote of approval for the fixed crossing.

However, Premier Ghiz recognized that while there was obvious support for the project, Prince Edward Island's interests had to be protected. Before signing any agreement, he and the government of Prince Edward Island spelled out 10 preconditions or, as we call them on the Island, "Joe Ghiz's 10 commandments". These had to be met before the final signing of an agreement. These 10 conditions formed the basis of a federal-provincial agreement signed on December 16, 1992, by the federal government, the provinces of New Brunswick and Prince Edward Island.

I would like to take a few moments to highlight the "10 commandments" as spelled out in a letter from Premier Joseph A. Ghiz, dated November 6, 1987, to the Honourable Stewart McInnes, then Minster of Public Works Canada.

(1650)

First, the federal government would fund the construction of the approach roads and transfer them to the province upon completion.

Second, the construction of a fixed-link crossing would only replace the Borden-Cape Tormentine ferry service. The Wood Islands-Caribou ferry, recognized as a distinct and important alternative system, would be supported on its own merits.

Three, the provincial government would transfer to the federal government administration and control of such property as is necessary for the purposes of the fixed link crossing.

Four, in exercising their responsibility for establishing tolls, the federal government would consult with the provincial government to ensure that such tolls as may be set are fair and reasonable.

Five, the federal government and Marine Atlantic would develop an assistance program for displaced ferry workers, including job training, relocation assistance, early retirement benefits and, where qualified, the right of first refusal for any new jobs on the fixed crossing. This would all be included in such a strategy.

Six, the federal government agrees to carry out, in consultation with the province, further studies into development opportunities for the Borden area, with the aim of offsetting negative employment and income effects.

Seven, all proposals must demonstrate significant Atlantic regional economic benefits.

Eight, the fixed-crossing project must meet strict environmental criteria established under the Federal Environmental Assessment and Review process. Full public participation is required. The project would proceed only when all significant environmental issues had been satisfactorily resolved.

Nine, the federal government would establish, in consultation with the fishermen, a mechanism to compensate the fishermen whose livelihood is adversely affected by activities related to the construction of the fixed crossing.

The tenth commandment is that the fixed link crossing would include, at no cost to the province, a utility corridor.

Honourable senators, this project is very important to the people of Prince Edward Island and, in turn, the three maritime provinces.

Senator Corbin: Has the new premier endorsed the "10 commandments"?

Senator Bonnell: The new premier endorsed the "10 commandments", and if there were 12, she would most certainly endorse them.

Premier Joe Ghiz and Premier Frank McKenna appeared before the legislative committee in the other place, expressing their support for this project. Premier McKenna stated in his testimony:

> We see in this project, 13.6 kilometres, a bridge that will span two provinces, the longest structure of its kind in the world — another project of enormous magnitude that would act as a tourist magnet for generations to come. We want to prove to the world that we have the technology, the know-how, and the skilled workers to do this project and do it well; we know it can be done. I want to close by saying, and unequivocally, that having looked at every dimension and manifestation of this project, we're satisfied in the province of New Brunswick that it is in the best interest of our province, of our region, of our country, that this bill receive parliamentary approval.

Reflect on that.

This project is undoubtedly the most important venture in Prince Edward Island's history since the Island joined Confederation in 1873. Because of the enormous potential impact on the Island's economy and social welfare, one would assume the respective levels of government would ensure extensive consultation and examination.

Honourable senators, this project has received immense scrutiny. Years of debate translated into study after study. The public has been thoroughly consulted through both public meetings and, of course, the plebiscite in 1988. A recent CBC poll confirmed that 63 per cent of those Islanders polled support the project. Therefore, honourable senators, the time has come to make a decision with respect to the project.

The weather conditions over the Northumberland Strait have been studied extensively, and the conclusion is that the bridge would not be interrupted as often as the ferry system. The design of the bridge itself would constitute a solution to the impact of the wind on the traffic. In addition, it is my understanding that the developer will also be required to establish procedures and use monitoring equipment that will ensure the safety of the bridge users.

The expected economic impact of the construction phase of the project will be significant. This project will put a stimulus of $850 million into a region that desperately needs it. Over the life of the construction period, 7,500 direct and indirect person-years of employment will be created.

I cannot begin to explain how profoundly this project will impact on the lives of Islanders. This new mode of transportation will allow the Island to become more efficient and competitive by eliminating many barriers to exporting our goods around the world. This bridge will greatly improve the efficiency of those industries that rely heavily on the effective transportation system while, at the same time, allowing more visitors to come to the Island. It is estimated that the transportation industry alone will save over $10 million annually because of the bridge.

Tourism is one of Prince Edward Island's more sacred industries. Our wonderful seafood, stunning beaches and, of course, *Anne of Green Gables*, attract visitors from all over the world. The fixed link will be a great help to our tourist industry. It is estimated that the tourist industry will benefit the most from this bridge with a permanent 25-per-cent increase in visitors to the Island. The economic benefits of the bridge will also allow other industries such as agriculture and fish processing to fare better from an increased ability to schedule their products' delivery.

Honourable senators, such a discussion cannot go any further without mentioning the impact the crossing will have on the fisheries. The project will not have any long-term impact on the marine environment and the fishery. However, it is recognized that the fishery will be displaced because of the construction period. Therefore, the developer has made available up to $10 million to compensate those displaced fishermen. This fund will be administered by a fisheries liaison committee, which is made of fishermen themselves.

There has been much discussion concerning the environmental assessment process. This project has been subjected to a more thorough environmental assessment than any similar project ever undertaken in this country. Over 64 public meetings have been held with respect to this project. Public Works has spent over $21 million, of which a significant amount was spent on over 90 studies for the Environmental Assessment Review Process and Project Feasibility.

Some fear that by replacing the ferry system with a bridge, the toll will significantly increase. It is my understanding that the toll on the bridge will be comparable to the toll for the ferries during their last year of operation. In addition, the tolls will not be allowed to increase more than three-quarters of the Consumer Price Index.

(1700)

That means that over time the relative cost of a crossing will diminish in 1992 dollars.

Public Works Canada has determined that toll revenue will in fact go down. In 1992, the cost of a crossing on the ferry was $39 for a family of four. In 1996, it is projected that it will cost the same family of four $46 to cross on the ferry. However, if the fixed link is built, it will cost them $39. In year 35 the cost will be $28 and in the year 36, when the federal government takes possession, the bridge toll will be $7.

The decrease is due to the fact that the bridge will be paid off and it will only have to be maintained.

Honourable senators, I cannot leave this discussion without making some comments on the court challenge brought forward by the Friends of The Island against the building of the fixed link. On March 19, the Federal Court ruled that an environmental assessment of the specific proposal by Strait Crossing Inc. is required. The ruling also suggested that a discontinuance of the ferry service would be unconstitutional and constitute a breach of the Prince Edward Island Terms of Union.

On April 1, the Honourable Elmer MacKay, Minister of Public Works, announced that his department would appeal the March 19 decision and, at the same time, comply with the court judgment and conduct an environmental assessment of the specific proposal. Public meetings were held in Prince Edward Island, New Brunswick and Nova Scotia on Strait Crossing Inc.'s specific proposal.

On May 13, 1993, the minister announced the completion of the environmental determination of SCI's specific proposals and concluded as follows in a document entitled Initial Assessment — Northumberland Strait Crossing Project completed by Public Works Canada:

> Pursuant to section 12(c) of the order (of the court), PWC (Public Works Canada) has decided that the potential adverse environmental effects that may be caused by the proposal are either insignificant or mitigable with known technology. It is also the decision of PWC that the proposal may proceed with mitigation.

In closing, I hope I have conveyed to you, honourable senators, the importance of the fixed link project to Islanders and to the Maritimes in general. I would like to leave you with a quotation from Catherine Callbeck, the former member of Parliament for Malpeque and the current premier of Prince Edward Island. She said:

> In the future Islanders must become more self-reliant, competitive and entrepreneurial in nature. Government must foster these objectives by creating an infrastructure within which the private sector can prosper and grow. Transportation will continue to be an integral part of this infrastructure. The fixed link will not transform our economy, but there can be little doubt that it will assist and enhance our economy. It is a project whose time has come.

Honourable senators, on June 8 of this year, the Minister of Justice in Prince Edward Island, the Honourable Walter McEwen, entered a resolution in the legislature of Prince Edward Island suggesting that the Constitution of Canada might be amended to agree with the judge's decision of earlier this year. The amendment to the Constitution was proposed in the legislature of Prince Edward Island. The Honourable Walter McEwen gave notice that tomorrow he will move, seconded by the Honourable Catherine Callbeck, the following resolution:

> Whereas section 43 of the Constitution Act, 1982 provides that an amendment to the Constitution of Canada may be made by a proclamation issued by the Governor General under the Great Seal of Canada where so authorized by resolutions of the Senate and the House of Commons and of the Legislative Assembly of each province to which the amendment applies;
>
> Now therefore the Legislative Assembly of the Province of Prince Edward Island resolves that an amendment to the Constitution of Canada be authorized to be made by proclamation issued by his Excellency the Governor General under the Great Seal of Canada in accordance with the schedule thereto.

On the next day the resolution put forth was:

> Amendment to the Constitution of Canada:
>
> (1) The schedule to the Prince Edward Island Terms of Union is amended by adding thereto, after the portion that reads "and such other charges as may be incidental to and connected with the services which, by the British North America Act, 1867, and pertaining to the general government and as are or may be allowed by the provinces", and substitute the following:
>
> That a fixed crossing joining the Island to the mainland may be substituted for the steam service referred to in this schedule.
>
> That for greater certainty nothing in this schedule prevents the imposition of tolls for the use of such fixed crossing between the island and mainland or the private operation of such a crossing.
>
> (2) This amendment may be cited as the Constitution Amendment, 1993, Prince Edward Island

That amendment was unanimously carried in the legislature on June 11 of this year.

Honourable senators, under the old Constitution the federal government was to guarantee a steamship service to the mainland and the federal government was to be responsible for that. Many Islanders, including myself, have always said that the federal government should pay the full cost of that ferry service and that neither Prince Edward Islanders nor anyone else should pay a toll to cross the strait. As I have often said, the people from Quebec can go to Ontario and it does not cost them five cents. The people from Quebec can go to New Brunswick and it does not cost them five cents. The people of New Brunswick can go to Nova Scotia and does not cost them anything. The people from British Columbia can go to Alberta at no cost. However, if you want to come to Prince Edward Island, you have to pay, and if Prince Edward Islanders want to visit any other province in Canada, they have to pay.

Since we do not have a judge from the province of Prince Edward Island sitting on the bench of the Supreme Court, the government of Prince Edward Island believed that if it took that issue to court, we might have difficulty persuading the court that we are entitled to free transportation across the strait. Therefore, they have given up the right to free transportation in order to get a fixed link, a permanent crossing, winter and summer, at all hours of the day with no wait, for thousands of years to come.

In order to get the fixed link, they gave up the right to go to court. I believe they gave it up because they thought they could not win and it would cost a lot of money. Instead they passed this resolution.

I ask you, honourable senators, to send this bill to committee and get it back here as quickly as possible in order that we can give it third reading before next Wednesday. We should even set the hour for eleven o'clock, as the Leader of the Government has said that all other motions must pass by that time. We should fix the time as well as the date for third reading for the fixed link.

Hon. Heath Macquarrie: Honourable senators, this is not exactly the best timing. This measure is coming up at the end of the session and I am coming up at the end of the day. The two senators who spoke before me had, in accordance with our rules, 45 minutes to speak and I, the one who is against this proposal, have 15 minutes to speak.

I am appreciative of the speeches of my colleagues. Senator Phillips did not surprise me in his advocacy. I was not sure that Senator Bonnell felt so strongly about the fixed link.

Senator Phillips made an excellent speech. I know that he has been aging over the years, although I have never seen much sign of him mellowing. However, today I did see a slight tendency toward that. He made his remarks in a very good natured way.

I was interested to hear Senator Bonnell close his remarks with reference to the resolution in the Prince Edward Island legislature. It seems that my fellow Islanders in the provincial realm, when they spoke about the Island being united to Canada, lost the confidence which their predecessors had.

(1710)

When Lord Dufferin was down in 1873, celebrating the union of the federation he said, "To hear them tell it, the Dominion of Canada was joining the Island." They lost that phraseology, and I am sorry about that.

To start at the end, not at the beginning, I do not think such an important measure can properly be dealt with by being sent into a committee for a few hours, as Senator Bonnell mentions. I agree with both my predecessors in the debate. It is a profound measure, and will have great effect upon all Prince Edward Islanders for our generation and all generations to come. That is why I was shocked when I heard that this was not one of the bills that were to be deferred. I think it will be difficult to proceed because, while Prince Edward Island may have made proper constitutional action, the lower house in this legislature is gone. How can you get a constitutional measure through? The Senate alone cannot do it, no matter how great we are. In a sense, it has been held up by that block.

Senator Phillips: Honourable senators, I am sorry to interrupt my honourable colleague.

Senator Macquarrie: I did not interrupt you.

Senator Phillips: I wanted to ask him if he was aware that the interpretation given by the Department of Justice says that the amendment to the Constitution may be made any time prior to the cessation of the ferry service. In other words, it is not essential to do it in this session; it can be done in one or two years' time. Was the honourable senator aware of that?

Senator Macquarrie: I am aware of the box the province would be in if, after the bridge is half completed, the legislature said, "We do not want this." So much for that ruling. What would you do? It would be an absurdity.

It would have been so thoughtful, prudent and sensible to hold off on this measure. For what reasons? One is the careful, independent, outside environmental study that the Federal Court of Canada called for. That has not been produced. It is all very well for the spokesmen of the group that desires to build it to say, "We have handled it. We have looked at that and called in experts." But you cannot fulfil the court's ruling by moving a few papers on someone's desk and saying, "We are satisfied that all of these environmental problems have been dealt with." There are issues before the Federal Court of Canada at this day which would put into contempt any disregard by the Government of Canada in building this bridge.

Despite what has been said about the generosity, there is great concern about the financial element of this project. I am not nearly satisfied. Two of the great papers of this country, the *Financial Post* and the *Globe and Mail*, have caused me to be very concerned. "Taxpayers to pay all of the Prince Edward Island bridge bill" was the headline in the *Globe and Mail* on May 11. There was an equally disturbing, and longer, article in the *Financial Post* of May 26. That is the kind of thing that should be studied, and studied carefully, by the most competent and impartial financial experts that we can find — someone of the calibre and lustre of the Auditor General of Canada. This is not a mere bridge; this is a profound operation with ramifications that we cannot discuss — not even the three of us can discuss them properly. This should be carefully studied by this upper house of the Canadian Parliament.

Some of us are not satisfied with the spokesmen for the bridge builder saying, "Yes, we are satisfied." That does not surprise me. They want to build a bridge. Surely no one should advocate unseemly haste in something that could change the lifestyle of Prince Edward Island forever and ever. I do not like these unwholesome and worrisome clouds over those two important aspects: The environment and the economic parts of the bill.

Parliament, as McIlwain used to say, is itself a high court. It is a court. Should we casually be showing before the public of Canada that we are contemptuous of what other great courts say? Should we not be sure? The people of this country, alas too much and too often, hold us in contempt, and also the institutions that we form. What an example we give if we say, "Oh, yes, the federal court said you must do this. But we have looked after it. We have satisfied ourselves that it is all right and it must all go ahead." We know that the Minister of Public Works has been gung ho for this measure for a long time. Perhaps he wants to go down in history as being a great bridge-builder, and the people in his department have visions of being the creator of the highest bridge that man has ever created. That may be an exaggeration, but it will be awfully high for some of those windy northeast winds that sweep down the Northumberland Strait.

Another aspect that my colleagues did not discuss was the risks that are inherent in any undertaking of this kind. What about the cost overruns? We are already looking at a figure of nearly $1 billion. As a poor Prince Edward Islander, I find that a great deal of money, especially in a deficit-fighting, debt-wrestling era. When I put forward a certain proposal to help a wharf, I was told, "We cannot do that in these days of austerity."

Can any senator here think of any project — be it the National Arts Centre, or one of our museums, or a building at home, or a bridge — that had a cost overrun? I am asking an almost ridiculous question. A harder one would be: Think of one that did not have an overrun. What happens if the bridge gets under way and the company reports that, because of this and that, they now need that much more money? What happens then? What happens to the bridge? What happens to the people of Prince Edward Island? What happens to a government that will cut out the deficit in four or five years — I forget the exact measure of time there.

(1720)

Shouldn't that be considered just a little more? Should we say we must go ahead regardless? They say there are enough environmental studies. I say, until an independent group responds to the Federal Court of Canada, we have not had enough.

Down in Prince Edward Island there is division among the people in our little province. I am sorry about that. It may be that this bridge will be built, but let it be built after every measure is taken to assuage those of us in our population who are troubled about it. It does not have to be done in two month's time. Could we not get along without it for six months more?

I hear about how long it takes to wait for the ferries. Sometimes it does. People are always thinking it is too long, even if it is only a red light in a busy city. I travel on that ferry, I live near it and I honour and salute the fact that time after time they are right on schedule, sometimes in very bad weather, but of course you never hear about that. You hear, "I was held up for two hours." That is life. I am not going around the country saying that the ferry service is slow, "My God, we can't get anything moving." That would not be a very good way to help the tourist industry.

There are a few other things that my colleagues did not mention and I do not blame them; I probably would not have either in their situation. There are some things we do not know about the environment, but one thing we do know is that that bridge goes straight across one of the finest scallop beds on the eastern coast of North America. Now what is the company going to do for those scallops that are rudely dispossessed of their living grounds? I have seen no press release to alleviate their anxieties. I am not sure about the lack of mobility of the lobsters, nor am I at all sure, in the absence of a proper study of the bottom of the strait, that we know we are not endangering them. I have mentioned two of the aspects of the fishing industry, a great industry in my province, which can still function and flourish. We have lost, God knows, cod; mackerel are a magnificent fish, but they are more temperamental than ever. We count very strongly on the scallop and lobster and we produce an absolutely A-1 product with both of them.

The link's future also requires more reflection. What is the aim, the major economic *summum bonum* of that bridge? It is to maximize return travel, because the profit is made in going and coming from the other way. There is no genius in my suggestion that what would be helpful to the bridge operators would be something on Prince Edward Island to bring short-term visitors. These are the very things which down through the years we have avoided. There are no casinos on Prince Edward Island.

People come to Prince Edward Island and love it and come back year after year; generations have come and what do they say, "We love it here because it's different." Now we have some people saying, "The thing to do is to make it the same as the place they came from. Get lots of traffic going." Great, if you like that sort of thing.

I do not envisage with any pleasure the establishment of honky-tonk institutions of the type on Cape Cod and other places we know well. No one suggests that everybody who is against it, is considered an old fogey. Perhaps I would be considered one.

Some Hon. Senators: No, no.

Senator Macquarrie: Thank you, perhaps a middle-aged fogey. I am not cheered by the fact that I am in the minority in this. I have been in the minority most of my life, but I have remained an optimist. How could a Conservative be anything but an optimist and remain a Conservative through the years? What has pleased me and helped, when I am discouraged, is that while most of us are in our senior years, years of serenity, a lot of our kinship is with, not those middle aged people like some of my colleagues here, but the young students who are studying environmental matters. As one young university student said to me at Charlottetown airport, "Do what you can to stop them from "FUing the Island." She was actually more explicit than that. She was certainly very definite in her views.

We are not going back to the days of L.M. Montgomery or the days of Sir Andrew MacPhail, but are we going to give up all of those virtues and values which we still exude, all in the face of the suggestion that there is nothing more important than a fast buck? There is nothing wrong of course with the profit motive. It has done us a lot of good as well as a lot of harm. Someone in the paper, the Charlottetown *Guardian* of May 1, said that "vested interests push link, Mr. Wells." He was the right hand man of, I would say, the most able Liberal premier our province has had in the past 50 years. Mr. Andrew Wells gave that opinion as he testified at one of these meetings which have passed for environmental studies over the past several months. I never heard of an environmental study taking place in a crowded meeting.

Speaking of tourism — my colleague Senator Bonnell mentioned it and I talked about it to a friend of mine in this chamber this morning — while the tourist industry as it is officially organized in Prince Edward Island is very much in favour of the bridge, as I listen to their advertisements they talk about coming to where it is quiet and where we put the clock back 30 years. God, I was in my heyday 30 years ago. The tourist ads are not saying how we are bustling, moving fast and getting into the twenty-first century. It is a terrible thing ever to be accused of not moving fast enough, not getting with it.

I note that there was not much said about the environment. It is the holy writ today for all politicians of all parties to say, "Oh, we must not allow this burden of debt, this crushing load of deficit to continue a day longer. Are you going to leave our succeeding generations with that?" How much worse to despoil the environment for succeeding generations than to leave them with a bad balance in financial books? One would think that that concern and anxiety for the environment would at least equal the concern for an economic debt-free inheritance.

(1730)

It is too often the case, however, that our environmental studies are like the musical banks in a very famous English novel. That is what we go to big conferences and talk about. But try to make that an operative part of any decision, and too often — alas, wink, nudge — "Oh, yes, the environment." But this is the way we must do it.

We forget that, as a people, we have ravaged our resources and despoiled our environment for generations. The Sahara Desert was once a great forest. Waters that, in this country of our own, once teemed with fish are now putrid and contaminated. We are working on projects such as this wholeheartedly, but thinking of the environment so very little.

I am glad to hear people say that new jobs will be created by the bridge and on the bridge, but I cannot help but note that while we are not sure of the number of new jobs of a part-time nature, we know that 600 of the people on the ferry service

are likely to be disemployed, and the Wood Islands ferry on the other part of the Island has a couple of hundred more. If you count the possibilities, as we have visions of great prosperity dancing in our heads, we must also count the realities.

I will be charged as being old-fashioned if I say I like the Prince Edward Island of Lucy Maud Montgomery far more than that of Mr. Campinella, the spokesman for Strait Crossing Inc. However, as Senator Phillips listed all the good things Strait Crossing Inc. would provide, I thought the company should be more aptly named Santa Claus Inc.

A descendant of Lucy Maud Montgomery, now living in the United States, wrote a wonderful letter to the Charlottetown *Guardian* after her regular summer visit last year. She pleaded for the cessation of the bridge project. She wrote:

> I have learned only recently of the plan to build a nine mile long bridge connecting Prince Edward Island with the mainland. This project and the environmental havoc it will cause is truly unconscionable. Furthermore, the additional traffic and congestion and pollution which will result will spoil forever the most attractive aspect of this special island — that is, a truly peaceful and unspoiled place for residents and visitors.
>
> If this bridge is viewed as a means to increase tourism, I believe it is doomed to fail. If the Island becomes part of the mainland, the magic is lost.
>
> I urge you to halt this projected bridge. If it goes through, all of us who love Prince Edward Island will be losers.

I have no trouble saying that I appreciate that lady's letter. As her second name was Montgomery, I got in touch with her and said, "Are you a descendant of the great author?" I was not surprised to discover that she was.

We have had our problems in the Maritimes, the Atlantic area. The National Film Board put out a documentary entitled "Empty Harbours and Broken Dreams". We have had, through the years, people come to our little province with great projects. They wanted to make gloves in Newfoundland and bricks in Charlottetown. After a while, we walk by these establishments and look at rusting padlocks on the closed doors — a dream followed by a fizzle.

Today, every project must be launched in global terms. "Globalization" is one of our buzzwords. I often think the buzz word should be "gobble-ization".

Honourable senators, if big is great, there is no place for Prince Edward Island. What will happen when we accentuate our speedy contact with the mainland? There will come into play another buzzword — it is not so buzzy because I heard it when I studied economics — that is, "economies of scale".

I read quite an article not long ago by a very bright Prince Edward Islander — and we have a lot of them — entitled "The Monctonization of Prince Edward Island". When Senator Phillips and I came into the House of Commons in 1957, we could go to this department or that department in Charlottetown — and God knows we had plenty of problems as new members. But now you will go to some federal office in Charlottetown, and they will have to phone Saint John or Moncton. There has been an outward movement of high government offices; the emanations of government are moving. And we will find more and more movement. Why would people coming over to the Island for a few days not stay over in Moncton at a bigger hotel where the rates are cheaper? People today travel the ferries to New Brunswick to shop the bigger stores and to get cheaper groceries. We will accentuate that movement by having a bridge. I am sure Senator Phillips noticed in the debate in the House of Commons the eagerness of New Brunswickers to support this bill. They never cared before when we had trouble with the ferries. It was always called the Prince Edward Island ferry service.

I had the good fortune — they may not have had the good fortune — to attend an annual meeting of the Conservatives in Cumberland. They asked me to be their guest speaker a while ago. They had listed some items for a discussion group. One was the fixed link. Out of courtesy to me, they obviously had stricken it from the agenda. Bill Casey, M.P., a most excellent young man, said, "I see it is not on the agenda, but I want to say a word about it. It is this: I support the bridge for the same reason Senator Macquarrie opposes it, and that is because the most benefit will come to New Brunswick." I was not surprised at that. Even I could have figured that out.

There is so much that could be said. There is so much that should be said. We all, as serious senators, should be sitting around calling in experts to get to the bottom of these questions. We cannot, honourable senators, do justice to this measure. Sending such an important measure out of Parliament, with the Senate of Canada spending only three hours on it — three magnificent speeches, no doubt, we rendered — but is it enough? I think not. We must be assertive of more discussion and more study.

I am often disturbed when people say, "Officials of the Department of Public Works say 'The bridge is great'" Well, now, what would you expect them to say? A retired mandarin was interviewed on the CBC not long ago. He was asked about the relationship between the professionals and the political head. He was asked, "Do you freely give your views, or do you take note of what the political head thinks?" He said, "Of course you can give your candid views, but if you give a view that is inimical to the head of the political

apparatus, your advice will probably not be asked again." A very smart man. As I say, he was retired, or perhaps he would not have said it.

(1740)

I would like to have time to reflect upon what happens when the water level of Prince Edward Island goes down and it has to be imported across that bridge. Who will control that? Who will make the cost decision when we need a new line for electricity, because they will hardly be digging the bottom of the strait to start another one when there is a superstructure up there. There are questions, questions and questions. There are so many that, honourable senators, I would like to move:

> THAT the motion be amended by deleting all of the words after the word "That" and add the following words:
>
> "the Bill be not now read the second time but that it be read the second time this day three months hence".

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I should like to ask Senator Macquarrie a question. Do I understand that he referred to the need for a constitutional amendment and stated that such an amendment could not be made because the House of Commons had adjourned, and that it could not be passed by the Senate alone? Then I thought I heard Senator Phillips say something about a ruling or an opinion that a constitutional amendment could be passed by the province alone. I cannot believe that that is so.

Senator Phillips: No.

Senator Frith: Section 43 states that such an amendment must be passed by a resolution of the Senate and the House of Commons, and of the legislative assembly of each province to which the amendment applies. I take it that this amendment would apply to a vote — although I am not as close to the geography as other senators — if it requires a constitutional amendment, or was the ruling that it does not require a constitutional amendment?

Senator Lynch-Staunton: It does.

Senator Frith: We passed the New Brunswick one, for example.

Senator Phillips: Honourable senators, as I attempted to explain, I understand Senator Frith's difficulty with the law. I have the same problem.

Senator Frith: You still have no difficulty with smart-alecness, I see. You did not lose that in your humility.

Senator Phillips: I am informed that the Department of Justice states that the decision allows the amendment to the Constitution to be made at any time before the cessation, and does not require it to be made before the passage of one test, but it does require a federal amendment as well as a provincial amendment.

Senator Frith: It requires the procedure under section 43, but not before the passage of the bill; is that what you are saying?

[Senator Macquarrie]

Senator Phillips: That is correct.

Senator Frith: I understand.

Senator Stewart: May I ask why the constitutional amendment at all? Why not have both? If you are stubbornly determined to push ahead with the bridge, the bridge will be there, I suppose, until there is a major storm. In the meantime, leave the guarantee in the Constitution. There is no reason to change the Constitution before spending money on the bridge.

Senator Phillips: I agree.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I would like clarification from Senator Phillips. Did I understand him to state that a resolution will be proposed at a later date in the House of Commons and here?

Senator Frith: Or in the legislature. The legislature can initiate it.

Senator Molgat: However, it has to be passed here as well. Senator Phillips states that can be done at a later date. Can the government spend money on this project without such a resolution? Can it proceed to give the contract?

Senator Phillips: The government can award the contract. I would also point out that the government will not be spending money; it will only be the contractor that will be spending money. It is a private initiative, and the federal government will not be spending money.

Senator Frith: Does the government not have to put some money into a fund?

Senator Phillips: Not the federal government. The contractor has to put money into a fund.

Senator Molgat: Is there not a subsidy?

Senator Phillips: There is no subsidy to be paid to the contractor SCI until completion of the fixed link.

Senator Molgat: Can construction begin prior to having a resolution passed by the House of Commons and the Senate?

Senator Phillips: That is the opinion of the Department of Justice.

Senator Macquarrie: Honourable senators, I must disassociate myself from these instant "rulings." If this is the case, Prince Edward Island has it made. They made a great mistake in passing their legislation. They should have kept the security of the boats. I cannot understand this sort of ruling that one can go right ahead without any of these constitutional things being done.

Hon. Eymard G. Corbin: Honourable senators, I guess what we are witnessing here is the Senate at its best. We are putting aside stiff rules and we are debating, in a very informal manner, critical and important issues.

Nevertheless, an amendment has been presented. I would like to speak to that amendment. If Your Honour would now put it, I would be in a position to speak to that amendment.

The Hon. the Speaker *pro tempore*: Honourable senators, it was moved by the Honourable Senator Phillips, seconded by the Honourable Senator Cohen that this bill be read the second time.

It is further moved in amendment by the Honourable Senator Macquarrie, seconded by the Honourable Senator DeWare:

> THAT the motion be amended by deleting all the words after the word "That" and adding the following words:
>
> "the Bill be not now read the second time but that it be read the second time this date three months hence".

Senator Corbin: Honourable senators, I cannot match the eloquence of Senator Macquarrie, but I certainly can appreciate the depth of his feelings and his honesty about this issue of the fixed link crossing.

I will not specifically enter into the issue of the bridge. However, I am interested in peripheral issues. Nevertheless, I do not take those peripheral issues lightly.

I would certainly like to endorse the concern expressed by Senator Macquarrie as to the environmental impact of the project. That is a consideration that has bothered me ever since the exercise was launched. I felt very uneasy about the attempts to speed up the process. I thought it was rather indecent at times.

The environmental issues are real and they are fundamental. Some people will say, yes, it will damage the environment but, by golly, we need the development, we need the link, we need the growth. One has to look at this in the larger context. Today it is P.E.I., yesterday it was Canso, tomorrow it will be somewhere else. Gradually, little by little, we have been filling up our wetlands, to mankind's and wildlife's everlasting loss.

• (1750)

These matters are important, they are critical, and they deserve close scrutiny by this house. I tend to want to support Senator Macquarrie so that the Senate is given ample opportunity to examine all aspects of the project.

My peripheral concern is an important one. I speak here as a New Brunswicker, as one who was born practically next to the old Number 2 route which disappeared when we got the Trans-Canada Highway, the two-lane highway. We are now rebuilding short sections of the Trans-Canada Highway and converting it into a four-lane highway. It has been a very slow process. New Brunswick has just concluded another federal-provincial agreement to the tune of $300 million to continue that process.

If I am to believe Senator Phillips, the fixed link is going to generate traffic like you have never seen in your life. You are going to get tractor trailers heading down from Ontario and Quebec, rushing through New Brunswick, heading for the fixed link to P.E.I, taking its produce back to the heartland of this country. That is all fine as far as it goes.

Unfortunately, the Trans-Canada Highway in New Brunswick cannot accommodate much more heavy traffic. Traffic flow on the Trans-Canada Highway has reached its critical capacity. I think that has to be part of the overall concern with respect to the fixed link.

The outgoing Prime Minister has told New Brunswickers repeatedly that New Brunswick is in need of rebuilding the Trans-Canada Highway. The situation is a national shame. I am paraphrasing what he said. I may be almost quoting him, but I am not exaggerating what he said.

Therefore, as one who prefers to drive to New Brunswick and back, I do not look with great excitement at the increased loads of traffic on our roads. It is bad enough as it is. It is no fun to be caught with three or four tractor trailers in front of you, six more behind you, and two or three wanting to pass you, all on a two-lane highway. Every month we record tragic deaths in New Brunswick due to the incapacity of the present Trans-Canada Highway to bear the traffic.

This problem has been an ongoing concern of mine. I have raised this issue in the Senate from practically the first time I sat in this house. In spite of decrying the current situation, in spite of promises, the federal government has been proceeding at a turtle's pace.

I am all for Nova Scotia, P.E.I., and Newfoundland getting their share of the industrial potential of this country. I am all for them getting their goods to the markets of the world. However, we have to give ourselves the tools to do that in a safe way.

The premier of New Brunswick is all for this. That is fine. He did not consult me, and I do not expect him to consult me. Nevertheless, as a senator from New Brunswick, I am entitled as well to express my concerns. I am doing that today. Rather than just giving a blank-cheque go-ahead because it has great job development potential and everything else, New Brunswick should have insisted much more than it did for federal funding to rebuild the Trans-Canada Highway. It may be satisfied for now with a $300-million fund for road improvements on the Trans-Canada and elsewhere in New Brunswick, but to my mind, in the light of the fixed link project, we need an accelerated program.

Over the years with my family, I am one who has enjoyed the serenity — I use that word advisedly — the beauty and calm of Prince Edward Island. Do not talk to me about Parlee Beach in New Brunswick. I would rather go to some isolated

beach on P.E.I. However, once the fixed link is built and once you have all these hundreds of thousands of tourists driving through, I am not sure that I would have the same incentive to go to a P.E.I. with a summer population built up much more than it is now. The grace of P.E.I. is that its position on the waters has kept the masses of the northeastern United States and the rest of Canada from deluging it with traffic, noise, and all the other trappings that go along with increased traffic.

Nevertheless, if the majority of people in P.E.I. think that that is good for business, is good for them, is good for growth, it is their choice. I will not question that. I know it bothers Senator Macquarrie a great deal.

Honourable senators, the critical question facing us now is the time frame we provide for study of this legislation. I would be willing to sit on a committee that is prepared to give careful consideration to the project as it is now before us. I am not simply volunteering when I say that, because I feel it is the duty of this house to do just that. The proponents of the project should not resist such a suggestion, in my opinion. If their cause is sound, if the project is sound, it would survive careful examination by a committee of the Senate.

I also believe that we should wait for the conclusion of proper and thorough environmental assessments before we proceed, unless there are guarantees of a nature such that the proponents of the bill commit themselves to abide by the environmental recommendations.

The matter is in your hands.

(1800)

Senator Stewart: Honourable senators, I must say that I always admire Senator Macquarrie's ability to go to the heart of the matter. I think that today he has demonstrated superlatively his capacity to do so. He has caused us to focus on the whole question of ends. Too often we concern ourselves only with mere means. We ask: "Can this be done? If so, let it be done." Seldom do we ask: "Ought we to do it?"

I have some problems with this bill. The interpretation clause states:

> "crossing" means a fixed structure that provides a means of crossing the Northumberland Strait and includes all facilities and appurtenances related to that fixed structure;

I understand that those words in this context mean a bridge. As Senator Phillips and Senator Macquarrie both know, there has been talk about a fixed link between the mainland of Canada and Prince Edward Island, or vice versa, for a long time. When Prime Minister Diefenbaker was in office, he set up a consortium of distinguished engineering firms to look into and, if feasible, to propose a fixed link.

That consortium produced a highly sophisticated design suitable for the peculiar circumstances of the Northumberland Strait. Do not ask me to go through all the details, honourable senators. As I recall, there was a causeway section at each end. There was an artifical island somewhere toward the middle. There was a bridge section and then two tunnel sections.

All this complexity was thought necessary because of the special circumstances which had to be dealt with there. First, as I recall, they took cognizance of the fact that there are great floes of ice which endanger the pillars on which a bridge would rest. They took cognizance of the fact that they did not want to interrupt the movement of ice floes. The design took into account the movements of fish. It took into account the need to avoid the interruption of navigation.

The tunnel sections were intended to assure that automobiles were not moving across a structure high up in the air for long distances, particularly in winter.

Another factor which had to be taken into account was that it had been ascertained that the rock under the seabed was shattered. This would make a tunnel expensive because it would have to be armoured. The shattered rock also made it difficult to provide the foundation for bridge structures.

As honourable senators know, the government changed in 1963. Tenders were called for the first portion of the fixed link. That was the causeway section on the New Brunswick side. The bids came in. If I recall correctly, the lowest bid was around $43 million. The engineers had estimated it at about $22 million.

The government of the day said, "Look, if they're that far wrong on putting a pile of rocks out into the strait, how can we trust their estimates for the tunnel sections, for the artifical islands and for the bridge?" The government of the day said, "We simply cannot rely on those estimates."

I remember asking a senior deputy minister in the Department of Public Works why the estimates were so far wrong. What he said was, "The consultants have produced a perfect plan. It is wonderful on paper. But the contractors will have to cope with the real-world circumstances of the Northumberland Strait."

That experience, which goes back now a quarter of a century, makes me wonder about how much realism underlies what is now being proposed. We are to have this bridge reaching out across the Northumberland Strait which, at certain times of the year, is as bad a stretch of water as you can find anywhere in the world. It is an area subject to blizzard conditions.

The Canso causeway connecting the mainland of Nova Scotia to Cape Breton Island is not very long. It is a mile and a quarter at the most. You can have a snap blizzard there, which is especially intense and dangerous, particularly when accumulated snow blows across 60 or 70 miles of ice. Just

think of the joy of being out on that bridge, halfway between New Brunswick and Prince Edward Island, on February 27 when a sudden blizzard springs up. I wonder if the people who have come up with this design know the circumstances with which they intend to contend.

I have great sympathy for Senator Macquarrie's motion. If he needs a seconder, although I think he already has one, I am quite prepared to second it. If he wants a vote, I will vote with him.

The Hon. the Speaker *pro tempore*: Honourable senators, I should ask whether it is the intention of the Senate not to see the clock?

Senator Lynch-Staunton: That has been agreed to, Your Honour.

The Hon. the Speaker *pro tempore*: It was moved by the Honourable Senator Phillips, seconded by the Honourable Senator Cohen, that this bill be read the second time.

In amendment, it is moved by the Honourable Senator Macquarrie, seconded by the Honourable Senator DeWare:

> THAT the motion be amended by deleting all of the words after the word "That" and adding the following words:
>
> "the Bill be not now read the second time but that it be read the second time this day three months hence".

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment, please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment, please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Senator Macquarrie: On division.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Cohen, that this bill be now read the second time. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read second time, on division.

REFERRED TO COMMITTEE

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

On motion of Senator Phillips, bill referred to the Standing Senate Committee on Transport and Communications.

(1810)

CANADA SHIPPING ACT

BILL TO AMEND—THIRD READING

Hon. A. Raynell Andreychuk moved the third reading of Bill C-121, to amend the Canada Shipping Act and to amend another Act in consequence thereof.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Those in favour, say "yea".

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Those contrary, say "nay".

Some Hon. senators: Nay.

The Hon. the Speaker *pro tempore*: Carried, on division.

Motion agreed to and bill read third time and passed, on division.

CRIMINAL CODE
YOUNG OFFENDERS ACT

BILL TO AMEND—SECOND READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator Cohen, seconded by the Honourable Senator Desmarais, for the second reading of Bill C-126, to amend the Criminal Code and the Young Offenders Act.

Hon. Richard J. Stanbury: Honourable senators, I appreciate the opportunity of speaking on Bill C-126 which is commonly referred to as the anti-stalking legislation. I had an opportunity to listen to Senator Cohen introduce the bill yesterday. The senator spoke very well and with great lucidity. I congratulate her on her maiden speech.

Some Hon. Senators: Hear, hear!

Senator Stanbury: I agree with Senator Cohen that the principle of the bill is very laudable and, for that reason, I recommend that we not delay its progress. Accordingly, this bill should be referred to the Standing Senate Committee on Legal and Constitutional Affairs forthwith.

Nevertheless, I am not yet convinced that all aspects of the legislation have been well vetted and are completely workable. Of course, it should be noted that this is not just an anti-stalking bill. It is almost an omnibus bill. Everything has been thrown into it but the kitchen sink.

Senators may know that this bill received all-party support in the House of Commons. There is little doubt that the provisions contained in the bill, which are, as I have said, much more far-reaching than just anti-stalking, are worthwhile. I do not challenge the need for the legislation. At the same time, I do have concerns about how Bill C-126 fulfils this need and whether it may not actually be precipitating some unintended consequences.

I found it somewhat curious that there has been little parliamentary opposition to the bill, given some of the comments I have read in the press lately. The headlines have been dramatic to say the least:

> Stalker law under fire.
>
> Stalking bill is 'gravely flawed': NAC.
>
> Stalking law gives 'illusion of safety,' Boyd tells MPs.
>
> Stalking law could put women on trial, group warns.

With these objections in mind, honourable senators, I would like to quickly review some of the more serious concerns that have been expressed about this legislation and some of the questions that require answers before I can be satisfied about this bill's receiving Royal Assent without amendment.

There is a lack of definition of the term "reasonable fear", the test for those pressing charges. Representatives of the Canadian Advisory Council on the Status of Women have questioned whether there may be some practical, harmful consequences of this test.

The National Action Committee, NAC, has gone so far as to say that the bill is "gravely flawed" and that:

> ...a law that is unenforceable or poorly enforced or enforced at the expense of women victims is worse than no law at all.

Would this bill, as a federal statute, provide the provincial governments with an unenforceable law? It is the provinces that have the responsibility for administration and prosecution. Ontario's Attorney General, Marion Boyd, has already cast doubt upon the enforceability of this legislation and suggested that, if the bill is not changed:

> ...those of us at the provincial level will be trying to enforce and prosecute a law that won't work.

It has been suggested that there may be some contention between this bill and the Charter of Rights and Freedoms. We must be satisfied that no conflicts with the Charter exist prior to acceptance. After all, what is the purpose of allowing this bill to go forward if it will only be defeated in whole or in part by the courts?

Several other problems have been raised which will have to be studied by our committee. Honourable senators, I ask that you consider this bill and pay some attention to the work of the legal and constitutional affairs committee as it hears witnesses and considers its report. It would be a shame if a worthy objective were spoiled by an ill-conceived and hastily-written bill. That is one of our concerns. It was one of Senator Macquarrie's concerns in the previous discussion and it has been one of our concerns in these bills that are coming to us at the last moment. They are ill-conceived and hastily written.

With some modesty, I believe that it is up to the Senate to provide a cautionary examination and possibly amendments to clear up some of the problems that have been identified. Bill C-126 should go to committee as quickly as possible.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Speaker *pro tempore*: When shall this bill be read the third time?

On motion of Senator Cohen, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

[*Translation*]

A BILL TO AMEND CERTAIN PETROLEUM-RELATED ACTS IN RESPECT OF CANADIAN OWNERSHIP REQUIREMENTS AND TO CONFIRM THE VALIDITY OF A CERTAIN REGULATION

SECOND READING

Hon. Gérald J. Comeau moved the second reading of Bill C-106, to amend certain petroleum-related Acts in respect of Canadian ownership requirements and to confirm the validity of a certain regulation.

He said: Honourable senators, I welcome the opportunity to lead off the Senate debate on second reading of Bill C-106, which eliminates Canadian ownership requirements. Before discussing the content of this bill, which would eliminate the 50 per cent Canadian ownership requirement to qualify for a production licence to operate in frontier lands, I would like to say a few words about oil and gas exploration in those areas.

Canada's conventional oil resources are declining. Although the western sedimentary basin contains a high volume of as yet untapped reserve, it is clear that we will increasingly depend on non-conventional sources and reserves in the frontier areas, which will play a key role as part of our future energy supply.

The Department of Energy, Mines and Resources estimates there is a 50 per cent probability that the frontier lands contain at least three billion cubic metres of petroleum and about eight billion cubic metres of natural gas. Only 15 per cent of these resources has already been discovered — 655 million cubic metres of oil and 1.14 billion cubic metres of natural gas — and only a small percentage has been developed.

Only four oil fields and two gas fields are currently in production in the frontier areas.

There are, of course, a number of major development projects in the frontier areas, including Terra Nova off the coast of Newfoundland, the Venture gas field off the coast of Nova Scotia and Amauligak in the Beaufort Sea.

There are also many excellent sites where no drilling has been done at all.

Unfortunately, there is currently very little exploration activity in the frontier areas, and although the industry continues to look at various possibilities, no specific development projects have been announced.

Although this is due to a number of factors, it is clear that our frontier lands are not attractive to Canadian and foreign oil companies, compared with sites in other parts of the world. Many of the major foreign players in the industry are directing a substantial part of the exploration and development budgets to projects in the former Soviet Union, where Canadian oil companies are also very active, in addition to their interests in Southeast Asia and South America.

[*English*]

(1820)

Throughout the world, countries are updating or fine-tuning their oil and gas legislation to enable them to better compete for investment dollars. There is a steady stream of representatives or agents of countries visiting Canada and other developed countries to describe their modernized exploration and production regime and to invite companies to shift some of their limited exploration budgets to these areas.

Canada must compete for the capital to explore and develop its frontier lands. In order to be competitive, we have to have a regime in place that signals to industry that if they make a discovery on the frontier lands, they will be able to bring it to production without having to contend with the current, complex Canadian ownership requirements.

According to the several hundred international and Canadian oil and gas companies surveyed by Salomon Brothers for the January, 1993 edition of their annual, *Comprehensive Survey and Analysis of Worldwide Oil and Gas Exploration and Production Expenditures*, the Pacific/Far East is considered the most attractive area on a world-wide basis to explore for oil and gas. Canada, unfortunately, ranked last.

Unless we remove impediments such as the Canadian ownership requirement, this situation is unlikely to change. As the former head of Canadian Petroleum Association, the predecessor to the current Canadian Association of Petroleum Producers, noted in a 1991 letter to EMR:

> The Canadian Ownership Rate provisions can significantly reduce the reward for project risk since the fair market value of a share of a developable field...sold to meet Canadian ownership requirements would not likely cover exploration costs.

The government recognizes that frontier development is more likely to take place when a variety of investors can be attracted.

The removal of the Canadian ownership requirement is an important step toward achieving an investment climate for the petroleum industry which is similar to that enjoyed by other sectors of the economy.

This bill would eliminate the Canadian ownership provisions in three pieces of federal legislation; the Canadian Petroleum Resources Act, the Canada-Newfoundland Accord Implementation Act and the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act.

The most significant change is the elimination of the minimum 50-per-cent Canadian ownership requirement for production licences. This means that companies will no longer be required to meet this Canadian ownership target when investing in frontier oil and gas resource development.

Industry will no longer be required to seek ministerial approval to transfer ownership in a frontier oil and gas production licence. The decision to invest in frontier projects will be based on the financial and technical capabilities of the interest owners, not on whether the Canadian ownership content in the production licence meets a minimum 50-per-cent rate.

The provisions of the current legislation which allow individuals to hold production licences, and the related Canadian residency requirements, will be repealed. Once the bill is passed, only a corporation incorporated in Canada will be allowed to hold a production licence or a share in a production licence. This will provide legal benefit to the Crown in terms of corporate liability in case any problems arise.

It is not in Canada's interest to insist upon an arbitrary level of Canadian ownership in high risk energy projects, if it simply results in the underdevelopment of those resources.

We need to attract additional sources of capital to foster exploration and development, to secure our energy future, to ensure the health of the petroleum industry and the economy, to make Canada competitive, and to maintain the prosperity of Canadians.

This bill is an affirmation of Canada's commitment to a strong, vibrant, open and competitive economy. I hope we can count on the support of senators for the bill.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to thank Senator Comeau for his explanatory remarks.

I must say that, at first, I was not very happy with this bill. Although my province is not an oil producing province, out West we were not, on the whole, very supportive of the program proposed by the government at the time.

However, we still felt that as far as natural resources and, especially, our oil reserves were concerned, it was important for Canada to control those resources. To us, the Canadian ownership requirement as a prerequisite for developing those resources seemed quite reasonable. However, I must admit times have changed. Today, many countries which formerly would not have allowed foreign ownership are now prepared to do so.

For instance, in Venezuela and in those parts of the former Soviet Union that are now open to foreign investment, facilities are being extended to multinational companies to invest in drilling projects. As a result, it has become less attractive to invest in Canada. A good example is the situation in Alberta, our main oil producing province, where development is lagging. After being in the forefront for many years, this formerly wealthy oil producing province is now in financial trouble.

In the final analysis, I feel, be it with some reluctance, that I must support this bill.

I repeat, this is only second best. It is not what I would have preferred, but we must be realistic.

This is not to say that at some later date I would not support stricter controls on investment in Canada, if circumstances were to change. However, for the time being, I am prepared to accept this bill.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

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

On motion of Senator Comeau, bill referred to the Standing Senate Committee on Energy, the Environment and Natural Resources.

[*English*]

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have received a request, and I believe Senator Molgat is aware of this, from both the chairman and the deputy-chairman of the Standing Senate Committee on Legal and Constitutional Affairs to ask leave to call Bill C-128. Time is getting relatively short and they would like to get that bill before the committee as soon as possible and at approximately the same time as Bill C-126. I understand that the same officials and some of the same witnesses are interested in both bills.

With leave, can we call Bill C-128?

(1830)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, regarding Bill C-128, Senator Stanbury spoke to me about this matter. On the understanding that I have from him that they will be hearing from the same witnesses for the two bills, it seems logical that we proceed in that way. At his request, I am prepared to grant leave.

CRIMINAL CODE
CUSTOMS TARIFF

BILL TO AMEND—SECOND READING

Hon. Duncan J. Jessiman moved the second reading of Bill C-128, to amend the Criminal Code and the Customs Tariff (child pornography and corrupting morals).

He said: Honourable senators, I should like to say thank you to the honourable senators on both sides of this chamber for the manner in which they have accepted me into the Senate. I should also like to thank the staff for the help they have given me in getting my office almost ready for work, and helping me somewhat in preparing this short speech.

When I was first given this task, I was made to understand that I would be making this speech on Monday next, and I did some reading on the subject. There is a lot of reading that can be done on this bill, and there has been a lot of work done on it. Notwithstanding that, I heard later that I would be giving my maiden speech today. I took one hour off and have done the best that I can.

Bill C-128 is about pornography. More particularly, it is about pornography dealing with children. Before I began looking into this matter, I did not appreciate the severity of this problem. For example, I did not know — and I do not know if all honourable senators know — that there is an organization in Canada and in the United States known as the North America Men-Boy Love Association. I have just seen this for the first time today. It is a disgusting publication, but there is nothing one can do about it at the moment. The law in respect of pornography as it stands today does not prevent anyone, be it male, female, older person, or a person under 18, from possessing pornography.

The main purpose of this bill — it has another purpose which may be somewhat redundant but it is there, nevertheless — is to prevent people from possessing pornography in respect to children under the age of 18, or to prevent persons over that age depicting themselves as persons under the age of 18 years.

Two commissions have dealt with this problem, one in 1984 and one in 1985; the Badgley Commission and the Fraser Commission both recommended that something should be done to change the law in this regard.

I was reluctant to take on this task, because, although I practised law for 46 years, I have handled very few criminal matters. This particular criminal matter was heard by the Supreme Court in June 1991 and was reported in February 1992. It was a case heard by all nine judges of the Supreme Court. There were 11 counsel representing 11 other parties, including attorneys general from a number of the provinces. I also found, to my amazement, that one of the partners in my law firm — of which I am an associate and not a partner — also participated in the hearing.

The judgment is a long one, but for the purposes of my discussion now, I want to read section 163(8) of the Criminal Code. This is the law as it stands today. It says:

> For the purposes of this Act, any publication, a dominant characteristic of which is the undue exploitation of sex, or of sex in any one or more of the following subjects, namely, crime, horror, cruelty and violence, shall be deemed to be obscene.

It also happened that this case was heard first by Mr. Justice Wright in the Court of Queen's bench in Manitoba, then appealed to the Court of Appeal and heard there by Mr. Justice Twaddle, Mr. Justice O'Sullivan and Mr. Justice Hubensett, and then appealed further to the Supreme Court, and there heard by nine justices. The reason for the case is that the person who was running this video store in Winnipeg was showing what they call hard porn. He, or his counsel on his behalf, quoted the Charter of Rights, which says:

(1840)

> Everyone has the following fundamental freedoms:
>
> ...
>
> (*b*) freedom of thought, belief, opinion and expression, including freedom of the press and other media of communication.

He said that was one of the freedoms to which he was entitled in showing what was known as hard porn.

However, the argument on the other side, upheld by Mr. Justice Sopinka, was that section 1 of the Charter, which gives you that right, also says:

> The *Canadian Charter of Rights and Freedoms* guarantees the rights and freedoms set out in it subject only to such reasonable limits prescribed by law as can be demonstrably justified in a free and democratic society.

The question then was; yes, you have that fundamental freedom under section 2, but was it reasonably prescribed by law as can be "demonstrably justified in a free and democratic society." The court in this case said "no". For the purpose of our case in the *obiter* of the two judges who wrote the decision — all the judges agreed — Justice Sopinka said on page 30 of the reasons for judgment in talking about pornography:

> Pornography can usually be divided into three categories: (1) explicit sex with violence, (2) explicit sex without violence but which subjects people to treatment that is degrading or dehumanizing, and (3) explicit sex without violence that is neither degrading nor dehumanizing. Violence in this context includes both actual physical violence and threats of physical violence. Relating these three categories to the terms of s.163(8)...the first, explicit sex coupled with violence, is expressly mentioned. Sex coupled with crime, horror or cruelty will sometimes involve violence. Cruelty, for instance, will usually do so. But, even in the absence of violence sex coupled with crime, horror or cruelty may fall within the second category. As for category (3), subject to the exception referred to below, it is not covered.

Therefore, (3) is explicit sex without violence that is neither degrading nor dehumanizing. He said that that would not be caught, excluding the exception. Further on Mr. Justice Sopinka said:

> In making this determination with respect to the three categories of pornography referred to above, the portrayal of sex coupled with violence will almost always constitute the undue exploitation of sex. Explicit sex which is degrading or dehumanizing may be undue if the risk of harm is substantial. Finally, explicit sex that is not violent and neither degrading nor dehumanizing is generally tolerated in our society and will not qualify as that undue exploitation of sex unless it employs children in its production.

Mr. Justice Gonthier also made reference to that matter again. He said:

> The content of the third category of materials is generally perceived as unlikely to cause harm, as Mr. Justice Sopinka rightly points out. He mentions as an exception, child pornography, i.e. materials in the production of which children were employed. This exception is important, since it obviously flows from the high likelihood of harm ensuing from the production and dissemination of child pornography.

It is those words by both those justices that encouraged and gave support to the government in bringing forth this particular bill. The nine judges were unanimous. It may well be challenged and we might well expect it to be challenged, but it should be upheld because what the judges said is encouraging; in that an attack under the Charter will not be successful.

The government wants those who have possession of pornography that involves children under 18, or the depiction of children under 18 performing sexual acts, to stop. This legislation was the subject of a long hearing in the House of Commons and there was much discussion in committee. Without exception the media, CBC, ACTRA, all these various associations are in favour of the principle. Some did say that there were things about the legislation they might want worded differently. It was suggested in the Commons that perhaps we should not include persons over 18 who are depicting children under 18. The important point here is that even though they maybe over the age of 18, such pictures depicting children will affect children. Those pictures may be passed around and you will still get things like this publication, which is unbelievable. For a person who has lived 70 years, I have never seen anything like it.

Time is short and there is a lot more I wanted to say. I ask honourable senators to support this bill. I would like it to go to committee. I hope that this can be done soon and that we can pass it. There cannot be many people against the bill as it is worded.

(1850)

Hon. Richard J. Stanbury: Honourable senators, we are all most grateful to Senator Jessiman for his careful explanation of the bill. Again, I have the good fortune to be able to congratulate two freshman senators on their maiden speeches today. I do so very genuinely, Senator Jessiman.

Honourable senators, this is a very unhappy subject, as I noted Senator Jessiman was saying. It was with great sadness that I approached the task of speaking about this bill. The activities it purports to penalize disgust me, and I can think of no penalty that I would regard as inappropriate for the sick spectacles the bill is intended to proscribe.

However, we are a legislative body. We cannot carelessly define offences against our senses as offences against the law; and we cannot so carelessly define offences as to leave in danger those who are the innocent creators of our art and literature.

There are respectable and responsible members and organizations of our society who believe that this bill is too imprecise, too far-reaching, too quickly put together and therefore dangerous. There are also excellent legal minds which believe that this bill is so offensive to our Charter of Rights that it will not survive the first Supreme Court challenge — an expensive and unfair way to find out that we were wrong. Whether we agree with these responsible members of our society or not, we must give them an opportunity to testify before a Senate committee.

Since time is short, I will simply ask that Bill C-128 be referred to the Standing Senate Committee on Legal and Constitutional Affairs immediately.

Motion agreed to and bill read second time.

REFERRED TO COMMITTEE

The Hon. the Acting Speaker: When shall this bill be read the third time?

On motion of Senator Beaudoin, bill referred to the Standing Senate Committee on Legal and Constitutional Affairs.

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until Monday next, June 21, 1993, at two o'clock in the afternoon.

The Hon. the Speaker *pro tempore*: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

[*Translation*]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-EIGHTH REPORT ADOPTED

The Senate proceeded to consideration of the forty-eighth report of the Standing Senate Committee on Internal Economy, Budgets and Administration (official languages within the Senate administration), tabled in the Senate on June 15, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move the adoption of the report.

The Hon. the Speaker *pro tempore*: Honourable senators, is it your pleasure to adopt the motion?

Hon. Senators: Agreed.

Motion agreed to and report adopted.

[*English*]

CONSIDERATION OF FORTY-NINTH REPORT OF COMMITTEE—ORDER STANDS

The Senate proceeded to consideration of the forty-ninth report of the Standing Committee on Internal Economy, Budgets and Administration, presented in the Senate on June 15, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, I move that the forty-ninth report of the Standing Committee on Internal Economy, Budgets and Administration be adopted.

The Hon. the Speaker *pro tempore*: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I propose that this Order stand. I am sure Senator Kenny will wish to speak on this matter when he returns from Washington.

Order stands.

[*Translation*]

CONSIDERATION OF FIFTIETH REPORT—ORDER STANDS

The Senate proceeded to consideration of the fiftieth report of the Standing Senate Committee on Internal Economy, Budgets and Administration (schedules to the policy on harassment), tabled in the Senate on June 15, 1993.

Hon. Thérèse Lavoie-Roux: Honourable senators, considering the fact that this report is a schedule to the report that was just stood, I suppose that normally, it should be stood as well.

[*English*]

Hon. Eymard G. Corbin: Honourable senators, I wish to use this opportunity, since I will not have one after we dispose of this committee report — or at least the motion — to ask the chairperson of the Standing Committee on Internal Economy if we will be examining further reports from this committee? Is this the last series of reports for this part of the session?

[*Translation*]

Senator Lavoie-Roux: I am not sure I heard you correctly, Senator Corbin. I assumed you were going to start on a new topic. Did you ask whether there would be further reports?

Senator Corbin: That was my question. Are these the last reports from the committee?

Senator Lavoie-Roux: There is one more report, which will be tabled Monday afternoon.

Senator Corbin: A report on what, honourable senator?

Senator Lavoie-Roux: A report on a policy we have been discussing for quite some time, concerning travel expenses for trips to Ottawa and other expenses incurred while in the capital.

Senator Corbin: Thank you, honourable senator.

[*English*]

Order stands.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, remember the manufactured glitter of national reconciliation in the Throne Speech of November 5, 1984, advanced as one of the key objectives of the new Mulroney team? Let us look at how the Mulroneyists went about achieving national reconciliation.

On May 28, 1993, in a speech before the Confederation Club here in Ottawa, Prime Minister Brian Mulroney gave his version of what transpired.

(1900)

He began by warning:

> Revisionism and myth-making are constant companions of political controversy.

Stay tuned. Virtually everything he then subsequently uttered proved the truth of that statement. He said:

> Today I want to speak from the record

and indeed he soon distanced himself from the record and his imagination took over.

Let us start with his own attitude to the agreement reached by nine provinces and the federal government to patriate the Constitution with an amending formula and a Charter of Rights. The agreement was reached on November 5, 1981, and the Constitution was patriated the following year.

I have already mentioned in Part 3 how Mr. Mulroney had supported Prime Minister Trudeau's earlier attempt to unilaterally patriate the Constitution. In his Ottawa speech, Mr. Mulroney admits that he was generally supportive of Mr. Trudeau's initiative in 1980. However, when it came to the actual patriation package and the politics of his earlier loyalty to the principle, he became uncomfortable and, to paraphrase, policy soon sat above conscience. Here is what he said last month:

> The myth created by some revisionists, however — that my generally-supportive position expressed in 1980 implied assent to all aspects of the final product — which had been modified often during the process and —

Senator Simard: Dispense, please.

Senator Frith: I am not going to dispense. You don't want to dispense with Mr. Mulroney, for goodness sake.

Senator Stewart: But they have.

Senator Simard: He is gone. Why worry about it. Are you worried about his ghost now?

Senator Frith: There was no night of denial. Surely Senator Simard was not there playing Brutus.

Senator Molgat: How short memories are.

Senator Frith: I will carry on.

> The myth created by some revisionists, however — that my generally-supportive position expressed in 1980 implied assent to all aspects of the final product — which had been modified often during the process and into which the now infamous notwithstanding clause had been inserted at the last moment, sometime between November 4 and November 5, 1981 — is false. In fact, I had specifically rejected any approach that reduced the powers of the Quebec National Assembly, which this final amendment did.

It is not the alleged myth which is false, but rather the statement itself. Therefore, if the statement is allowed to become part of the historic record, that record will be false.

The truth, his own truth, is that Mr. Mulroney supported the agreement of November 5, 1981. He thought it was legitimate and that it represented a national consensus.

In his book *Where I Stand*, Mr. Mulroney reprinted a series of speeches he gave while a private citizen. One of the speeches contained in that slim volume is one made to the fundraising dinner for the Regional Federation of Servecom Associations of the North Shore at Hôtel Le Manoir, Baie-Comeau, Quebec, November 14, 1981.

That is nine days after the patriation agreement of November 5, 1981, and not during the period of his so-called general support in 1980, which he said changed immediately after.

That speech of November 14, 1981, is reprinted on pages 62 to 66 of his book. At page 65, he says:

> But if Mr. Trudeau feels victorious, he should remember the words of Churchill, who, God knows, knew defeat and disappointment and finally the most exalting moments: "In victory, magnanimity."

That is what the book says, but that is not what Mr. Mulroney said on November 14, 1981, in Baie-Comeau. The Halifax *Chronicle-Herald* of November 24, 1981, printed large extracts from that same November 14 speech. This is what it says:

> But, if Mr. Trudeau today feels victorious — and why not? — did he not ably negotiate a national consensus which is really "legitimate"? — he should remember the words of Churchill, who, God knows, knew defeat and disappointment and finally the most exalting moments: "In victory, magnanimity."

When he reprinted the speech in his book *Where I Stand*, the words

> and why not? — did he not ably negotiate a national consensus which is really "legitimate"?

disappeared. They vanish as if never spoken. There is no subtlety to his revisionism. It is the Stalinist technique. Don't refine history, abolish it.

Listen once again to what he actually said of Prime Minister Trudeau nine days after Trudeau and nine provincial premiers agreed on the patriation of the constitution, an agreement that left Quebec premier René Lévesque allegedly out in the cold. This is Mr. Mulroney:

> did he not ably negotiate a national consensus which is really "legitimate"

In Mr. Mulroney's own words, the November 5, 1981 patriation agreement was "legitimate," it was "ably negotiated", and it represented "a national consensus". That stand, which he took in November 1981, disappears in his 1983 book *Where I Stand*, and now, in 1993, he says the suggestion that he supported the agreement is "a myth" and "is false". He now says that the agreement was actually "an ominous moment in the evolution of the Canadian federation." Again we have the smell of revisionism: Don't just delete; if possible, reinvent and then replace.

This alteration of what he actually said on November 14, 1981, was Mr. Mulroney's first foray into constitutional myth-making and revisionism. He started in 1981, and he has kept up ever since.

In his speech of last month, instead of admitting he in fact supported the patriation agreement, Mr. Mulroney declares that any such assertions are false and then approvingly quotes Ernest Manning, who called the agreement "a ticking constitutional time bomb". It was a time bomb that Mr. Mulroney then had to try to diffuse. That is the way he wants the record to read. That scenario is hard to sell to customers who know that he believed and said that the patriation agreement was legitimate and represented a national consensus. He tries to convince those same customers who remember the truth that they are the revisionists and myth-makers.

That is the important basic truth about the salesman. As we continue with our examination of his record, we should keep that in mind, namely that he was trying to change and falsify the record even before presenting himself to the electorate for the first time.

[Senator Frith]

Even after all the examples we have seen of his duplicity, I am still astonished with the way he doggedly and relentlessly defends a story he knows is not true. Until this *Chronicle-Herald* article was drawn to my attention, I had not seen a statement by Mr. Mulroney himself that he supported the patriation agreement of 1981. I had heard others say so, but I had not found any document quoting him directly. However, his support was no secret to those who knew him.

On January 25, 1990, in an Ottawa *Citizen* article, Peter Blaikie, former national president of the Progressive Conservative Party, was quoted as saying:

> I don't think it's any secret that during the period '80 to '83, Brian Mulroney was very supportive of Pierre Trudeau. ... He was one of the cheerleaders for all that ... and the revisionism now is absolutely staggering.

(1910)

Following Mr. Mulroney's recent Ottawa speech, Mr. Blaikie said, "If one wants to search for revisionism, there is no greater revisionism that Brian Mulroney's own...when he was absolutely a fervent supporter of Pierre Trudeau's position. Basically, so was I."

Senator Simard: Honourable senators, I rise on a point of order. It is obvious that, for lack of interest, and certainly for lack of a quorum, the sitting of the Senate should be suspended.

Senator Frith: Is Senator Simard calling a quorum?

The Hon. the Speaker *pro tempore*: Ring the bells and advise senators in the adjoining rooms.

Senator Simard: There is no interest.

Senator Frith: Are you calling for a quorum, sir?

The Hon. the Speaker *pro tempore*: A quorum has been called.

Senator Kelly: Honourable senators, why can't we continue? Senator Frith is close to being finished with his speech.

Senator Simard: Senator Frith can continue, but there is obviously lack of interest.

Senator Corbin: Speak for yourself. That is an insult to all other senators who are listening attentively.

The Hon. the Speaker *pro tempore*: Honourable senators, we have a quorum.

Senator Frith: "If one wants to search for revisionism, there is no greater revisionism than Brian Mulroney's own... when he was absolutely a fervent support of Pierre Trudeau's position. Basically, so was I", says Mr. Blaikie.

Jeffrey Simpson in the *Globe and Mail* of January 4, 1990, wrote:

> (Mulroney's) outrageous distortion is too great to let go unchallenged. I remember as if it were yesterday a long lunch at the Mount Royal Club in Montreal in January 1981 with private citizen Brian Mulroney, in which he went on at great length against the 'community of communities' approach to Canada of then-Conservative leader Joe Clark.
>
> In the course of that animated soliloquy, Mr. Mulroney said emphatically that Prime Minister Pierre Trudeau, faced with a separatist government in Quebec, would have no choice but to bring home the Constitution over Quebec's objections.
>
> Later on, when the patriation debate heated up, Mr. Mulroney again said privately that he supported what the Liberals were doing, given the circumstances that presented themselves at the time in Quebec. For Mr. Mulroney to say now that the whole exercise was done by people celebrating 'in striped pants' is a gross perversion of his own attitudes.

It makes one wonder how Mr. Mulroney can believe that he can continue the deception, in spite of the evidence from everyone who knows what he said and where he then stood. He must have been so uncomfortable with the truth that he wiped from his mind his own words supporting the 1981-82 patriation of the Constitution. He said it; it was reported in the *Chronicle-Herald*; Mr. Blaikie knew, and he said to it to Mr. Simpson. But now he says otherwise. Because he is on the record in the Halifax *Chronicle-Herald* of November 24, 1981, he is on the record as saying, of Mr. Trudeau's successful patriation gambit, "Did he not ably negotiate a national consensus which is really 'legitimate'". Those are his words. Twelve years later he says he speaks "for the record" and begins right off the bat by denying it.

Perhaps, in retrospect, it is not surprising that the constitutional talks, when led by a man with such shiftily held constitutional principles, were doomed to failure. They certainly started cautiously and innocently enough.

In December 1985, Bourassa's Liberal government replaced Lévesque's separatist administration. As discussion began between Ottawa, Quebec and the other provinces, there was no hint of urgency. Gil Rémillard, Quebec Minister of Intergovernmental Affairs, said that without some indication of a solution he was not particularly interested in engaging in constitutional talks. He said, "Without that, we'd stay where we are," as reported in an article in the *Globe and Mail* of August 5, 1986. This observation brought no gasps of dismay, no anguished cries of betrayal from anyone anywhere.

The federal government's pointsman on this portfolio, Senator Lowell Murray, was very candid about the mood of the country in 1987. As reported in the *Toronto Star* of March 4, 1987, Senator Murray said:

> I don't think there is any interest whatsoever from the population of the country on the Constitution — none whatsoever...It's just not an issue.

Senator Murray was correct: there was no interest whatsoever, not even in Quebec. Although interest was low, the Constitution nevertheless remained a potentially explosive issue. That was clearly recognized by Senator Murray, when he said:

> ...we do not want to embark on any formal negotiations unless we are convinced that the chances for success are good. We must spare the country unnecessary agony.

That was from *Maclean's*, August 25, 1986.

In retrospect "unnecessary agony" turned out to be the exactly right way to describe what, in fact, has taken place over the past six years.

When did Senator Murray change his judgment? Well, early in 1987, Senator Murray's views had still not changed. "We're not going to go into formal negotiations unless we think there's a very good chance of succeeding," Murray said. "We don't want another failure. We think it'd be very bad for the country." That was reported in the *Toronto Star* on March 4, 1987. He certainly had it right — Then! Opening this portfolio and failing, for whatever reason, would be bad for the country.

Although the risks were very high, they were nevertheless taken. Who chose to assume those risks? Part of the answer can be found in an interview Senator Murray gave to Don Braid, which appeared in the *Gazette* of September 9, 1986. Apparently, it was up to Senator Murray to advise the Prime Minister whether a deal was possible before the next election, or whether it should be put off until much later. Senator Murray stated:

> The Prime Minister would also want to hear from me, from a person in whose political judgment he has some confidence, if it's not on. I hope I don't have to tell him that, but I'll do so if that's my judgment.

We can only deduce that Senator Murray, in whose political judgment the PM had confidence, at some point advised that formal negotiations were warranted.

Quebec's goals were well known — its five demands had long been in the public domain. The federal government, on the other hand, was tight-lipped about its position. What appeared in the public domain from Ottawa was a commitment to broker a deal, but no information on what the federal government was or was not willing to contribute. Only when the Meech Lake Accord was struck on April 30, 1987, were Canadians made aware that the bottom line for the Mulroney team was Quebec's five conditions, plus.

Even Bourassa was shocked at what had transpired at Meech Lake.

> We didn't expect, after 20 years, to reach an agreement. Then suddenly, without warning, there it is: an agreement.

That was reported in the *Toronto Star* on May 4, 1987.

Bourassa confirmed that, as far as he was concerned, there was no urgency:

> We could have waited until next year, we could have waited until after the next federal election.
>
> We were under no pressure; I was serene. But when I saw that it was falling to us piece by piece, I said to myself: Bien voilà, there it is.

Years later, Ghislain Fortin, former Senior Adviser to both Bourassa and Ryan, and one of those who helped draft Quebec's five conditions, admitted that he was astonished when Meech Lake was concluded. "I fell out of my chair when I learned (of the Meech Lake Accord) on April 30, 1987." He then said:

> I was of the view that it was too much for English Canada...I always felt it was something to (get) past the (1985) election.
>
> ...if people had said no to Meech in 1987, we would have moved on to other things...Since it was accepted, it was blown beyond proportion...it became a symbol of what English Canada accepts.

That was from the *Globe and Mail* of March 9, 1990.

However, the Mulroneyism was not ready to move on to other things. It relentlessly pushed forward with Meech Lake and started a disastrous chain of events which culminated five and a half years later in a national referendum.

One of the elements of Meech which caused perhaps the greatest acrimony was the recognition of Quebec, within the body of the Constitution, as a distinct society.

This had not been one of Quebec's original five demands.

(1920)

Quebec had been seeking recognition as a distinct society within the preamble of the Constitution. For those with short memories, I refer you back to the following newspaper articles, which are on the record: Southam News byline, Ottawa *Citizen* of July 12, 1986; Joel Ruimy from the *Toronto Star* of March 4, 1987; Eugene Forsey from the *Globe and Mail* of March 17, 1987; and Jeffrey Simpson from April 19, 1987.

All these articles described how Quebec wanted recognition in the preamble. Lest Quebec's demands escape the attention of the federal government negotiators, *La Presse*, on April 25, 1987, only days before the Meech-fest was due to begin, printed a large chart of Premier Bourassa's demands. One of them was:

[*Translation*]

> Recognizing, in the preamble of the Constitution, given that Quebec is a distinct society.

[*English*]

This would have been acceptable to Mr. Mulroney's predecessor government, and to most of Meech's most vocal critics, including Clyde Wells, Frank McKenna and Sharon Carstairs. However, entering the meeting with the demand of recognition within a preamble, and leaving it with that recognition within the text of the Constitution itself, Bourassa had every reason to be pleased.

But what of the federal negotiatiors? Was this raising of the stakes a make-or-break item for Bourassa? In retrospect, I believe that had Meech met Quebec's five demands as originally and publicly presented, the course of the debate would have been much different. If it had been a bottom-line item, I agree with Ghislain Fortin that it would have been preferable had Meech failed on April 30, 1987, to what has occurred to date. If it had remained in the preamble, Meech might have passed.

The willingness of the Mulroney team to so quickly embrace this new demand of Bourassa's was one of two crucial, fatal and characteristic errors in political judgment. They were expensive ones for the country.

The other error, of course, was the outright dismissal of any public participation, meaningful or otherwise.

When Senator Murray, the Mulroney team's chief negotiator, reported to the Senate on May 5, 1987, he was understandably proud of what had been achieved. As reported at page 932 of the *Debates of the Senate* for that day, he said:

> ...the accord is an eloquent demonstration of the government's commitment to make national reconciliation a basic principle of our political and constitutional existence.

He then explained what would come next — a first ministers' conference to ratify the legal text, and then resolutions in Parliament and all legislative assemblies. Conspicuously absent was any role for the people of Canada. The terms "egregious error" and "seamless web" had yet to be coined by Senator Murray, but the die was cast.

On June 2, 1987, the 11 participants met at the Langevin Block to ratify the legal text. Some 19 hours later, at dawn the following day, they staggered out, dazed, but successful. Canadians were surprised by this new negotiating technique. Little did they know that it was just the beginning of a whole new and astonishing style that was to turn negotiating into some kind of casino or carnival game.

On the evening of June 4, Prime Minister Mulroney, addressing the nation on the Constitution, said:

> I speak to you tonight at a time of renewed purpose for our country, at a moment of renewed unity for our people. Tonight, Canada is whole again, the Canadian family is together again, and the nation is one again.

Mulroney's declaration that "Canada is whole again" on that June 4, will join in the history books with other world-class errors of political judgment.

In a speech he gave years earlier on November 14, 1980, he had definite ideas about how governments should go about amending constitutions. This quotation is from his book, *Where I Stand*:

> The debate would be entirely open to the public at all times. *There would be no sessions behind closed doors.* Canadians could see and judge those who have been elected to serve them and determine if, in the interest of a more generous country, they have really answered an urgent and irresistible call to grandeur.

If honourable senators wish to look that quotation up, they will find it at pages 61 and 62 of the book. What is worth noticing is that the words, "There would be no sessions behind closed doors." were in italics. It is the only italicized passage that I could see in the whole book.

Yet, when the deed had been done, it had been done entirely behind closed doors. There had been no open sessions — not a single one.

With the agreement — not the negotiations — now in the open, the citizens of some provinces were asked to participate in public hearings by their provincial governments prior to ratification, but others were not. The Quebec and Saskatchewan legislatures quickly approved the deal, holding no hearings. In Ottawa, the Joint Senate and House of Commons hearings quickly dissolved into a charade after Senator Murray told the members what the Mulroney team expected of them. He said:

> ...the accord is a seamless web and an integrated whole...it should not be lightly tampered with...Your public hearings will ensure that the text of the amendment is carefully scrutinized before adoption. If it should come to light that there are egregious errors in the drafting, we would have an opportunity to address them, while bearing in mind that any change would have to meet the test of unanimity.

Reporters and others turning to their dictionaries found that "egregious", coming immediately after "egomania" and "egotism", meant "shocking, remarkable...standing out from the flock".

Andre Ouellet expressed the frustration of all Liberal members when he said, as reported in the *Toronto Star* of August 9, 1987:

> ...the government's position is that the hearings should be held to publicize the accord and not to change it. Our position is the reverse — that the hearings should lead to some changes.

Unfortunately for the accord and for the country, this was not to be. Mulroney and Murray were the engineers on this constitutional train. They had no intention of taking their hands off the throttle, and there were to be no new passengers. The train was going non-stop.

No one was surprised when Senator Murray concluded in September of 1987 that the joint committee had discovered no egregious errors. As reported in the Ottawa *Citizen* of September 10, 1987, he warned that if the accord were reopened to accommodate even one change, this "would lead to irresistible pressure for others, and the accord would soon unravel". The consequences to future generations would be "grave", he declared.

In the following years, any opposition to the accord was either ridiculed, or wished away. Amendments introduced here in the Senate by the Liberals were denounced as "killer amendments" by Senator Murray, when in fact they could have saved the accord. Changes of governments in New Brunswick, Manitoba and Newfoundland caused the Mulroney team no concern. The accord was going to pass and that was all there was to it. That public support had dropped from 56 to 28 per cent, according to the results of a Gallup poll published in the *Gazette* of Montreal on April 29, 1988, was not relevant because this was a deal between 11 individuals, and not the people of Canada. As long as it stayed in the hands of 11 individuals and never got into the hands of the people, there should be no danger of any changes.

When the Ottawa *Citizen* called for the accord to be reopened, Senator Murray answered that to reopen it:

> ...for amendment would lead to its unraveling and destruction. I could not think of a better way of insulting Quebecers and indeed, all Canadians, than by scuttling an agreement that achieves Quebec's willing acceptance of our Constitution and ends Quebec's isolation from the constitutional process.

Right in the Mulroney style, the accord's failure would insult Quebecers. "Here you are, 11 of us cooked this up —"

Senator Lynch-Staunton: And it did.

Senator Frith: "— 11 of us cooked this up; don't talk or ask about it; just swallow it. We know what is best for you."

It is reminiscent of that famous *New Yorker* cartoon of 1928, with a caption by E.B. White. The cartoon showed a mother and a child sitting in a highchair. She is feeding something to the child and she is saying, "It is broccoli, dear." The child is saying, "I say it's spinach and I say the hell with it."

(1930)

That became even more apt with regard to Charlottetown. In the *Toronto Star* of June 5, 1988, the Prime Minister called upon the rest of Canada "to say yes to Quebec", implying that a rejection of Meech did not mean just saying no to the deal, it might mean saying no to Quebec.

More broccoli. When Bernard Valcourt appeared before the New Brunswick hearing, the *Globe and Mail* of February 15, 1989, reported his advice:

> You must resist the opportunity to use the accord to say no to Quebec.

When Bourassa used the notwithstanding clause and Filmon responded by withdrawing Manitoba's support, Senator Murray concluded that Filmon had acted "in the heat of the moment" and urged the Premier to send the accord to committee for the required hearings. That is from the *Toronto Star* of December 20, 1988.

Early the following year, Mr. Mulroney confidently declared that Meech was "a done deal", as reported in the *Gazette* on February 20, 1989, but he provided no information on how he would deal with recalcitrant premiers. Although he spoke confidently about the future of Meech, Mr. Mulroney stepped up his attack on its opponents, both real and imagined.

On April 6, 1989, during the Throne Speech debate, he launched a blistering attack on the 1982 Constitution and, by association, its creators. He lamented that, because it had not been approved by the separatist-controlled Quebec National Assembly, it did not bring unity —

Senator Lynch-Staunton: They were Canadians then and they still are. Do not get demagogic.

Senator Frith: — forgetting conveniently what he himself had told Jeffrey Simpson:

> Mr. Trudeau, faced with a separatist government in Quebec —

Senator Lynch-Staunton: Canadian citizens, all.

Senator Frith: These are not Senator Lynch-Staunton's words. These are Mr. Mulroney's words.

> Mr. Trudeau, faced with a separatist government in Quebec, would have no choice but to bring home the constitution over Quebec's objections.

Mulroney's words. But now he argued that since our Constitution contained the notwithstanding clause, it did not protect individual rights:

> A constitution that does not bring Canadians together, that is not accepted by all Canadians, and a constitution that does not protect the inalienable and imprescriptible individual rights of individual Canadians is not worth the paper it is written on.

Never mind in 1981, he said it was ably negotiated, represented a national consensus, and was legitimate. His words! Eight years later it was not worth the paper it was written on.

Senator Lynch-Staunton: Tell us about Mr. Trudeau and wage and price controls.

Senator Frith: Like a vaudeville magician, he was tearing it up in order to try, like a magician, for the credit of putting it together again. But it did not work. The dice were rolled. The Meech Lake agreement failed.

Senator Lynch-Staunton: Thank you, Clyde.

Senator Frith: The shock triggered a sort of nervous breakdown in the government. The Prime Minister seemed to disappear for days. However, after some agonizing, the act was pulled together again for the Charlottetown Accord. That, however, was shot down by voters in every region of the country.

That is when the people got a chance to speak and they found that this was a very expensive, high-pressure campaign to sell spinach as broccoli and, as in the *New Yorker* cartoon, said, "To hell with it."

Senator Lynch-Staunton: We are rewriting history now?

Senator Frith: This is exactly what happened. Am I rewriting history? Am I rewriting history when I say that the Charlottetown Accord was rejected in every region of the country? I do not know what history you read, but that is what happened. Why was it overwhelmingly rejected? What was the referendum all about?

Senator Lynch-Staunton: Do not blame it on one party.

Senator Frith: Kim Campbell said she knew what the referendum was about. Speaking at Harvard University on November 10, 1992, she told her audience:

> It was about the Canadian political process and what Canadians think about it, their ignorance about it, their lack of understanding of how the Canadian political system works.

Thanks, Kim, for explaining us to the Americans. However, you could be wrong. Maybe, the overwhelming majority of Canadians who voted in the referendum on October 26, 1992, believed they understood only too well your government, of which you are a part.

Senator Lynch-Staunton: She never called parliamentarians a bunch of "nobodies".

Senator Frith: They knew too well how your government had run the Canadian political system.

As for ignorance, it was not the ignorance of the Canadian people which placed the country at risk. It was you and your fellow Mulroneyites. You may have thought they were ignorant when you tried to fool them, but it turned out they were onto you. There is no "better luck next time" because they will not give you a next time.

On motion of Senator Frith, debate adjourned.

The Senate adjourned to Monday, June 21, 1993, at 2 p.m.

THE SENATE

Monday, June 21, 1993

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

Prayers.

[*Translation*]

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 have been summoned to the Senate:

Pierre Claude Nolin
Marjory LeBreton

INTRODUCTION

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 writ of summons; took the oath prescribed by law, which was administered by the Clerk; and were seated:

Hon. Pierre Claude Nolin, of Montreal, Quebec, introduced between Honourable Lowell Murray and Honourable Michel Cogger.

Hon. Marjory LeBreton, of Ottawa, Ontario, introduced between Honourable Lowell Murray and Honourable Wilbert J. Keon.

The Hon. the Speaker informed the Senate that the honourable senators named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk of the Senate, the Commissioner appointed to receive and witness the said declaration.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am very pleased to welcome our two new colleagues, Senators LeBreton and Nolin.

Both have contributed significantly to Canadian public life through their work in the political party that most senators represent. The expertise acquired through these years of hard work will be called upon in a very special way, which should reassure our colleagues opposite!

[*English*]

Senator LeBreton has served under four leaders of the Progressive Conservative Party. She has worked tirelessly to attract women to political and public life. In so doing, she has helped Prime Minister Mulroney set a record that is second to none in Canadian history by appointing women of all walks of life and of all parties to key positions in government, cabinet and federal institutions.

Some Hon. Senators: Hear, hear!

[*Translation*]

Throughout his career, Senator Nolin has shown uncommon organizational talents and no doubt he will have an opportunity to apply them in the near future, to the delight of all our colleagues, I am sure!

[*English*]

Honourable senators, it is with great personal pleasure that I welcome our two new colleagues, Senator LeBreton and Senator Nolin, and wish for them every satisfaction in the important work they are undertaking for Parliament and the people of Canada.

Some Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators would not expect me to know anything more about our new colleagues than does Senator Murray, and therefore would not expect me to add anything to what he has said, and I will not. Nor will I add to anything I have said previously, except to make it clear that any objection I may have recorded, or any negativity I may have displayed, relates to the process and not to the people.

SENATORS' STATEMENTS

CANADIAN WHEAT BOARD

ADVISORY COMMITTEE—STATEMENT OF CHAIRMAN

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, some years ago the Canadian government established the Advisory Committee to the Canadian Wheat Board. The reason was that Wheat Board members, as honourable senators will know, are appointed by the government. It was felt that producers should have a direct link through an advisory committee.

I wish to place on the record of the Senate a recent press release from Mr.Wilfred Harder, Chairman of the Advisory Committee to the Canadian Wheat Board. Mr. Harder was elected by the farmers. The press release is from Winnipeg, and is dated June 14. It reads as follows:

> Winnipeg—Wilfred Harder, Chairman, Advisory Committee of the Wheat Board, today vehemently denounced those who, deliberately or otherwise, have misinterpreted his committee's position on a continental barley market. Mr. Harder said that he had just received a letter dated June 9th, which had been sent to 25 members of Parliament representing all three political parties. The letter, which was a strong statement of support for the Honourable Charlie Mayer's recent decision to create a continental barley market, showed the Canadian Wheat Board Advisory Committee as one of the document's signatories. Mr. Harder said that the CWB Advisory Committee had not authorized the statement in question nor had it even been consulted on the issue. He said that the Advisory Committee of the Canadian Wheat Board's position on continental barley marketing was clear and unequivocal —
>
> (a) the Advisory Committee does not want to see any erosion of the Wheat Board's single-desk marketing authority and,
>
> (b) before any changes are made to the Wheat Board's marketing mandate, producers must be consulted through a plebiscite after a reasonable period of open consultation and debate involving all industry players.
>
> Despite a late, half-hearted attempt to correct the statement, Mr. Harder said the damage has been done. He called for the supporters of the letter to publicly acknowledge that an error was made and that the Advisory Committee does not support a continental market for barley.
>
> Mr. Harder went on to say that there were a number of things about the June 9th letter to senior Government Ministers and Opposition MPs which were puzzling. For example, he wondered how the privately-owned grain companies who had signed the letter could purport to speak for producers in calling for "the farmers' right to decide". He also wondered who the Alberta Government-funded commodity groups were representing.
>
> Mr. Harder said it was also curious that the letter of support for continental barley marketing had been faxed across the country from the Winnipeg office of the Canada Grains Council — a taxpayer-funded, non-profit Crown Corporation which, among other things, is supposed to be doing independent research on contemporary agriculture issues.
>
> He said that as a grain producer, he was particularly disturbed and offended that the barley marketing issue has now become so overshadowed by partisan politics that the economic aspects of the issue were being forgotten. He said that the current incident only serves to underscore the unethical and unscrupulous process surrounding the Carter report.

[Translation]

ROUTINE PROCEEDINGS

BANKING, TRADE AND COMMERCE

THIRTY-FOURTH REPORT OF COMMITTEE TABLED

Hon. John Sylvain: Honourable senators, I have the honour to table the thirty-fourth report of the Standing Senate Committee on Banking, Trade and Commerce, on its special study on draft regulations on the use of personal information supplied to financial institutions by its customers.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Sylvain, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[English]

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTY-FIRST REPORT OF COMMITTEE PRESENTED

Hon. Thérèse Lavoie-Roux, Chairman of the Standing Committee on Internal Economy, Budgets and Administration, presented the following report:

MONDAY, June 21, 1993

The Standing Committee on Internal Economy, Budgets and Administration has the honour to present its

FIFTY-FIRST REPORT

Your Committee wishes to inform the Senate that it has adopted a policy that, effective July 1, 1993, Senators may be reimbursed, upon application with receipts attached, for actual and reasonable travel expenses not in excess of $6,000 per fiscal year, for their personal accommodation while on travel status in Ottawa for the purpose of carrying out their parliamentary functions.

The Standing Committee on Internal Economy, Budgets and Administration may adopt guidelines for the better attainment of the objectives of this policy.

Pending the adoption of guidelines by the Committee, the following interim guidelines apply:

1. All travel while Parliament is in session, that is, while it is not prorogued or dissolved, is eligible;

2. Senators are on travel status in Ottawa when they are 80 km. or further from the residence that qualifies them to sit as a senator.

3. For the remainder of the 1993-94 fiscal year, the maximum amount that may be reimbursed for accommodation is pro-rated to $4,500;

4. Reimbursement for accommodation is limited to rented or leased accommodation;

5. Receipts for amounts claimed shall be attached to the application;

6. The Administration shall refer questions of interpretation and application to the Sub-Committee on Budgets and Personnel.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Lavoie-Roux, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*Translation*]

BANKING, TRADE AND COMMERCE

THIRTY-FIFTH REPORT OF COMMITTEE TABLED

Hon. John Sylvain: Honourable senators, I have the honour to table the thirty-fifth report of the Standing Senate Committee on Banking, Trade and Commerce, on its special study on recommendations allowing the government to improve the foundations on which the Canadian financial system is built.

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

On motion of Senator Sylvain, report placed on the Orders of the Day for consideration at the next sitting of the Senate.

[*English*]

(1410)

AGRICULTURE AND FORESTRY

REPORT OF COMMITTEE ON SPECIAL STUDY ON FARM SAFETY AND FARM RELATED HEALTH ISSUES TABLED

Hon. Eileen Rossiter, for Senator Berntson, tabled the tenth report of the Standing Senate Committee on Agriculture and Forestry, being an interim report on its special study on farm safety and farm related health issues, entitled "Farm Stress: Its Economic Dimension, Its Human Consequences".

[*Translation*]

CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

THIRTY-FOURTH ANNUAL MEETING HELD IN HALIFAX, NOVA SCOTIA—REPORT OF CANADIAN SECTION TABLED

Hon. Roch Bolduc tabled the report of the Canadian section on the Thirty-Fourth Annual Assembly of the Canada-United States Interparliamentary Group, held in Halifax, Nova Scotia from May 3 to 16, 1993.

[*English*]

CANADA-JAPAN INTER-PARLIAMENTARY GROUP

FOURTH ANNUAL MEETING HELD IN TOKYO, NIIGATA, AND KANAZAWA, JAPAN—REPORT OF CANADIAN SECTION TABLED

Hon. Donald H. Oliver tabled the report of the fourth annual meeting of the Canada-Japan Inter-Parliamentary Group held in Tokyo, Niigata and Kanazawa, Japan, from May 20 to May 27, 1993.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

GOVERNMENT FAILURE TO COMPLY WITH ORDER OF THE SENATE—NOTICE OF MOTION

Hon. Jack Marshall: Honourable senators, I give notice that on Wednesday next, June 23, 1993, I will move:

> THAT the matter of the government's failure to comply with the Order of the Senate dated February 4, 1993, viz:
>
> > THAT, within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: *The Valour and the Horror*, tabled in the Senate January 25, 1993,
>
> be referred to the Standing Senate Committee on Privileges, Standing Rules and Orders and;

THAT the committee be instructed to report within 60 days upon whether this failure constituted contempt of the Senate.

VETERANS AFFAIRS

FIFTIETH ANNIVERSARY OF D-DAY—NOTICE OF INQUIRY

Hon. Jack Marshall: Honourable senators, I give notice that on Wednesday, June 23, 1993, I will call the attention of the Senate to the need for urgency in the planning by the government for the 50th anniversary of D-Day on June 6, 1994.

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 150 residents of British Columbia who object to the goods and services tax.

Most of these petitions are from Kelowna, Vernon, Revelstoke and Penticton. These 150 petitioners are particularly upset, and rightly so, about the fact that this shameful tax is applied to books and periodicals, thus making it even more difficult for people on low incomes to have access to culture.

[*English*]

POINT OF ORDER

Hon. Eymard G. Corbin: Honourable senators, I rise on a point of order. Earlier Senator Lavoie-Roux indicated that she had been asked to present a report regarding policy on travel status for senators.

The pages are distributing reports tabled by other senators, but apparently there are no copies of the report presented by Senator Lavoie-Roux. That report ought to be circulated immediately.

[*Translation*]

Hon. Thérèse Lavoie-Roux: Honourable senators, a few corrections had to be made. A reprint was necessary, but the report should be distributed a few minutes from now.

[*English*]

QUESTION PERIOD

CANADA-UNITED STATES FREE TRADE AGREEMENT

CANADIAN STEEL INDUSTRY—CHARGES OF DUMPING—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, I refer to a news story in today's *Globe and Mail* relating to the Canadian steel industry. The first paragraph states:

> Canada's struggling steel industry is bracing for another dose of bad news this week.

In January, the United States Department of Commerce found that Canada was guilty of dumping certain forms of steel in the United States market at less than fair value.

I understand that this affects about $270 million worth of exports each year.

United States law requires that foreign companies not only recover the costs of producing the steel, but that they realize an 8 per cent profit. If they do not record such a profit, they are liable for dumping penalties.

This puts Canadian steel makers in a bad position since all the major producers have reported losses for the past fiscal year.

To make a long story short, we are told in this account that the Right Honourable Donald Mazankowski and the Honourable Michael Wilson have announced the establishment of a joint government-industry import surveillance committee to monitor steel imports and prices. They are said to have pledged to commission an independent study on "the differences between Canadian and U.S. trade remedy legislation".

Honourable senators, we are three and a half years into the free trade agreement with the United States. Under that agreement there was to have been a working group to establish a code with regard to fair trade practices. Are we to understand that three and a half years into the free trade agreement it now is necessary for Canada to establish an independent study on the differences between Canadian and U.S. trade remedy legislation? If this is necessary in 1993, why did Canada agree to Chapter 19 of the FTA in 1988?

(1420)

Hon. Lowell Murray (Leader of the Government): Honourable senators, the problems in the steel industry are an old story. Nobody expected that those problems would be solved overnight, or quickly, by the Canada-U.S. Free Trade Agreement. Our goal all along has been, and continues to be, a special pact with the United States to regularize trade in steel between our two countries.

I have to say that the decision announced the other day by Mr. Mazankowski and Mr. Wilson was taken following a meeting that those two ministers had with representatives of the Canadian steel industry.

Senator Stewart: My question is, three and a half years after the free trade agreement went into effect, why is it necessary for the Government of Canada to begin to inform itself now as to the differences between Canadian and U.S. trade remedy legislation?

Senator Murray: Honourable senators, that is only one part of the mandate of the —

Senator Stewart: That is the part about which I asked.

Senator Murray: That is only one part of the mandate. The committee is being set up to study the differences between our trade remedy laws in light of recent concerns expressed by the industry. In addition, the committee will provide a mechanism for monitoring, in close cooperation with the industry, the potential for diversion into Canada of imports from off-shore steel suppliers affected by the U.S. countervail and anti-dumping actions. These are fairly recent actions that we are talking about here, and they pose new problems, and potential new problems, for the Canadian industry. The Canadian industry is of the view that this is an appropriate step for the government to take on the matter at this time.

Senator Stewart: Are we to understand, then, that what is being sought is a kind of steel pact comparable to the Auto Pact?

Senator Murray: Comparable to, yes.

Senator Stewart: I will not discuss now what happened to the Auto Pact under the free trade agreement.

We have been told repeatedly how effective the binational panels are. Why would a resort to the binational panel system not help Canadian steel exporters in this instance?

Senator Murray: Honourable senators, that is a matter on which I would have to ask advice from Mr. Wilson or other ministers concerned.

Senator Stewart: Is it not a fact that, regardless of whether or not there was an appeal to the binational panels, the U.S. law would apply, and the U.S. law says that there is dumping if the exporter is not recovering costs and also an 8 per cent profit?

Senator Murray: Honourable senators, I appreciate the problem raised by the honourable senator. As I said, I will see if the Minister of International Trade can properly give us an explanation as to why he chose one course over another.

EMPLOYMENT AND IMMIGRATION

CITIZENS' PROGRAM—MONITORING OF FOREIGN INVESTMENTS—GOVERNMENT POLICY—REQUEST FOR ANSWER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, on June 10 I asked the minister a question regarding the Citizens' Program and the fact that the Province of Manitoba had withdrawn from the program. Some serious difficulties had been experienced. I also asked him whether the federal government proposed to continue the program. I wonder if he has an answer to these questions.

Hon. Lowell Murray (Leader of the Government): I do not seem to have one front of me now, honourable senators, but I thank the honourable senator for jogging my memory on this matter. I will seek an early reply.

ABORIGINAL PEOPLES

REPLACEMENT FOR MR. BLAKENEY ON ROYAL COMMISSION

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Several weeks ago, Mr. Blakeney, one of the members of the Royal Commission on Aboriginal Peoples, retired from that commission.

To my knowledge, no one has been appointed to replace Mr. Blakeney. There have been so many appointments lately that I might have missed this one. It is hard to keep track when they come in such numbers. Has an appointment been made? If not, when might we expect one to be made?

(1430)

Hon. Lowell Murray (Leader of the Government): Honourable senators, I was aware that the cabinet had passed an appointment for a replacement quite recently. I am told it has been announced. Appointed was Professor J. Peter Meekison of Alberta.

VETERANS AFFAIRS

FIFTIETH ANNIVERSARY OF D-DAY—CANADA'S PREPARATIONS FOR COMMEMORATION

Hon. Jack Marshall: Honourable senators, my question is for the Leader of the Government in the Senate. In view of the historic importance of the fiftieth anniversary of D-Day, which will take place next year on June 6, is the government aware of the urgency that this anniversary demands? Will he advise what plans are taking place other than that a coordinator has been named?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I do not have before me any more information on that matter than that to which the honourable senator has referred. I will be glad to look into it and report to him as soon as I can.

Senator Marshall: Honourable senators, besides the assurance that the leader has just given me, and with the likelihood of a long adjournment of Parliament, can he gain the assurance from the Department of Veterans Affairs and the Department of National Defence that Canada will be at the forefront of preparing and staging events, and not be delegated to a minor role in the programs designed to highlight the Normandy campaign in recognition of and reflecting the honour that our troops gained for Canada at the Normandy campaign?

Senator Murray: Honourable senators, I appreciate fully the point the honourable senator has made. I will draw it to the attention of my cabinet colleagues and bring in a report as soon as I can on the state of the arrangements and the intentions of the government in that regard.

THE CONSTITUTION

STATUS OF "NOTWITHSTANDING CLAUSE"—GOVERNMENT POLICY

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, will the minister advise me as to the current position of the Government of Canada regarding the "notwithstanding clause"? We know that the Prime Minister spoke in strong terms against the "notwithstanding clause". Yet we find that, when the Canadian government appeared before the United Nations on the matter of the Quebec sign law, the position of the government was in support of the "notwithstanding clause".

The argument put forward by the lawyers for the government was that it was consistent with international human rights standards. Generally, their whole argument was that this is a good clause. What is the position of the government in this regard?

Hon. Lowell Murray (Leader of the Government): The position of the government at that tribunal was to defend the Constitution of Canada. No government could do less.

Senator Molgat: Is the position of the government that this is a good clause and that the government supports it?

Senator Murray: Honourable senators, the position is that it is a part of the Constitution of Canada, which we are bound to defend in international fora of that kind.

NORTHUMBERLAND STRAIT CROSSING BILL

CONSIDERATION OF LEGISLATION IN COMMITTEE—GOVERNMENT POSITION

Hon. Eymard G. Corbin: Honourable senators, my question is for the Leader of the Government. Is it the view of the Leader of the Government that the Senate must approve the legislation on the fixed link between P.E.I. and New Brunswick before it rises for the summer, or will some reasonable time be given for a proper examination of the bill before the standing committee?

Hon. Lowell Murray (Leader of the Government): Honourable senators, unlike the House of Commons, there is nothing in our standing orders or elsewhere that obliges us to rise for the summer at any particular time. The honourable senator and his colleagues will have the time that they need — within reason — to study that and all other legislation that is before the Senate.

I hope that as a New Brunswicker my friend would not oblige us to bring in allocation of time to put the bill through.

Senator Corbin: Honourable senators, in view of the last words of the leader, I know what he means by the words "within reason".

This has nothing to do with me as a New Brunswicker. It has a lot to do with the merit of the initiative per se.

Senator Murray: I would certainly want to hear from the honourable senator on the matter. Now that we have heard from Senator Bonnell and I have been reassured as to his position as of the other day, I look forward with great pleasure to hearing from Senator Corbin.

Senator Corbin: I am sorry the honourable leader missed my eloquent speech on this very topic at the last sitting of the Senate.

Senator Murray: I am sorry, too, but I shall read it at once.

VETERANS AFFAIRS

DISABILITY PENSIONS, WAR VETERANS ALLOWANCE, VETERANS INDEPENDENCE PROGRAM AND VETERANS AWARDS—NUMBER AND NATURE OF APPLICATIONS

Hon. Jack Marshall: Honourable senators, I have not received as yet an answer to Question No. 95 on the Order Paper standing in my name. It deals with applications for disability pensions, the War Veterans Allowance, the Veterans Independence Program and other matters.

On June 8 the Senior Assistant Deputy Minister for Veterans Affairs appeared before the House of Commons committee and gave the answers, in some cases, to the questions which I have asked. Where the does the Senate stand in the order of priority? I put a question on the Order Paper on April 2 and I still do not have an answer. Yet, answers were given at a committee hearing in the other place.

I think this is ridiculous. It is disloyal. It is many other things. Will the Leader of the Government tell me why the Senate cannot get the answer to a question before the House of Commons gets it?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will have to look into the matter.

ORDERS OF THE DAY

SEIZED PROPERTY MANAGEMENT BILL

THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government) moved the third reading of Bill C-123, respecting the management of certain property seized or restrained in connection with certain offences, the disposition of certain property on the forfeiture thereof and the sharing of the proceeds of disposition therefrom in certain circumstances.

Motion agreed to and bill read third time and passed.

TELECOMMUNICATIONS BILL

THIRD READING

Hon. John Sylvain moved the third reading of Bill C-62, respecting telecommunications.

Hon. Eymard G. Corbin: Honourable senators, Bill C-62 went through many changes in the committee in the other place. A number of those changes were recommended as a result of our pre-study on the subject matter of the bill. While I support most of the amendments and believe them to be good, I do not believe culture should have been removed from the objectives of the bill.

(1440)

What were the government's reasons for removing culture from the bill? The Minister of Communications, Mr. Beatty, gave two reasons. First, he told the committee in the other place that:

> It must be clear that the government has no intention of using its authority to regulate telecommunications carriers to erode the provincial role on culture.

That quote can be found in Issue 8 at page 6.

Mr. Beatty later told the committee that the whole idea was absurd. He said:

> I frankly found the debate on the other side —

— meaning here, in the Senate —

> — somewhat phoney when people were saying that we were going to use a telecommunications bill to take over culture from the provinces...It was never our intention to do that, nor was the bill designed to do that.

That is from Issue 8, page 10.

Therefore, although Mr. Beatty believed the clause would respect provincial authority and saw no reason in this respect to remove the word "culture" from clause 7, he did it anyway.

Mr. Beatty's second reason for removing culture from the objectives had to do with sovereignty. He said:

> The essential elements of culture are subsumed under sovereignty. You can't have sovereignty unless you have a flourishing culture.

That quote is from Issue 8, page 10.

Mr. Beatty's argument in the second case is that culture comes under sovereignty, and sovereignty is already included in the objectives. According to Mr. Beatty's logic, there is also no need to include the social and economic fabric in the objectives; both of these are also needed to maintain sovereignty. A nation cannot be sovereign if it does not control its own economy or its own social development. Why did he not remove social and economic objectives from clause 7 as well?

There is no doubt as to the connection between culture and communications. The government's response to the House of Commons Standing Committee on Communications and Culture report, entitled "The Ties That Bind", makes the point quite clearly. The report states:

> We believe that the word "communication" taken in its fullest sense already embraces all aspects of cultural expression. A vibrant cultural life is the inheritance of a nation blessed with the honest exchange of ideas, images and experience; a nation seeking to nurture and sustain its identity, a nation ready to communicate within the world around it.

That is found in Issue 8 at page 11. The report also states, at page 13, that a "sound legislative framework supporting cultural and communications activity" is necessary.

ACTRA, the Alliance of Canadian Cinema, Television and Radio Artists, also believes there is a strong link between culture and communications. In a letter to Senator Oliver, from which Senator Frith read in his intervention at second reading, ACTRA president Sandy Crawley writes:

> The convergence of the television, the computer and the telephone will have a huge impact on the legislative and regulatory framework in which Canadian cultural industries operate. The historical line of separation between carriage and content is increasingly blurred.

ACTRA clearly has justifiable concerns that culture should be included in, and protected by, the objectives in clause 7 of the bill. I also hold that belief. Therefore, honourable senators, I wish to move, seconded by Senator Graham:

> THAT Bill C-62 be not now read the third time, but that Clause 7 of the Bill be amended on page 4,
>
> (a) by adding immediately after line 13, the following:
>
> "(*b*) to enhance the expression and communication of Canada's cultural identity;"; and
>
> (b) by relettering subsequent paragraphs and any cross-references thereto accordingly.

The Hon. the Acting Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. Donald H. Oliver: Honourable senators, I wish to make a few remarks respecting the amendment proposed by Senator Corbin. In his opening remarks, he referred to the pre-study report that was done by the Standing Senate Committee on Transport and Communications some months ago. That particular pre-study report was well received by the telecommunications community and there was wide-spread support for the Senate committee's recommendations. Indeed, the Minister of Communications praised the report as a positive and constructive contribution to the development of this important legislation.

Indeed, the bill as it is now before this chamber reflects a great majority of the recommendations contained in the pre-study report. Among those recommendations, as Senator Corbin has indicated, was a proposal that reference to sovereignty, politics, and culture be removed from clause 7, the statement of policy objectives.

The committee recognized at that time, during its pre-study, that this recommendation might prove to be either politically sensitive or a matter of some controversy, or both. Nevertheless, we were satisfied that there was reason to consider the need for these references in the bill.

Witnesses who came before us had questioned the appropriateness of these references on two grounds, and reference to these witnesses was made at the last meeting of the committee. Some witnesses felt that such references were inconsistent with the overall intent of the bill to provide for economic regulation of the carriage, rather than the content, of telecommunications. Others were concerned that some provinces might view a specific reference to culture in this bill as allowing the federal government a new opening to intrude or interfere with their legitimate responsibilities in this area.

In the end, the minister and the government chose, in my view, a wise course. They followed the middle path. An amendment brought forward by the government in the other place removed the reference to culture and politics, but retained the reference to sovereignty. There has since been much discussion in the other place, and indeed in this chamber, about the removal of the reference to culture. I am satisfied, however, that the government's amendment was the right one. The removal of this term eliminates a potentially harmful criticism of the bill without in any way diminishing the federal government's ability to support and protect Canadian culture.

(1450)

In addressing this issue the minister said that he agreed to remove the specific reference to culture because it is not essential. Indeed, it is not essential, because the bill clearly recognizes, in other ways, the increasingly important role of telecommunications as a carrier of cultural products and services.

The policy objectives state that telecommunications "perform an essential role in the maintenance of Canada's identity and sovereignty" and that the telecommunications system should serve to "enrich and strengthen the social and economic fabric of Canada".

To quote the minister:

> Surely our culture is fundamental to our identity and sovereignty; and, just as surely, cultural products and services are an important part of the social and economic fabric of Canada.

There is little doubt that telecommunications serve to link this country together through a whole range of activities from personal conversations to data and information transfers and business transactions. Increasingly, these activities include the transmission of cultural products and services.

It is worth noting that the objectives are not the only part of this bill that recognize this reality. For example, clause 28 allows the CRTC to permit Canadian carriers to give preferential treatment to the transmission of broadcast signals where this would be consistent with the broadcasting policy set out in the Broadcasting Act.

In addition, clause 36 of the bill even foresees the possibility of the CRTC authorizing Canadian carriers to control or influence the meaning or purpose of the telecommunications they carry, should it determine this to be in the public interest.

Some who oppose the removal of the reference to culture have suggested that the reference is useful because there may be a legislative gap between Bill C-62, which governs telecommunications, and the 1991 Broadcasting Act. Yet, while they have been unable to substantiate this concern, the Minister of Communications, the Honourable Perrin Beatty, has stated that there is no such gap. Indeed, it is evident that the two pieces of legislation were developed in tandem under the same government and within the same government department.

Under these two pieces of legislation, the CRTC will have broad authority, within the limits imposed by the Charter of Rights and Freedoms, to regulate broadcasting and telecommunications in the public interest. It will also have the flexibility and scope required to take into account the increasingly interrelated nature of these two activities.

In my view, it is time to cease discussing matters which have been dealt with in a reasonable manner and to move forward with this important legislation, which is both long overdue and widely supported.

In conclusion, honourable senators, I received a letter this morning from the minister responsible for telecommunications in Manitoba, who said, among other things:

> I understand that Bill C-62 is before your committee for review prior to third reading in the Senate.
>
> The bill has improved a great deal as a result of the earlier work by your committee and the amendments proposed by the Commons committee. Passage of this bill would result in a significant improvement in the legal framework governing Canada's telecommunications service industry.

His letter concludes:

> Your cooperation in ensuring the early passage of this legislation would be greatly appreciated.

The Hon. the Acting Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Acting Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Acting Speaker: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Acting Speaker: In my opinion the "nays" have it.

Senator Molgat: On division.

Motion in amendment negatived, on division.

The Hon. the Acting Speaker: It is moved by the Honourable Senator Sylvain, seconded by the Honourable Senator Grimard, that the bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed.

CANADA LABOUR CODE
PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—THIRD READING—DEBATE ADJOURNED

Hon. John Lynch-Staunton (Deputy Leader of the Government), for Senator DeWare, moved the third reading of Bill C-101, to amend the Canada Labour Code and the Public Service Staff Relations Act.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Bonnell wishes to speak to this matter; therefore, I adjourn the debate in his name.

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

CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. John Lynch-Staunton (Deputy Leader of the Government), moved the third reading of Bill C-122, to amend the Customs Tariff (textile tariff reduction).

An Hon. Senator: On division.

Motion agreed to and bill read third time and passed, on division.

LAND TITLES REPEAL BILL

THIRD READING—DEBATE ADJOURNED

Hon. Eric Berntson moved the third reading of Bill C-103, to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I adjourn the debate in the name of Senator Marchand.

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

CRIMINAL CODE
CROWN LIABILITY AND PROCEEDINGS ACT
RADIOCOMMUNICATION ACT

BILL TO AMEND—THIRD READING

Hon. Richard J. Doyle moved the third reading of Bill C-109, to amend the Criminal Code, Crown Liability and Proceedings Act and the Radiocommunication Act.

Hon. Joan Neiman: Honourable senators, before the vote is taken on this bill I should like to make a few observations with respect to it. This bill concerns amendments made to the Criminal Code with respect to new powers that are given to police and public officers for electronic interceptions of various kinds. Another part of the bill deals with cellular telephones. That caught the attention of the public in the beginning, but those provisions are not nearly as significant or as important to the public as are the ones regarding the wiretap provisions.

I will give you an idea of the types of problems we experienced with this bill, which, once again, was brought to us at a very late date. We struggled with it for several days. It is extraordinarily complicated.

(1500)

We simply did not have the time to study this bill properly or have the kind of input to assist us in making proper suggestions as to amendments because the bill is so complex. I remain convinced that we should have insisted on some amendments, but we simply did not have the time nor the facility to do so.

To give you an idea of what was involved, for instance, there is a new definition in the bill of "private communication". The Police Association and the Criminal Lawyers' Association agreed that this definition was not sufficiently clear. That is unfortunate, because the definition is central to the establishment of the legality of many electronic interceptions.

Another clause in the bill uses what, for us, is a new expression; "agent of the state". In the Criminal Code, there is a definition of a "peace officer" and a "public officer". We now have a clause that deals with an individual called an "agent of the state". It seems unnecessarily complex to introduce this new definition, because it requires moving back and forth to determine the difference between a public officer under one clause and a peace officer in another clause.

Senator Frith: It also has some very chilling associations.

Senator Neiman: The explanation of the justice official who appeared before the committee was that the expression "agent of the state" has been used in various judicial decisions in the Supreme Court.

Senator Frith: And in Germany and Russia.

Senator Neiman: I think the courts have picked up on American decisions, to which we appear to be referring more and more often in our judicial decisions. In my view, we need not incorporate this particular expression into our Criminal Code.

We have serious questions about when consent should be obtained. A clause in the bill says that no prior consent is necessary under certain circumstances. Then, again, another clause says that, having intercepted certain communications, the individual who does so may destroy all the evidence immediately, or as soon as practicable, after the action has been completed. The Police Association thought that was strange, to say the least. From their point of view, there may be a question of alleged perjury, or where a party to the prosecution — the Crown attorney or the accused — may wish to establish further evidence that could have been derived from the destroyed interceptions.

The drafters of this legislation have changed the clause giving authority to police officers to make an application for an authorization, rather than such applications being made by the Crown attorney. This has considerably widened the number of people who can make applications for authority to intercept.

In a few instances, the drafters have changed the present wording of the code in the application section to establish a justification to get information, rather than evidence, that a crime has been or may be committed. This broadens the ambit of "investigation" considerably. I can understand very well where that might be justifiable under certain circumstances, but the problem is that those circumstances have not been defined.

Another clause in the bill gives permission to intercept in "exceptional circumstances". According to the argument of the Canadian Bar Association and other witnesses, this appears to be reverting to the old Writ of Assistance, declared illegal many years ago by the Supreme Court of Canada. It gives an individual an open-ended authority to intercept, with no time limit.

There are serious questions regarding the constitutionality of granting extraprovincial jurisdiction to a designated agent and whether that is constitutionally valid.

There are also questions as to procedure and how evidence can be destroyed before an accused or his counsel have had an opportunity to view the evidence. This contradicts present procedure, where the trend is to make any evidence to be adduced available to the accused as well as the Crown.

One clause in the bill amounts to a "basket clause"; a clause that allows information to be gathered and kept. This contradicts a decision of the Supreme Court of Canada.

Honourable senators, those are just a few of the problems we found with this bill when we studied it in committee.

Inevitably, and according to witnesses such as the Canadian Bar Association and the Criminal Lawyers' Association, these clauses are vulnerable to Charter challenges. Some appear bound to be struck down when they are considered in court. Some will be questioned and contested. Not all of them will be struck down. Groups such as the Criminal Lawyers' Association have put forward their objections and said that they have done what they can to warn us, as legislators, that we are making an error in passing some of these amendments. As they say, it creates more work for them.

Years from now, many of these clauses will be appealed and some will be rejected by the Supreme Court of Canada. Who wins then? Certainly not the police. They expressed a need for additional powers provided by these amendments to catch and convict criminals. However, if their hard-won conviction is overturned and a criminal goes free or a new trial is ordered because a procedure permitted in the Criminal Code violates a clause in the Charter of Rights and Freedoms, where is the gain? Certainly not with the public, which pays constantly for criminal activity, then it pays for the legal prosecutions whether they are successful or not. At every turn the public bears the cost.

(1510)

At some point I hope that the legislators will make some hard decisions. We cannot continue to pass laws that are questionable or vulnerable in response to what may be valid public concerns. We, particularly in this chamber, need to be given the opportunity to study bills carefully and thoroughly and then be able to convey any of those concerns that we have to the minister responsible for further consideration.

We are under the gun these days. This is only one of a series of bills that have come before the Standing Senate Committee on Legal and Constitutional Affairs. I hope that this exercise in haste, which seems to have been exacerbated in the last few weeks by this government, will change in the future — perhaps under a new government.

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

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—DEBATE CONTINUED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. Richard J. Stanbury: Honourable senators, I appreciate the opportunity to speak on this important bill. I have appreciated the speeches that have been made by my colleagues on both sides of the house. I hope that the debate will continue on that high level.

Trade development is an area on which I have focused for 20 years. I am very much interested in the public debate that has been conducted on the subject during the last six years in particular. Unfortunately, I have been deeply disappointed by the nature of the debate. It is my humble opinion that it has not done justice to the importance of trade as a public policy issue.

The problem with our negotiations has been lack of experience and, therefore, naivety on the part of officials. The problem with our public debate is the lack of understanding of the issues by our politicians. The debate has been pushed to unrealistic extremes.

Canadians have not been well-served by this debate. A combination of Question Period histrionics, media "bites" and election-year pressures transformed the debate, which should have been about Canada's evolving economic relations within the western hemisphere, into a simplistic debate about the survival of the country in the late twentieth century. Somehow, as the debate went forward, Canada was suddenly portrayed as an economy in danger of precipitous decline — the one major industrialized country without access to a market of over 200 million people. The only solution, we were told, was a free trade agreement with the United States. Such an agreement, we were assured, would create at least 250,000 jobs. It would allow Canada to escape the rising protectionism in the United States and would ensure Canada's transformation into a technologically advanced, post-industrial economy. The agreement would be a virtual panacea.

Of course, the opponents responded in kind. Free trade with the United States would be an unmitigated disaster. Social programs would disappear. Canada's lakes and rivers would be drained. Our resources would be raped. The border would be erased. My colleagues on both sides of the house will be well aware of these familiar refrains.

If there is anything we should have learned in this country in this decade, it is the need to try to build consensus on major policy issues. We have a delicate political fabric in Canada today and it is imperative that responsible governments and responsible political actors take steps to reach consensus instead of provoking confrontation.

We have had too many examples of political debate degenerating into black and white, refusing to acknowledge the grey and leaving the public in confusion and frustration. In any event, Canadians were told that the FTA would be a magic elixir on the one hand, and the direct cause of devastation on the other. The reality has proved more complicated than black and white, and harder to evaluate than either side will admit. The experience should not be ignored.

Since the end of World War II, Canada had been moving toward a freer trade relationship with the United States under the auspices of the GATT. By 1988, we were already two of the most fully integrated economies in the world, with 80 per cent of our trade crossing the border duty free and most of the remaining tariff barriers scheduled to fall under the terms of the pending Uruguay Round of the GATT. In whole sectors

the distinction between a Canadian and a U.S. economy was becoming meaningless, with intercompany transfers replacing the more traditional forms of trade. We were to all intents and purposes emerging as a single North American market.

More important, the FTA drama unfolded against a backdrop of a profound technological revolution on an international scale, a process which is now referred to as globalization. Microprocessors, fibre-optics, communications satellites and transnational corporations were ensuring that the Canadian economy would be pried open, not just to the United States but to the world, whether we liked it or not. To this extent the FTA did not mark a radical departure in Canada-U.S. relations, so much as an accelerated reflection of changes that were already occurring worldwide.

The Trudeau government had already investigated the possibility of sectoral agreements. I have always believed that, had it been re-elected, it would have begun negotiating a general agreement with the United States. That is why Mr. Mulroney came out so strongly against the idea and later had to change his position.

We should not forget the reasons that many of us on this side of the house opposed the FTA. We did not oppose opening up trade. We were not afraid of the competition, as the current Minister of Defence and Prime Minister-designate, has implied.

(1520)

We saw that the trade agreement reached in 1988 not only failed to fulfil the basic objectives set out by the government itself, but significantly failed to satisfy the requirement of the national interest. There is no reason why those objectives could not now be achieved in the NAFTA process of negotiations. In fact, a lot of us — people who were critical of the Canada-U.S. Free Trade Agreement — had high hopes that the basic shortcomings of the FTA would be addressed and resolved in NAFTA. To be fair, there have been some significant improvements made. Nevertheless, there is still work to be done. There are still some fundamental weaknesses.

The principal objective avowed by the Canadian government in negotiating the FTA was to get exemption from growing U.S. protectionism and the increasingly arbitrary application of U.S. trade remedy law, both countervail and anti-dumping — a worrisome trend which had first become evident in the early 1970s. "Secure, enhance and enshrine" access to the U.S. market was the buzz phrase to be found in all government public statements. This would have meant the inclusion of mutually acceptable definitions of subsidies and agreeing to substitute a common competition/anti-trust policy for anti-dumping action.

Although the FTA provided for "subsidy" definition, in seven years there has never been even a hint of progress. There was a working group struck to work on the definition, but I do not think it has ever met. The unfortunate reality is that the FTA leaves the whole thing up to the U.S. definitions and the rulings of the U.S. Trade Commission and U.S. trade laws.

Not only is there no definition of subsidies in the NAFTA agreement, nor a commitment to replace countervail action with competition law; even the FTA's modest provision to pursue these objectives and definitions has been quietly dropped in the NAFTA, to be replaced by a rather unsubstantial commitment to pursue this goal in future "consultations". There was never any real intention under the FTA, and NAFTA has just admitted as much. There ended the principal objective stated by the government before entering into the negotiations. That was the principal objective and it never got off the ground.

There has been a similar defeat with trading rules. Nothing has done more to undermine enthusiasm in Canada for the FTA — even among its erstwhile supporters — than the highly public spectacle of ongoing, punitive, and seemingly groundless U.S. trade actions, launched during the four years since the beginning of the supposed era of "free trade" with the United States. Steel, softwood lumber, pork bellies, fish — American industries keep coming back even after they have lost. The scenario is simple: representatives of American industries petition the U.S. government with a complaint to the domestic International Trade Administration of the Department of Commerce, which determines whether American industry is harmed even by legal imports or whether a subsidy exists. A trade action is launched and the Canadian industry implicated is left with the option of acceptance or of fighting the decision. It is important to recognize that it is not the final decision that has been problematic — because we have been winning these cases — but the financial strain of the fight. Millions of dollars have gone in fees to Washington lawyers and lobbyists. That has caused the most serious problems for Canadian industries. The Americans appear to be willing to continue to file complaints and appeal decisions, simply because they know the devastating cost for Canadian industry. The money needed for the fight is what would normally be the Canadian industry's margin of profit.

Not only has an inadequate FTA harmed some of our industries, but our workers have been harmed by their very own government, a government that failed to match its policies to the changing needs of a significant portion of the workforce; the government provided no worker adjustment program.

Honourable senators will remember the promise Prime Minister Mulroney made in his effort to sell Canadians on his trade deal. In 1988, Brian Mulroney assured us that there would be "massive" adjustment programmes to help Canadian companies and workers adjust to the FTA. They never materialized. The government gave up on the idea. Perhaps the scope was too daunting, but thousands of Canadians who have lost jobs or lost their businesses in the last five years have been betrayed and abandoned by this government.

Now we are facing the forced draft implementation of the North American Free Trade Agreement and we have not heard any suggestion of worker retraining, or of programs to help small business to reorient itself. Of course, if there were some mention of such programs now, Canadians would have no reason to believe the government. This is one of many examples of why Canadians have lost faith in the present government.

The Liberal Party, on the other hand, has made a commitment to worker training in this country. In a policy speech given by Mr. Chrétien earlier this year, he outlined the broad strokes of our plan and assured Canadians that the program would be a high priority under a Liberal government.

Clearly something has to be done to re-tool the workforce and business for the types of jobs that are a part of the new and future economy. People who have been working in failing industries have to be given the means to find employment in the growing industries. We cannot ignore an entire generation of displaced workers. I am not suggesting that we can solve the problem by just throwing money at it. Coordination of government, business, and labour is the key. Programs in which the private sector can participate and a government that gives strong leadership and appeals to people's sense of national well-being and pride could accomplish a great deal.

Beyond the substance of this bill, I must make some brief comments on the process that Bill C-115 has followed through Parliament. I find it distressing that even though the side agreements, which have been characterized as a fundamental part of NAFTA, are still subject to the negotiation process, and even though the legislatures of the United States and Mexico have not yet gone nearly so far in the ratification process as we have, here we are breathlessly, blindly rushing toward passage.

Honourable senators, why can't the Canadian government re-concentrate efforts on meeting the national interest and its original objectives in these areas. This agreement is not a seamless web — just ask Bill Clinton — and for the government, for Michael Wilson, the disappearing minister, to treat it as such, is doing a major disservice to Canada. This should not be characterized as a take-it-or-leave-it proposition. Why have we been subjected to so much pressure to pass this bill? There is too much similarity to the way this government has rammed through some of its other sacred cows.

Moreover, as a country, will we not lose our bargaining power if we go ahead and pass this legislation before the terms of the other accords are negotiated and finalized? It is only reasonable to see what the whole thing looks like before you accept it; that you kick the tires before you buy the car.

As a Liberal, I am fundamentally committed to the precept that every citizen should be given the maximum opportunity to flourish as a winner, to fulfil his or her aspirations. Frankly, I do not see how we will succeed globally if we do not tap and nurture the talents of all. And, as a Liberal, I am committed to the precept that if a trade deal, a new program or an economic change causes pain and dislocation, the national government must recognize those difficulties and must act to correct them. A comprehensive re-training program must be a basic tenet of the federal government's industrial policy and consequently its international trade policy. After all, trade policy cannot be viewed in isolation. Trade policy is not a substitute for sound domestic policies. Monetary, fiscal, investment, training, education, and research policies go hand in hand with a nation's trade policy.

Expanded trade, if fairly accomplished, will result in a higher standard of living for all — not, as has been the case with the FTA, an obscene enrichment of the few at the cost of the devastation of the lives of millions.

This bill should not be passed now, in the dying days of a government which has so seriously neglected our interests. It should not be passed until a new government with a new mandate has an opportunity to try to repair the damage done in the improvident negotiation of the FTA and NAFTA.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, in my brief comments on Bill C-115, to implement the North American Free Trade Agreement, I intend to deal with only three aspects of this particular subject.

First, the impact of the Canada-U.S. Free Trade Agreement, also known as FTA, on the Canadian economy, since NAFTA is in effect an extension of the FTA; second, the anticipated economic impact of NAFTA; and finally, the views of our friends opposite in this debate.

I want to discuss the impact of the Canada-United States Free Trade Agreement on the Canadian economy in connection with the report of the Senate Foreign Affairs Committee on this question and the comments of Senators MacEachen and Stewart on the subject at second and third reading. My point is, first of all, that most of the serious economic studies published on the economic consequences of the Canada-U.S. Free Trade Agreement are positive, as were the 1988 predictions in that respect.

Take, for instance, those by Messrs. Globerman and Walker, the C.D. Howe Institute, the Royal Bank, Mr. Pawly of the Institute of Policy Analysis of the University of Toronto, and Richard Lipsey, one of Canada's foremost economists. Some views on the free trade agreement were unfavourable or negative. These were published either by the Government of Ontario, by unions representing certain industries, such as the Canadian Auto Workers, or by representatives of certain manufacturing groups, including the furniture sector.

As to our own External Affairs committee, its report was neutral rather than positive or negative, in that after listening to the experts, it felt that the statistics either covered too short a period or were not sufficiently broken down by sector or industry for the committee to judge the specific economic impact of the FTA. In a way, that will always be the case. So many factors are involved simultaneously in the process of exchanging goods and services between two countries that it is technically very difficult to measure, in the short term, the relative impact, for instance, of a tariff reduction provided under the agreement as compared with a change in monetary policy during the same period, with its impact on the exchange rate and interest rates, or a change in fiscal policy and its effect on personal, corporate or consumer taxes, and finally, the impact of other macroeconomic policies or the international economic situation, or factors that are industry-specific.

I did not mention the occasional contributions of the media, which, for instance, report on plant openings or shut-downs and, on the basis of one or two cases, offer some very creative interpretations that have no basis in fact or extrapolate to a degree that verges on pamphleteering.

For instance, they tell us there were so many bankruptcies in a given location. But people forget that the areas with the most bankruptcies usually have the largest number of new businesses. That is the case, for instance, in U.S. economic regions like California or Texas, or in the Boston area or Japan. It is important to bear both those factors in mind.

I think there are two main conclusions we can draw from all these speeches and reports. The Senate report is dated February 1993. Later, in March 1993, Statistics Canada published under the supervision of Mr. Ryten, a recognized expert, a more detailed statistical study of developments in Canada-U.S. trade between 1981 and 1991, in the manufacturing sector. It would take too long to analyse this document, but I would urge honourable senators who are interested to read it because of the information it contains. In fact, I hope the Senate committee on Foreign Affairs will invite Mr. Ryten again in order to hear his views.

Meanwhile, I concluded from this study that Canadian manufacturing industries improved their market share in the U.S. during this decade, and more so, comparatively speaking, during the second part of this period, from 1985-87 to 1989-91. The amount of Canadian manufactured products as a percentage of the total U.S. market rose from less than 2 per cent to 2.6 per cent. The difference is the equivalent of over one-third of one per cent, which is enormous for an economy the size of ours. This occurred mainly during the second half of the decade.

We all know that starting in 1990, we had a major recession in North America, which reduced the demand for our primary resources. At the time, Canadian interest rates were high, our fiscal policy had changed and the Canadian dollar was also high.

However, despite several negative factors, we increased our market share in the U.S. in 38 specific industries out of 100. Isn't this an indication that a modest tariff reduction helped improve our trading position? I know it is difficult to identify one specific economic factor, but can we ignore the effect of tariff reductions? In fact, I see no other explanation for the levels at which we continued to export manufactured goods to the United States, although during that period, from 1987 to 1992, the value of our dollar seesawed between 78 and 88 cents. Interestingly, our market share increased in industries specialized in the production of transportation equipment, certain food sectors, chemical products, plastics and electrical and electronic products, thus continuing the trend towards specializing in the production of sophisticated goods.

Of course, not all sectors were as successful, and I am thinking of leather goods, printing and other industries. My point is that without the FTA, the situation would have been a lot worse in this country.

And now for my second conclusion. As a result of the drop in the value of the Canadian dollar and a moderating trend in collective bargaining agreements, our exports have increased at an impressive rate. Everyone knows the Canadian dollar was not artificially devalued. We have substantially improved our productivity and our competitive position as a result of extensive industrial structuring, largely due to the FTA.

Honourable senators, the second aspect I wanted to discuss is the anticipated economic impact of NAFTA. We have heard a number of witnesses during the past six months. Some anticipate a positive impact for Canada, and I am referring, for instance, to Mr. Lipsey; Mr. Frenzell, a former U.S. congressman, an expert on international trade and now a member of the Brookings Institute; Professor Weintraub, an eminent U.S. economist; and representatives of the Business Council on National Issues, speaking on behalf of our major manufacturers.

Other witnesses were less positive: Lester Thurow of MIT; Dr. Roger Cohen of the Economic Strategy Institute and a colleague of Ms Tyson, the new U.S. official in charge of international trade relations; and finally, Mr. White of the Canadian Auto Workers.

In his speech, Senator MacEachen made much of the views of Dr. Cohen of the Economic Strategy Institute, a U.S. group representing Liberal and Democratic views. Basically, they are afraid that with the agreement, low wages in Mexico will attract investors to that country and away from the other two countries where wages are higher, and that this movement will exert a downward pressure on wages in the United States and even more so in Canada.

Professor Weintraub, an eminent expert on international trade who has spent several years in Mexico and knows the country well, responded, I think, very incisively by making a distinction between types of industries, based on whether they are capital or labour intensive.

In the automobile industry, for instance, labour represents only 10 per cent of production costs. Investment decisions should be based on other factors that are equally important, such as productivity and skills, equipment, capital costs, energy cost, transportation, the quality of infrastructures and utilities, the cost of other production inputs such as materials and finally, the technology involved in the production process.

Today, the average cost of labour in Mexico is one-eighth of ours, but their productivity is only one-seventh of ours. Wages are going up five times as fast as in the United States. In fact, Dr. Weintraub's arguments and explanations, as well as other arguments reported daily in the *Wall Street Journal* and *The Economist*, convinced me that although Senator MacEachen's concerns may be justified in the case of a few industries like the clothing industry, his argument cannot be applied in every case.

As for Senator Stollery's arguments about the considerable disparity in distribution of personal income in Mexico and how this would affect the market for our products, I want to point out that this country's development, and I think this applies to other countries as well, is affected by the unfortunate decisions of a previous political regime, the severe recession that took place during the 1980s in Mexico, and the major changes introduced by the new regime which, as in Eastern Europe, cannot be absorbed without some adverse effects.

Ten years from now, however, this country will have a middle class of 25 million people. For us, this is a major market. I agree that in the very short term, wages in Mexico will probably not reflect the increase in productivity. However, the example of many Asian countries is quite conclusive in this respect. Singapore is a case in point.

In any event, Canada's trade policy which has basically consisted in gradual tariff reductions since 1948, through GATT, has not prevented us from growing, from expanding, from being able to afford social services that are the envy of other countries and from increasing our wages, although in some periods, productivity has been greater than in others, and this has been reflected in personal incomes.

In the 1950s, tariffs were extremely high, and since then they have gradually gone down. Today, tariffs are around 6 or 7 per cent. As a result, as far as our manufacturing processes are concerned, we have an economic system that is practically integrated with the United States.

It is true that from 1988 to 1990, excessive wage increases in Canada were not helpful to some of our industries. Someone has to pay the piper eventually. However, over the past year, we have experienced very strong productivity growth in this country.

In committee, Senator MacEachen also expressed his concern that Mexico might unilaterally lower its labour standards. Since when has economic growth been based on decreasing wages? Should we negotiate an agreement that would give an international panel the authority to arbitrate these matters? The Canadian government's position is to rely on an exchange of information process to prevent such occurrences. We think it is better to try to change attitudes through tripartite discussions than to rely on formal arbitration.

Implementation of standards will improve over time, just as in a business when there is a new collective agreement. People adjust gradually.

My third point, and I will be brief, is just a simple commentary on the views of our friends opposite on free trade. What exactly is their position? Are they in favour of the status quo? Do they want Mexico to maintain its tariffs and keep us out of its markets? Do they think along the lines of the CAW, which wants us to sign a pact with Mexico like the one we signed with the United States 20 years ago, under entirely different circumstances?

In fact, as a result of the pact, tariffs have gone down to almost nothing today. Everyone knows that. Are they afraid Canada's manufacturing industry will be unable to stand up to the competition? Do they want managed trade? That would be protectionism in disguise, and it would be a total disaster, in any case. Senator Cohen admitted as much. Granted, in the United States some people are getting ready to do something along those lines.

Honourable senators, the fact is that, today, there are no valid alternatives for Canada if the U.S. Congress reacts positively to the Bush-Mulroney-Salinas agreement. I imagine Mr. Howe and Mr. Pearson must be turning over in their graves when they hear Senator MacEachen, one of their political heirs, trying to stop the traditional free trade policy of the Canadian government, which goes back 50 years, at a time when our manufacturing sector and our various services are showing astonishing competitive strength.

Considering verbal testimony and written submissions from reputable economists as well as official representatives like the people of the Business Council on National Issues, it seems to me that the scales have tipped in favour of implementation of NAFTA, in the best interests of the Canadian public.

I am sure our friends opposite won't mind if we recall the wise words, for once, of one of their old friends, Mr. Kenneth Galbraith, whose admirer or successor in this liberal American tradition is Lester Thurow, whom Senator MacEachen is so fond of quoting.

So what did Mr. Galbraith write? He wrote the following:

[*English*]

> Once, a smaller, higher-cost production and, perhaps, lesser competence caused Canada to protect its factories from the competition of U.S. firms. Perhaps there was a case for this at one time. Now no longer. I applaud the combination of improved efficiency and self-confidence, along with the intelligently cheaper dollar, that now causes the Canadian government — Tory no less — to press for free trade.
>
> Canadians are concerned that free trade will impair their sovereignty and bring Canada even more dangerously under U.S. influence. This is nonsense. The U.S. influence is there, no one can doubt it, but it is a fact of geography, not of trade.

[*Translation*]

The Hon. the Acting Speaker: Honourable senators, I must advise Senator Bolduc that his time is up. Is leave granted for him to continue?

Hon. Senators: Agreed.

Senator Bolduc: In closing, I would like to come back to what Senator MacEachen said to us on third reading about some points of the accord in a way that does not cease to amaze me, coming from a man like him who was trained in the best universities such as the University of Chicago, of which I too am honoured to be a graduate. I think that someone who is a social scientist by training should be a little more objective! I know that we live in a party system and that, for him, the Senate is the continuation of the other House. But I think that truth also has its place. I am not asking him to be impartial. That is not possible. We know that it is hard in politics. We are dealing with issues that always have two sides.

But we do not enlighten the debate by deliberately exaggerating a few minor points, as opposed to the essence of the plan. Essentially, the idea is to open the Mexican market to Canadian companies and to retain a large share of the investment to be made in North America.

Here are a few examples of these assertions of Senator MacEachen which I consider exaggerated. He is no less competent for that!

First, he said that the FTA had a negative effect on the Canadian economy because the United States took advantage of us on the dispute settlement mechanism. To support his point, he mentions the assistant negotiator, Mr. Ritchie, about whom he has many good things to say. Mr. Ritchie negotiated and he tells us that he is a very good man, but he says that we were had! Is it not true to say that, considering the whole agreement, as I think Senator Stewart will admit, Canada has managed to make its economic and trade relations with the United States more civilized, to some extent?

It is not perfect, but we have more civilized relations, compared to the jungle that existed before, as you know. Even if we did not win everything, I think that we have at least made relations a little more civilized. I think it is important to admit that! There is a big difference between that and the way Russia used to treat Latvia and other countries!

[*English*]

Hon. John B. Stewart: Will the honourable senator accept a question?

[*Translation*]

Senator Bolduc: Senator Stewart, I will finish in a few minutes.

After all, the trade between Canada and the United States amounts to $225 billion annually and covers 8,000 different Canadian products. This trade goes on 24 hours a day, 365 days a year. Of course there are some difficulties. People say that there were problems. Inevitably!

The Americans allow interest groups to operate within their political system. It would be surprising if that were not so! We have put in place a multi-stage dispute settlement mechanism. Of course, it works in two or three stages. In the first stage, people can take the U.S. government to task and try to change its position. Officials may yield to pressure from a group. There are several stages and on the whole it works well. In fact, we have won more cases than we have lost!

In all, these cases applied to only 5 per cent of the international trade between the two countries. I think that is reasonable. We do $225 billion worth of trade and $200 billion of that is not contentious. There are some sticking points, as with steel, for example. I admit that there are problems with steel, but they will be solved in the end. For now, it is annoying, I admit.

I think that we should be objective and look at the total picture and admit that it has been successful. Of course, it came in during a depression. People say that things have been going badly since 1990. That is not the FTA's fault. Things are going badly in Germany now. Twenty per cent of the German auto industry will disappear within a year. Philips has lost 45,000 employees. Siemens has taken a beating. Nissan is losing money this year. We know what happened to General Motors. We know what happened to IBM. What do you want? Things are in upheaval everywhere. We in Canada are lucky that our big companies have not yet gone down the tube. Perhaps the FTA has something to do with that?

In other words, the American elephant has agreed to follow some rules with us. I find that wonderful. It is not perfect, but what has been done is great. I think that we must admit that.

Senator MacEachen does not agree either. He says that we did not establish rules for subsidies and that we did not smooth out trade.

I think that it was very wise not to. We are negotiating with GATT at the same time and we decided that GATT was the place to raise this issue because it is much more wide-ranging. We would have been crazy to create rules here that would not work internationally.

Therefore, I think it is very wise to leave the definition to GATT. Indeed, Senator Stewart knows what I am talking about. The definition is coming and it seems that it will not be too bad. In any case, I am optimistic about it.

Senator MacEachen passes a sweeping judgment by saying that we failed to set rules for trade in general. Come on! For support, I take Mr. Gotlieb who was our ambassador to the United States, who is a senior official and who probably worked for Senator MacEachen when the senator was Minister of External Affairs. Mr. Gotlieb came to tell us about the American administrative process for grievances, which is quite different from Canada's. His explanations were enlightening and helped us understand how the U.S. government works. I do not see anything wrong with that!

If we understand how the U.S. government works, there is nothing scandalous about lawyers pleading cases and trying to do business. We should not be shocked about that! Mr. Gotlieb, a great public servant, said that he too was very favorable to Canadian trade policy. He is an important witness. He is independent. He is retired now.

Senators MacEachen and Stewart referred to the fact that the Americans chose lawyers as panel members and that now they want judges.

What is wrong with choosing lawyers specialized in corporate law, people who are trained to read the law and apply it to individual cases? Senator Stanbury is a lawyer. He knows as I do that it makes sense. There is nothing shocking about it. Senators MacEachen and Stewart only repeated the prejudices of some social scientists who think that lawyers and judges by their nature have to take very narrow legalistic positions and are not open-minded enough to grasp economic processes and how they work. I feel sorry for Senators Frith and Stanbury. I think that judgment is exaggerated. The Americans have great respect for their judges; they want judges on the panel.

In Canada we added that clause because we know that we will not have enough competent judges to do it. That is why we added it.

[*English*]

Senator Stewart: I can well understand why he does not want to take a question.

[*Translation*]

Senator Bolduc: In my opinion, Senator MacEachen exaggerated a lot, just like Senator Stewart.

Earlier I was listening to Senator Stanbury. The beginning of his speech was good. The honourable senator was objective and so on. But, as he was talking, and even though he said he was not partisan and felt sorry that the debate was so partisan, he himself became partisan. Toward the end, I could see through him clearly!

I find this regrettable because when people show such partisanship... We are not talking about just anybody! We are referring to senior senators who are well informed! Senator Stewart, who studied at Columbia, et cetera.

I have not been very active in the political sphere, but I know a lot of people who have. I was always struck by the fact that when people talk loud like this, it is because they have a bad cause.

So, what is their point of view? Our opponents base their logic on "managed trade".

This is a popular concept in the United States with Ms Tyson and all the others around President Clinton. These people want "managed trade". Do you know what "managed trade" is? It is the opposite of the logic based on efficiency and free trade. It is protectionism. Let me tell you in two words what protectionism is: It is patronage with public funds. This is what they do. they are into patronage by transferring wealth from one group to another. I cannot support that.

Honourable senators, I conclude with these humble thoughts.

[*English*]

(1550)

Senator Stewart: Honourable senators, I am glad Senator Bolduc agreed to answer these questions at the end because as his speech went on he got worse and worse.

First, I want to ask about the point on which he attacked me specifically. He quoted the evidence we had in committee that the panel system has worked well: That we lost the cases we ought to have lost; and that we won the cases we ought to have won.

In contrast the Americans come along and say that the system is not working well. Why? They tell us it is because these trade lawyers are in there, bad fellows. I am sure Senator Bolduc will agree that I never said anything against the lawyers.

In Washington they say that the panels, like the Court of International Trade, must show deference to the Department of Commerce, bow to the department with respect to its interpretation of the law, as well as its determination on the facts of each case. The panels have not been doing that. Consequently, the Americans say the panels must be changed.

They say, "We must get those economists out of there; we must get the trade lawyers out of there; and we must have judges who understand judicial restraint, judges who will bow to the Department of Commerce on the interpretation of the law and its determination of the facts".

The Americans demanded that we move away from the system which Senator Bolduc says produces such good results. What did the Prime Minister say? He said, said, "Yes, yes. I cannot sleep well if the President of the United States is not completely happy". That was the attitude of Prime Minister Mulroney throughout the piece.

I ask Senator Bolduc: Why should we agree to panels composed as much as possible, which may mean exclusively, of judges and retired judges when we have heard, as Senator Bolduc agrees, that the panels have worked well? That is my first question.

[*Translation*]

Senator Bolduc: Honourable senators, I do not see anything wrong with that. It is arbitration to settle disputes. I see nothing outrageous about taking people with legal training to apply the law or agreement or convention to an individual case and to distinguish questions of law from questions of fact. I think that is all right. What difference is there really between a corporate lawyer who arbitrates and a judge who was a corporate lawyer before being appointed to the bench? He does not change the way he thinks because he is a judge. That will not change.

[*English*]

Senator Stewart: I agree with the honourable senator. He has just conceded my point because, under the existing agreement, the panels must have at least three lawyers. The Americans say that is not good enough. They say the panel must be composed solely of judges, if possible.

Senator Frith: What is the difference, as he says?

Senator Stewart: Why are the Americans making so much of the distinction between judges and lawyers if Senator Bolduc is correct? The truth of the matter is they do not want trade lawyers on the panels.

[*Translation*]

Senator Bolduc: Honourable senators, first of all, if they are intelligent, they will take judges who have done trade law. That is for sure. There is nothing extraordinary about that. What will their role be? Their role in the panels will be to take the place of the legal review that would otherwise have been done by an American court. They are replacing that with a binational panel. I see nothing wrong with that.

I think that Senator Stewart is looking for a problem in what is a valid legal system, on the whole. He is looking for weak points to emphasize. A small change is being made there. They said that it would be judges instead of lawyers, so he emphasizes that. I think that does not change the nature of the decision-making process.

[*English*]

Senator Stewart: Honourable senators, this is very important; I would not persist if it were not. Senator Bolduc is now telling us that panels should operate exactly like the Court of International Trade.

(1600)

Then what is the point of the change away from the U.S. Court of International Trade — made up of judges — to panels made up of judges? What do we gain? What does Canada gain?

[*Translation*]

Senator Bolduc: Honourable senators, we have gained nothing here. In the free trade treaty, we won binational panels and therefore instead of having a legal review done only by the Americans, we have a legal review done by both countries at the same time. The chairman of the panel is chosen from among the Canadians or the Americans. Honestly, I do not see the difference in kind between this treaty and the other one.

[*English*]

Senator Stewart: Are you saying then that a good Canadian judge, because he is a Canadian, will not interpret the law in the same way as a good American judge?

Senator Bolduc: Not at all.

Senator Stewart: Well then, why not have five American judges? What do we gain by the panel system? You tell us it is so wonderful.

[*Translation*]

Senator Bolduc: Honourable senators, as Mr. Ritchie told us, we have won more often than we have lost — that is what we have gained.

[*English*]

Senator Stewart: Yes, and because we have been winning cases, the Americans want to change the composition of the panels.

Let us not lose sight of the real point, Senator Bolduc. We were told in the 1980s that most of our trade with the United States already was duty free, that the big problem was that we lacked secure access. There were problems with pork, salmon, softwood lumber, lobsters, and so on. The problem was not the whole waterfront of trade but rather these disputes. Consequently, the panel dispute settlement system was vital to the free trade agreement.

The Canadian view is that the system has worked well. The Americans are vastly unhappy, so they want to change the system by bringing in more judges. No one will argue that they are not unhappy. They made that clear. They want judges who, as they themselves say, will show deference to the Department of Commerce with respect to its interpretation of the law, as well as its determination of the facts in each case. They are saying that the panels have not been doing that, and that they want to change the composition of the panels so as to get the kind of results they want.

I have other questions, senators, but I will forgo. Senator Bolduc is weary.

Hon. Stanley Haidasz: Honourable senators, I am very happy to be back in the Senate and to work with you to produce better legislation. I appreciate, in particular, the opportunity to take part in the third reading debate on Bill C-115, the bill which is supposed to implement the North American free trade agreement.

We have heard many useful speeches that contribute to this debate. We have also read many critiques and commentaries on this implementing bill, as well as on NAFTA. We have also heard, especially this afternoon, that the government is trying to bulldoze Bill C-115 through the Senate this week with unwarranted haste. In fact, I would call it indecent, even insane, haste.

There are many people opposed to this bill. Not only are Liberal senators in this chamber and opposition members in the other place opposed to it, but many very responsible and important Canadian citizens are opposed to it.

One of those is the Premier of Ontario, Bob Rae. I would like to bring to the attention of the Senate what the premier said about NAFTA in an article he wrote which was published in the *Toronto Star* on April 27 of this year. It is entitled, "Mexican trade deal only adds insult to Ontario's injuries". In the article he says:

> The proposed North American Free Trade Agreement (NAFTA), on balance, is a bad deal for Ontario and its people. That is why our government opposes it.
>
> NAFTA will continue the devastation of Ontario's economy that began under the Canada-U.S. Free Trade Agreement (FTA). The price of more of this kind of free trade is too high.
>
> ...NAFTA, is a bad deal for the people of Ontario.
>
> It will cause a net job loss. The FTA has already cost Ontario tens of thousands of manufacturing jobs. Under NAFTA, Ontario will lose thousands more...
>
> NAFTA also will encroach into many areas of provincial jurisdiction, including the regulation of investment and financial services. It will limit the ability of the Ontario government to respond to the public's legitimate expectations for action on economic and social issues...
>
> NAFTA also reinforces the FTA's giveaway of Canadians' ability to make their own decisions on the future use of Canada's resources. Under the FTA, Canada lost ultimate control over its energy resources and is obliged to supply energy to the U.S. in times of shortage. NAFTA does nothing to change this, even though Mexico realized the value of its energy resources and refused to surrender control to the U.S...
>
> For all these reasons, NAFTA is not a good deal for Ontario.

I mentioned earlier that there are not only Mexicans but Americans who are concerned and frightened by NAFTA. As I was walking out of church after hearing mass two Sundays ago, a fellow parishioner gave me a white envelope which contained a copy of *The Buffalo News* dated May 24, 1993. In the column headed "Viewpoints" is an article entitled, "Free trade has clobbered Northeast, Midwest — and Canada". The author, Douglas Turner states:

> A small congressional office has developed some staggering information about the loss of manufacturing employment and income in Northeast and Midwest since the mid-1980s...
>
> This employment, lost to Ontario's Golden Horseshoe and American border states, has left for Japan, the People's Republic of China and Mexico...
>
> In U.S. dollars, the average Mexican hourly wage is $2.35; in Taiwan, it's $5.19; in Hong Kong, $3.89; Singapore, $5, and Korea, $4.93. Japan, Canada and the U.S. are just about even at $17 an hour.
>
> And that's why the multinationals in Canada, the U.S. and Japan are pouring money into new plants and equipment into Mexico, and why more than $10 million a year is being spent here lobbying Congress to vote for the North American Free Trade Agreement.
>
> These corporations are nothing but insatiable carnivores — great white sharks roaming the borderless seas for smaller game...
>
> Early this week negotiators from the three countries are supposed to produce drafts of the touted side agreements on labor and the environment to NAFTA. But they will be missing the "teeth" that the president, and his trade ambassador, Mickey Kantor, have demanded.

> The deal is just right for multinationals the way George Bush left it. There's too much juice in it for the big corporations that finance presidential, House and Senate campaigns to let it be spoiled by meddlers like House Majority Leader Dick Gephardt, D-Mo., and AFL-CIO President Lane Kirkland.

(1610)

So much for American opposition.

The *Toronto Star*, in a lead editorial on June 18 entitled "Hold up NAFTA", says that the Senate is being forced to pass the North American free trade agreement before any of the questions on the side deals are answered.

> It seems bent on giving Prime Minister Brian Mulroney his crowning achievement — and, as it turns out, his last roll of the dice.
>
> For the Senate to pass the bill blindly would mock the very notion of a chamber of sober second thought.

I agree with these comments, honourable senators, and say again that the government is bulldozing this bill through the Senate before the side deals or the parallel deals on workers' rights and the environment are complete.

The other criticism I have about this implementation bill, Bill C-115, is that it treats NAFTA as a done deal to which there are certain parties and not others. The inclusion or the identity of parties as "governments" is ill-defined in this bill. The "governments of these three countries" can mean many things. In Canada alone, the term can mean the general government as set up by the right of the Crown in the British North America Act, or the democratic parliamentary government we call the House of Commons and the Senate. It can mean the provincial and territorial legislatures, taken together or separately; or it can have the conveniently limited meaning of the governing party, with its cabinet and Prime Minister.

My third criticism of this bill is that the new provisions in the NAFTA appear to be imported holus-bolus out of the Dunkel text for GATT. This text has been bogging down GATT negotiations in the Uruguay Round for seven years. Is this the way to loosen the log-jam? Foist the untried text on the North American triumvirate and get it moving? Honourable senators, that is putting the cart before the horse.

Canada, the United States and Mexico are peoples with the right to know what they are getting into — and if GATT is unfinished, why pretend in the NAFTA right now that it is settled? Why shoe-horn GATT into effect at the risk of exposing the North American continent to democratically and constitutionally destabilizing factors? I will try, in the short time I have at my disposal, honourable senators, to call your attention to some of these important factors.

I read in the *Canadian Forum* just last week an article written by Duncan Cameron entitled "One America", in which the view was expressed that the content of the NAFTA is an American "statement of policy with serious consequences for Canada". From the Marshall Plan to the Gulf War, Cameron argues that the United States of America has taken unilateral initiatives with Canada following along, and with the NAFTA now no exception. A powerful network, he warns, of American-controlled transnational corporations have strengthened themselves on liberalized European markets, and today dominate American foreign policy.

Given that American interests are experiencing a decline on the world markets, Duncan Cameron sees America as consolidating U.S. economic domination of the Americas to achieve the largest single market and labour base in the world. Through these cartels, he says, the European Economic Community and other countries derive a dividend in the political power brokered under the NAFTA.

Honourable senators, Bill C-115 provides good reason to hold Mr. Cameron's observations in respect. From beginning to end, this bill shows a painful unawareness of the values held in Canada with regard to the provincial governments, the sovereign bars of Parliament and the Supreme Court of Canada, or the role of the Crown — which without normative moderating language is abrogated in clause 5 in right of Canada, and in clause 20(5) in right of a province. At clause 20, a regulation made by the Governor in Council, entirely on the strength of his own opinion, is binding on the Crown that he, in fact, is supposed to represent. Even a cursory look uncovers numerous other such attempts, by a mind not familiar with the Canadian way, to have Canada's Governor in Council act as though he were the governor of some state.

Mr. Cameron concludes his article with a strong warning about the uneven force held by way of the NAFTA as a binding or covering law on a scale with our Charter of Rights. While the United States Congress will be able to amend its implementing legislation, by the terms of Bill C-115, our government will not.

Mr. Cameron writes:

> That's what we are being asked to accept as the new North American constitution, an agreement that binds Canadian governments but not necessarily the U.S.

Honourable senators, Mr. Cameron's significant phrase "North American constitution" is no exaggeration, for the whole Canadian balance of powers, federal, parliamentary and provincial, is directly and permanently affected by this agreement to be bound. This is Duncan Cameron's main warning. It may be slight consolation to him to know that changes of the scope before us, enacted without a requisite constitutional amendment and provincial agreements, will be unconstitutional in Canada. This flaw in the proposed implementation of the NAFTA is, therefore, a very serious matter which we should not be recklessly trying to pass today.

My fifth criticism of this bill is that enterprising scientists and technologists in Canada, and even in Mexico, are deterred from developing their cost saving ideas by the NAFTA's preferential option for the multinational corporations. Mr. John Dillon, in an article entitled "Intellectual Property" which appeared in the *Canadian Forum* in January of this year, notes that among the network of American-controlled multinationals, a powerful group of biochemical and pharmaceutical companies obtained satisfaction of their interests in enforcements of intellectual property — something entirely new in the NAFTA. These corporations, he says, including giants such as Bristol-Myers Squibb, Johnson and Johnson, Merck, Pfizer, Proctor & Gamble, and DuPont, among others, formed the compact known as the Intellectual Properties Commission. This IPC group was dissatisfied, not only with what the Canada-United States Free Trade Agreement provided, or with the Patent Act amendments that the Canadian government was forced to enact extending patent protections, but also with the Trade-Related Intellectual Property Rights provisions in the draft GATT text. These corporations did not like the extra time even GATT offers less developed countries to phase in protection for transnational corporate patents.

In consequence of the IPC's lobby in the United States, Chapter 17 of the NAFTA "advances the biotechnology industry's goal of eventually winning patent rights over plants, animals, genetic materials, and even life forms derived from the human body".

The Hon. the Speaker: Honourable senator, according to the rules, your time has expired.

Honourable senators, is there unanimous agreement to allow the Honourable Senator Haidasz to continue?

Hon. Senators: Agreed.

Senator Haidasz: Honourable senators, another feature of NAFTA that the government is attempting to implement in Bill C-115 is the exposure of the provinces and the peoples of Canada to powerful interests other than their own duly elected governments. Their own efforts to gain legislative permission for enterprise at bringing down the costs of many drugs will be overruled, or Canada will be required to defray damages as though its people were pirates brought before NAFTA's dispute settlement high court, called SIMA — or Special Import Measures Act. As implemented here, therefore, NAFTA can be a serious cause for social strife and destabilization, not only in Canada, but also in Mexico.

(1620)

In view of the limited time that I have, it is unfortunate that I cannot go into much detail how, in Bill C-115, the powers of the legislatures, the Senate and the House of Commons are being curtailed. If this house ever needed to live up to its age old and noble reputation as a non-partisan house of sober second thought, this is the day it should do so. It should be moved that we convoke a committee of the whole to consider the draft legal text of NAFTA and the best amendments to it and to study in greater depth Bill C-115, so as to preserve the integrity and sovereignty of Canada in its Constitution, national security, moral and ethical values, human rights and its multicultural heritage. The current insane haste to pass Bill C-115 is far from a testament to what has preserved our country for 126 years. That preservative has always been prudence and the concern for the common good.

I have one more point to make. NAFTA encourages implementing legislation to enact its recommendations and provisions. However, among these recommendations is that the parties respect one another's constitution. Therefore, I have an addition to make to the bill as an amendment in order to fill this glaring omission and give expression to what it is to respect the Canadian constitution; otherwise, we may find ourselves tacitly approving resolutions that are tantamount to constitutional amendment without the proper procedure.

A failure to include normative guidance on a bill, so far-reaching as Bill C-115, is an invitation to commit constitutional suicide. Clauses 3, 6, 7, 8 and 9 of Bill C-115 are particular to legislation that implements NAFTA. However, they are insufficient to guarantee the sovereign rights of Canadians, their federal Parliament, and their provincial legislatures.

MOTION IN AMENDMENT—VOTE DEFERRED

Hon. Stanley Haidasz: Therefore, honourable senators, I move, seconded by the Honourable Senator Adams, the following reasoned amendment:

> THAT Bill C-115 be not now read the third time but that it be amended by adding immediately after Clause 5, at page 4 thereof, the following new clause:
>
> Existing constitutional rights
>
> 5.1 Nothing in this Act abrogates or derogates from any powers or rights of a provincial or territorial legislature, or of the Parliament of Canada, or from any other powers or rights held in Canada and recognized by the Constitution of Canada.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon that Bill C-115 be read the third time.

In amendment, it was moved by the Honourable Senator Haidasz, seconded by the Honourable Senator Adams:

> THAT Bill C-115 be not now read the third time, but that it be amended by adding immediately after Clause 5, at page 4 thereof, the following new clause:
>
> Existing constitutional rights
>
> 5.1 Nothing in this Act abrogates or derogates from any powers or rights of a provincial or territorial

legislature, or of the Parliament of Canada, or from any other powers or rights held in Canada and recognized by the Constitution of Canada.

Is it your pleasure, honourable senators 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 the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: Honourable senators, I believe that there is an agreement about voting on the amendment?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Yes.

Hon. John Lynch-Staunton (Deputy Leader of the Government): You can add this amendment to the others on which we have agreed to vote separately as of 8:30 p.m. this evening.

The Hon. the Speaker: Is it agreed?

Hon. Senators: Agreed.

The Hon. the Speaker: The vote is deferred until 8:30 p.m. this evening.

THIRD READING—DEBATE CONTINUED

Hon. A. Raynell Andreychuk: Honourable senators, I will try to focus on a few issues in this debate of Bill C-115 that are of particular concern to me. I differentiate NAFTA from FTA in this sense: In the FTA, the government made a conscious and strategic decision to embark on a new trade strategy with the U.S; in NAFTA, the initiation of discussions was between Mexico and the U.S.

Canada had the choice of being silent, thereby being prejudiced by an agreement between the U.S. and Mexico, or it could enter into negotiations to ensure the best position for Canada in the North American region. NAFTA has also provided an opportunity to make improvements on the FTA that have been enumerated in the committee and in the House of Commons debates. In addition, I personally believe that the future lies in freer trade for Canada, with an eye to markets and opportunities in Mexico and south. A more stable growth economy in Mexico can also enhance the quality of life and the individual rights and freedoms of the individual Mexican. I also believe that completing the Uruguay Round of GATT is needed.

In the field of human rights, I have always been struck by the credible position Canada has taken for decades. This has been to the credit of all governments and all parties in Canada. The universal declaration of human rights is the most important instrument with its covenants, protocols, instruments and bodies for action both for Canada to act against human rights abuses in other countries, while also allowing the same scrutiny of us. It is my conviction and belief that, while Canada can take some pride in its records, we still have some distance to go in the adherence of human rights for all of our own citizens.

Those who say that no improvements to human rights are possible until economic growth occurs, are wrong. Those who state the reverse are also, in my opinion, wrong. The covenant on civil and political rights and its optional protocol and the economic, social and cultural covenant, which are the two most important tools to further the UN declaration on human rights, are fundamentally important in the struggle to attain adherence to the United Nations Charter on Human Hights.

(1630)

In her pursuit of the adherence of human rights for all people, Canada turns to the United Nations Declaration, the Human Rights Commission, the Security Council and all other United Nations bodies, for strong universal action to achieve compliance. In addition, I know from my own several postings, each mission abroad has the task to analyze, to assess, varying aspects of human rights developments and to pursue human rights adherence in all countries. We enter into dialogue, discussion and, in some cases, condemnation of and action on human rights records when we deal bilaterally. The onus is on our ambassadors, government officials, ministers and the Prime Minister. It is an added, unique role that Canada has played through nongovernmental organizations. This scrutiny, dialogue and action does not exempt any country, nor should it single out any country for different treatment.

Regular reports are received from missions. We have had cause in the past, and we continue to have cause to be concerned about the human rights issues in Mexico. It would be fair to say Mexican governments of the past have been defensive and less than cooperative in addressing human rights abuses. Equally, it would be fair to say that the present Mexican government and President Selinas have expressed their concerns and have moved to open their government and their economy to closer scrutiny and challenge.

While we remain concerned about the human rights record, trade has continued with Mexico. We have heard much in committee of the one-sided trade from Mexico to Canada. There is a vague implication that the Government of Canada should not have entered into a NAFTA arrangement because there was no assessment of the human rights situation in Mexico. In my opinion that is not the case. The ongoing processes in the international human rights fora, as well as the bilateral field, have continued and Mexico has not been

excluded. Entering into NAFTA will not stop the analysis, criticism, dialogue and action that Canada can and should take in the human rights field. What it will do is stop one-sided trade and provide more scrutiny and impetus for implementation of human rights legislation and compliance.

Further, in my opinion, words by either the Government of Mexico or parliamentarians in Canada are less useful. Action is needed. One test of NAFTA will be whether here or in Mexico or, for that matter, in the United States we see, by the implementation of NAFTA, that economic conditions of citizens and individuals are improved in the long run. Another test is whether it will stimulate an environment that will allow for greater implementation of and adherence to human rights principles. An open economy will inevitably lead to greater scrutiny. An open society will lead to greater scrutiny and greater pressure for positive gains in human rights. NAFTA has already turned the spotlight on Mexico and there is no room to hide. The Mexican government will be judged by its commitment to the implementation of the machinery that is now in place for human rights and for economic reform. Canada too will be judged. NAFTA will require a greater dedication by our government to education, training, retraining and, above all, research.

As we debate, the International Conference on Human Rights has been convened in Vienna with a goal of strengthening human rights machinery. There lies a real chance for action. Our best global hope is to agree on universal human rights standards with countries creating strong, independent institutions to safeguard human rights. It is there that our action should be placed.

Senator Stewart: Would Senator Andreychuk undertake to cope with a question or two?

Senator Andreychuk: Yes.

Hon. John B. Stewart: Thank you. The honourable senator has just now emphasized the desirability of a universal approach to human rights standards. Yet it would seem that, in so far as trade in North America is concerned, she would prefer to move away from the GATT approach to a country-to-country approach. Perhaps she would comment on that observation.

I would outline the specific problem with which I wish she would help me. Senator Ghitter gave an eloquent address on human rights. What he said was echoed to some extent by Senator Di Nino, Senator Kinsella and today by Senator Andreychuk. All four conclude with an unspoken word. That word is, "nevertheless".

Senator Lynch-Staunton: It is better than "notwithstanding".

Senator Stewart: "Canadians should stand for all these great things, nevertheless, I am going to vote for this bill." That is what these senators are saying. Should we not in the future refer, in a friendly way of course, to Senator Andreychuk as "senator nevertheless"?

Senator Andreychuk: Thank you for noticing me, Senator Stewart. For a new senator that is quite an achievement. May I say that I did not say "nevertheless"; I said quite the opposite. We have in fact been scrutinizing their human rights record, as others have been scrutinizing our record, and as we have also been scrutinizing the United States. I believe we use bilateral means and international means to do that. Our standards have always been there. We have been outspoken in the human rights field. I do not see that NAFTA is anything magical in the human rights field. We had trade before with Mexico and we should have been concerned with the human rights record at that time. The point I am trying to make is that I am concerned today and there is no NAFTA. I believe that they go hand in hand, but not every policy should include every clause on everything about which I am concerned. In another world perhaps I would have an environmental clause, a human rights clause and everything else that I believe in and hold fundamental.

I am saying that we have to look at the whole area of how we work together with Mexico. We did not stop trade on the basis of human rights records last year or this year. I do not see how NAFTA changes that. However, I see that NAFTA could be a tool to improve the situation. That is my respectful opinion.

On the honourable senator's other point concerning GATT, I believe we should conclude the current GATT round and begin, as quickly as we can, on a new economic restructuring in the world for the benefit of young people. In the short run I will admit there will be difficulties. I look to Canada not just to pass this legislation. I hope it will implement it with sensitivity to the Canadian people.

Senator Muir: The honourable senator seems to have a new-found interest in human rights.

Senator Stewart: I believe Senator Andreychuk has had a long-standing interest in human rights. I believe she recognizes that the Government of Canada is in favour of a side agreement on labour. She also recognizes that the Government of Canada is in favour of a side agreement on the environment. Would she then, in view of her strong interest in human rights — for which she, apparently, has great support — be interested in a side agreement on human rights?

Senator Andreychuk: Is the honourable senator asking for my personal opinion?

Senator Stewart: Yes, I am interested in what the honourable senator is going to vote for, nothing else.

(1640)

Senator Andreychuk: I am not running for anything. My personal opinion in the field of human rights is that we have to find some international standards. That is what is being discussed in Vienna at the moment, and it is somewhat encouraging.

Unfortunately, I feel that we will not yet come to a conclusion. I have always felt that a universal standard on human rights moves away from cultural imperialism and power politics to a standard to which we all must adhere. It also does not exempt one because of certain things in one's country. The United Nations is working for a universal standard. It seems to me that is where we should put our emphasis.

Perhaps I could have said the same about the other two agreements. I wish we had been able to accomplish more in the environment field in Rio. Had we, perhaps we would not need the side agreements. However, we failed to get the standards I would have wished and I will find every avenue to pursue them.

Hon. John Buchanan: Honourable senators, I would like to say a few words about this bill. In 1987, I endorsed the Canada-U.S. Free Trade Agreement on behalf of the people of Nova Scotia. At that time, there were many concerns expressed; partisan political concerns, and those of labour and others.

During the 1988 election campaign, many of these concerns were raised. There were concerns that regional economic development would be dead in Atlantic Canada as a result of the FTA. That certainly did not happen. Based on discussions that were held and decisions that were made during consultations for the agreement, programs on regional economic development were not touched by the FTA. Such things as pensions, Medicare, hospitalization — the so-called bogeymen of the FTA — were discussed during the election campaign. People were terrified by it.

Senator Gigantès: Quite rightly so.

Senator Buchanan: "Quite right," Senator Gigantès states. I ask the honourable senator to name one area of the country where Medicare, pensions or hospitalization has been affected by the FTA. Not one area in this country has been affected by the free trade agreement.

Senator Gigantès: There have been 450,000 manufacturing jobs that have gone south.

Senator Buchanan: Here we are again, honourable senators, with the same concerns being expressed by some of the same people.

In Nova Scotia we endorsed the FTA. In Atlantic Canada generally the FTA was endorsed. Why? Because it was good for Atlantic Canada; it was good for Nova Scotia. It has to be remembered that approximately 75 per cent of everything we produce, manufacture or process in our provinces — I will speak about Nova Scotia in particular — is exported; over 60 per cent of that goes to the United States. Some $1.6-billion worth of fish products, tires, paper, pulp, wood, iron, steel, and coal are exported to the United States.

Therefore, as the Premier of Nova Scotia, along with all the other premiers, we endorsed the free trade agreement and it has been good for Nova Scotia, Atlantic Canada and Canada generally.

Senator Haidasz: Not for Ontario.

Senator Buchanan: I see; not good for Ontario? It is interesting that the Premier of Ontario of the day thought it was good for Ontario. The present premier may not. However, he has a lot of other problems brought about by himself and his government which have nothing at all to with the free trade agreement.

Senator Gigantès: Premier Peterson opposed it.

Senator Buchanan: I support this bill wholeheartedly because it will be good for Canada. We have to remember that, as far as communication and trade are concerned, the world is narrowing. Massive trading blocs have been built and are building. Eastern European countries are joining with western Europe; the Pacific Rim and other areas are mounting massive trade blocs. We in North America had better get our act together.

The free trade agreement has been good for Nova Scotia. I have already mentioned the reasons some people opposed it. They were not affected whatsoever by the free trade agreement.

Honourable senators, what is the difference between the FTA and NAFTA? NAFTA is but an extension of the free trade agreement into Mexico.

Senator Gigantès: That is what we are afraid of.

Senator Buchanan: Today Mexico is the largest trading partner that Canada has in Latin America; it will be much larger after NAFTA is passed, and that is what it is all about.

Senator Stewart: It may even double.

Senator Buchanan: It is about jobs, saving jobs, increasing our economy and ensuring that, in a global sense, we are competitive, and will be competitive. Therefore, it is good for Nova Scotia. The FTA opened up a market without tariffs of 260 million people. What about NAFTA? I would remind senators from the Antigonish area about a market of 85 million people that we presently trade with, but which will be responsible in the future for saving jobs in Nova Scotia and creating new jobs in Nova Scotia. I would like to put some examples on the record.

At the present time we export to Mexico some fish products, steel, coal and forestry products. However, the NAFTA will be good news for Nova Scotia. It will open up this market for even more exports. Mexico has agreed to

eliminate the 20-per-cent tariff applied on hake, salmon, herring, mackerel and some species of dried and smoked fish. Tariffs on lobsters and scallops will be phased out over five years. No import licenses will be required for lobster, as at present. It is estimated that markets for fish products will grow in Mexico at a average of 3.5 per cent per year, reaching $1.4 billion by 1994. That is good news for Nova Scotia fishermen and fish processors.

Senator Stewart: Before the honourable senator continues, may I ask if he stated that the Mexican tariff on commercial salmon from Nova Scotia will be eliminated? Is it not true that there no longer is a commercial salmon fishery in Nova Scotia. Perhaps the honourable senator could tell us where all the other fish to be sold to the Mexicans will come from?

Senator Buchanan: I am glad the honourable senator asked that question. I stated that the 20-per-cent tariff which is presently applied will be eliminated on salmon, hake, herring, mackerel and some dried fish.

Senator Stewart: There is no commercial salmon fishery in Nova Scotia.

Senator Buchanan: The honourable senator states that we have no commercial salmon operations. I was in Washington last week and do you know what I saw on a menu in a restaurant?

Senator Frith: No, but you are going to tell us.

Senator Buchanan: Nova Scotia smoked salmon.

Senator Frith: But when was it smoked?

Senator Buchanan: There was smoked salmon on the menu of the Essex Marriott Hotel in New York City. If the waiter had been asked where it was from, he would have stated that it was from the eastern shore of Nova Scotia.

(1650)

If you go to some of the best restaurants in Paris, France, and ask where their smoked salmon is from, it is not from Denmark, not from —

Senator Stewart: It is from Tangiers.

Senator Buchanan: You've got it: It is from Tangiers.

Senator Stewart: But where did the salmon come from before it was smoked?

Senator Buchanan: Where does the salmon come from? This reminds me of being back in the legislature, with the Liberals across the way again.

Senator Frith: You know what happened in the legislature.

Senator Buchanan: But they would never ask that question. They knew where the salmon came from.

Senator Stewart: From the St. Mary's river, is that what you are saying?

Senator Buchanan: Perhaps we are talking about two different kinds, senator.

Honourable senators, it is good news for Nova Scotia, because we may be able to catch and process many of those species in spite of quotas. There are tons of some of those species off the coast of Nova Scotia at the present time, and we will find markets for them.

What will happen with our other products? Over the next number of years, we will be growing and producing many of the products that will have an increasing market in Mexico. Some of those markets will increase by 30 to 40 per cent per year. These products include Annapolis Valley apples and Cumberland County and Valley blueberries.

Some honourable senators may not know that Nova Scotia at the present time probably exports more blueberries than any other country in the world. We were in Japan one time, and the dessert we were served was Nova Scotia blueberries. They made sure they told us about that. I checked, and they were shipped from John Bragg's in Collingwood, Nova Scotia, all the way to Japan. Go to Mexico, and when you have your dessert, you will have Nova Scotia blueberries because of the NAFTA agreement.

John Bragg would be one of the big supporters of NAFTA. John Bragg is a fine man, but if he were in the Senate, he would not be sitting on this side. He would be over there with the Liberals. If he knew my friends opposite were opposing this measure, however, I wonder whether he would stay over there.

Honourable senators, in Nova Scotia we also process vegetables. We have all kinds of pies in the Annapolis Valley. Where can the market be for those in the future? Mexico. Once again, it is good news.

Senator Gigantès: Tortilla pie.

Senator Buchanan: Goods news for Nova Scotians. As you know, we have been selling steel rails to Mexico for years. Mexico is planning new railroads, improving existing railways, and building new suburban railway systems in Mexico City and Monterrey. That is good news for Sydney Steel, as there will be more exports of rails from that company. Tariffs will be removed, and other barriers were removed for rails, railway stock, parts, tires. That is good news for Michelin, Trenton, the steel workers in Sydney Steel and other plants throughout Nova Scotia. I am sure honourable senators would agree that keeping those jobs at the present time is more important than some political offensive you may make against this bill.

Senator Stewart: What is the Mexican tariff on steel rails now?

Senator Buchanan: There is a tariff.

Senator Stewart: How much is it?

Senator Buchanan: I cannot tell you, but I will find out for you.

Mr. Speaker —

Senator Frith: Say, "Honourable senators," John.

Senator Buchanan: I am sorry. Force of habit for 26 years. No disrespect intended.

Senator Frith: You can take the boy out of the house, but you can't take the house out of the boy.

Senator Buchanan: That is good. I must use that sometime.

Honourable senators, let us talk about coal. All tariffs on coal will be removed. That is good news for Cape Bretoners.

Senator Frith: This is the place where you are supposed to pound your desk, Bob.

Senator Muir: You had better tell some of those characters over there where Cape Breton is.

Senator Buchanan: I think some of them know where it is.

Senator Haidasz: I was there.

Senator Buchanan: There is no question that the removal of those barriers and tariffs on coal will be good news. We can get into that market.

What about tariffs and barriers on wood products, pulp, paper, and other forest products? They will be removed under NAFTA. Demand for pulp will grow by 50 per cent over the next ten years in Mexico. Demand for other forest products will grow by 12 per cent over the next five years. It now stands at $1 billion annually. Again, that is good news for Nova Scotia's forest workers.

What about Christmas trees? It would be wonderful to be in Mexico City, Monterrey or Acapulco, enjoying Christmas — I always enjoy it in Nova Scotia, but some of you may want to go down there — and see a Nova Scotia Christmas tree there as a result of NAFTA. That is good news for Antigonish Christmas tree growers.

Senator Stewart: What is the tariff on Christmas trees going to Mexico now?

Senator Buchanan: It is good news for NSFI and Scott Paper. It will save existing jobs, create new jobs, and increase the work force.

At the present time, Jacques, Whitford and Associates are engaged in a joint venture with Mexican firms. I was talking to Hector Jacques just last week. Hector Jacques says NAFTA is good news. His group of engineers is in Nova Scotia, New Brunswick, all over Atlantic Canada, into the U.S., into Ontario, and now joint venturing with Mexico.

Clearwater Fine Foods is in the process of negotiating a distribution contract with supermarkets and restaurant chains in Mexico. Our fish products will be there. Clearwater knows more about it than I do. They know more about it than you do, senator, and they say it is good news for Nova Scotia. I agree.

Sydney Steel is already providing steel rails for the Mexican market. We will supply more.

Nolan, Davis & Associates, a leading Canadian exporter of environmental services, landed a large contract with a Mexican mining company.

Honourable senators, there is no question that NAFTA will be good for Nova Scotia and good for Atlantic Canada. I disagree with those who say we will lose jobs because we cannot compete. As I said in 1985, 1986 and 1987, and as I will repeat now: I have faith and confidence in our Canadian and Nova Scotia work force; I have faith and confidence in their efficiency and their productivity; I have faith and confidence in our technology in Nova Scotia, Atlantic Canada, and Canada; I have faith that we will not only compete but will be better in so far as production, efficiency, costs and technology are concerned. I have such a great faith in our Nova Scotia efficiency and work force that I have no hesitation whatsoever in voting for NAFTA. It will be good for Nova Scotia and good for Canada.

Hon. Stanely Haidasz: May I ask my colleague Senator Buchanan, what is the price of a Nova Scotia lobster in Ottawa today? How much is it per pound?

Senator Buchanan: I would say probably somewhere in the range of $5.50, $6.50, something like that. If you want to come to Nova Scotia sometime, I will take you down to the wharf, and we can buy lobster down there for $2.50 or $3.00 a pound sometimes. They are not cooked, however. You must take them home and cook them.

Senator Adams and I had a lobster in Washington last week. They advertised the meal as the New England Clam and Lobster Bake. I tasted the lobster. It was delicious, but it did not come from Maine. It came from Nova Scotia. Eighty per cent of the lobsters they say come from the state of Maine are really from Nova Scotia.

(1700)

Senator Simard: Come on, some of them come from New Brunswick.

Senator Buchanan: I meant to say Nova Scotia and New Brunswick.

I spoke at a seminar in Bangor, Maine, along with the Governor of Maine about eight years ago. On the menu there was lobster. I thanked the governor for having Nova Scotia lobster. He interrupted to say, "No, that is Maine lobster." I sat down and his Secretary of the Interior said to me, "You're right. The governor is wrong. It came from Nova Scotia on the boat this afternoon."

Our lobsters are everywhere. They are in Mexico and there will be more in Mexico.

Senator Haidasz: The point of my question, honourable senators, is that if a Nova Scotia lobster costs $5.60 per pound in Ottawa, how much will a worker in Mexico City, Guadalajara or Acapulco pay for a pound of Nova Scotia lobster there?

Senator Buchanan: I want to tell honourable senators that if we were in Halifax, Nova Scotia, right now, we would be able to see two planes being loaded with Nova Scotia lobster getting ready to leave for Hong Kong. There are lobsters leaving Nova Scotia every second day of the week for Paris, France.

Under the NAFTA, our refrigerated trucks will be able to leave for Yarmouth and drive all the way to Mexico with our lobsters. There will be no big expense for air shipments. After dropping off their shipment, they can load up and come back through the United States without having to pay any tariffs. That is good news, honourable senators, is it not?

Senator Haidasz: Again, the point of my question, Senator Buchanan, is how much will a pound of Nova Scotia lobster cost in Acapulco or Guadalajara?

Senator Buchanan: It depends on the volume we sell. Unfortunately, here in Ottawa the volume is not great. If you can sell 200 pounds, you will pay more. If you sell 2,000 pounds, you will pay less. It is simply that easy.

Senator Haidasz: A Mexican worker can only eat one Nova Scotia lobster at a time.

Senator Stewart: What is the Mexican tariff on lobster, blueberries, and salmon now?

Senator Buchanan: I just told you, senator. It is 20 per cent on salmon.

Senator Stewart: The commercial salmon fishery in Nova Scotia has been closed down for years.

Senator Buchanan: I am surprised at you, senator. I won't tell anyone at home you're opposed to the lobster fishermen, but obviously you are. He is opposed to the lobster fishermen of Nova Scotia and New Brunswick.

In Mexico, it is the lobster tail that is consumed. It is not like our lobster. Those people who have eaten the spiny lobster and the Nova Scotian and New Brunswick lobster, will tell you that our lobster is by far a better quality and tasting lobster than the spiny lobster caught off Mexico. That is why people will pay a bit more for our lobster than the spiny lobster. That is why it will be good for Nova Scotia.

Senator Simard: And New Brunswick.

Senator Haidasz: I love Nova Scotia lobster. It's the best in Canada. However, if some people in Canada have a problem paying $5.60 per pound for a Nova Scotia lobster, then the worker in Guadalajara who makes only $3 an hour will not be able to buy your lobster.

Senator Buchanan: All I can tell you is this, senators: I have never been to Guadalajara, maybe you have. In the restaurants of Mexico City, Acapulco, Monterrey and others, you will find Nova Scotia smoked salmon and lobster in the very near future at a price that is affordable for those people. This will ensure that Nova Scotia lobstermen, processors and truckers will make money. Everyone will be happy with NAFTA.

Senator Haidasz: I will go to Mexico to buy Nova Scotia lobster. It will be cheaper there than here.

Senator Bosa: Honourable senators, we are not against the principle of free trade. It is our duty to point out what is wrong with this agreement.

Having said that, I will adjourn this debate until tomorrow in order to speak about the Auto Pact and point out the deficiencies of NAFTA in connection with that agreement.

On motion of Senator Bosa, debate adjourned.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

> Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, in Part 5 of this inquiry —

Senator Lynch-Staunton: You mean Part 55, do you not?

Senator Frith: — I mentioned how Mulroney's promise of a new, open and responsive government was quickly buried under the sands of political corruption.

Richard Cleroux is a veteran Parliament Hill reporter, who for many years covered the Hill for the *Globe and Mail.* Late last year, speaking before the Media Club, he laid a very serious charge against the record of this government. He said:

> We here in Canada between 1984 and 1992 have lived through the most corruption-ridden federal government in our history. More members of Parliament have been charged and convicted of corruption, breach of trust and conspiracy than at any time in our 125 years as a nation.

That is a serious charge. What is the evidence? Let us look at it. To do so, we will take a little trip down memory lane, perhaps a painful memory lane for some. We will see. We will not try to examine every incident that Mr. Cleroux relies upon. However, let us look at what might be termed the highlights, as well as other relevant items during the Mulroneyites first term of office.

Where to start with this trip down memory lane? Why not with Minister of Defence, Robert Coates? After spending $139,000 to redecorate his office, but before getting an opportunity to fully enjoy his new trappings, he stepped down from cabinet on February 12, 1985. The resignation of Canada's Minister of National Defence followed reports about where he chose to spend some R&R while inspecting our troops in West Germany.

(1710)

The next sad event which turned out well in the long run for the minister, but not for the government and certainly not for the Prime Minister, was the resignation of the then Minister of Fisheries, John Fraser, on Monday, September 23, 1985. It had its beginnings when the new minister decided that a million tins of tuna, which his own inspectors had found to be unfit for human consumption, which had been rejected by the Department of Defence and then by a humanitarian relief agency as unfit for the starving people of Ethiopia, should be allowed onto the shelves of Canadian supermarkets.

That was clearly a serious error in judgment. The minister himself recognized it as such by, eventually, doing the right thing.

Senator Perrault: Tunagate!

Senator Frith: Mr. Fraser then became the apparently popular, first-elected Speaker of the House of Commons. However, at the time, he made remarks that suggested that Prime Minister Mulroney had not been telling the truth.

The story began on Tuesday, September 17, 1985, when the CBC's *Fifth Estate* revealed how the Minister of Fisheries and Oceans had dealt with the tainted tuna.

During Question Period the following day, Mr. Mulroney doggedly defended his minister and claimed that the health and safety of Canadians had never been at risk, although people had been very sick all across the country. Suggestions that he dismiss Mr. Fraser from his cabinet were rejected out of hand.

The following day, Thursday, September 19, the minister ordered the rancid tuna off store shelves.

The next day, the Prime Minister held a press conference saying that the first he had heard of the tainted tuna was when the television program had originally aired. Unfortunately for him, on that same Friday, his fisheries minister said:

> The issue was in the prime minister's office in detailed form a couple of weeks ago.

Senator Perrault: He doesn't read his mail.

Senator Frith: That quote was reported in the *Ottawa Citizen* on September 24, 1985.

There was now only one possible outcome. On Monday, September 23, Mr. Fraser tendered his resignation and Mr. Mulroney accepted it.

That could have been the end of it, but it was not. There was more to come. On Wednesday morning, September 25, Conservative MP Fred McCain, in whose riding the Star-Kist tuna plant was located, told Robert Fife of Canadian Press that he had long been raising the problems the plant was having with the federal fisheries inspectors who were labelling tuna as rancid. He said:

> I did bring it up, I'm sure, in caucus during discussions since September of last year...

A short while later, he phoned the reporter back and said he had been mistaken and that he had never raised the issue at caucus or with the prime minister's office. When asked by the puzzled reporter, "Did the prime minister's office talk to you about it?", McCain answered, "Yes, they did. I have double checked it, but, no, I did not raise it..."

After that conversation, Mr. McCain phoned the reporter back yet again and said:

> I say unequivocally the following:
>
> There was no pressure by the prime minister's office on me to make any change in any statement which I have ever made now or at any time in the past.

A partial transcript of the three telephone calls appeared in the *Ottawa Citizen* of September 26, 1985. When questioned in the House of Commons about this latest episode in Tunagate, Mr. Mulroney denied everything and charged: "The Liberal Party...has no respect for the truth or for Parliament."

Six months later, during an interview with the *New York Times*, Mr. Mulroney gave his thoughtful and "truthful" perspective of Tunagate. Perhaps the newest "revision" would be a better description.

> When it was brought to my attention, bang! Immediately the minister's resignation was secured.

We now know that this statement was absolutely false and no one was particularly shocked to hear John Nunziata charge, as reported in the *Ottawa Citizen* of March 22, 1986, that, "The Prime Minister is a compulsive liar."

It is very important to remember that Mr. Nunziata's statement was made outside the chamber, beyond the immunity which exists inside the House of Commons. But here, too, no one seriously thought that the Prime Minister would launch an action for defamation or slander. They were right. Not only was there no slander suit; there was not even a request for a retraction from any of the Mulroneyites.

Let us get back to the final week of September 1985. The week went from bad to worse when Marcel Masse, Minister of Communications, announced that he, too, was resigning from Cabinet because he was the subject of an inquiry concerning an alleged violation of the Elections Act. Fortunately for the Mulroney team, the allegations at first proved completely unfounded and Mr. Masse quickly rejoined his cabinet colleagues. However, again, the initial resignation led to another episode where Prime Minister Mulroney's veracity was placed in doubt, to put it mildly.

In the House of Commons on September 26, 1985, at page 7050 of Hansard, Mr. Mulroney stated he had no prior knowledge of his minister's problems and neither had his staff. Responding to a question put by Mr. Turner, Mulroney replied that he had made inquiries of his office, and:

> I wish to assure him of two things. I had no prior knowledge of any kind; nor am I aware of anyone on my senior staff who might have had such a knowledge.

On that same day, Mr. Jerry Lampert, national director of the Conservative Party, told the media otherwise. The *Toronto Sun* of September 27, 1985, reported:

> Lampert had said that although he did not inform Mulroney, "(I) had discussions, you know, with people in the prime minister's office..."
>
> Asked if they were senior aides, he replied: "Oh, yes, senior PMO people."

After the inconsistencies in the two versions of the events between Mr. Lampert and the Prime Minister, understandably headlined in the media, Mr. Lampert followed the McCain example and issued a letter of apology saying he had been mistaken. Six months later, he resigned as national director of the party.

These episodes, though always followed by a retraction or an apology, spawned headlines such as, "The Pinocchio of Politics", a label that has understandably followed the Prime Minister ever since.

That was not the end of the bad news in 1985 for the Mulroneyites. We had bank collapses, the first in more than 60 years. First it was the Canadian Commercial Bank on Labour Day, and then the Northland Bank on September 30. Taxpayers were stuck with the bill while all Mulroney ministers steadfastly denied any responsibility whatsoever. These banks could have collapsed on another planet as far as their responsibilities were concerned. They did not blame the Liberals, as they usually do, although a Mulroneyism is never to admit responsibility for anything that goes wrong. They may have thought of blaming the Liberals, but they did not.

Then more embarrassment. The Minister of the Environment Suzanne Blais-Grenier toured northern France for four days in a chauffeur-driven government-financed limousine accompanied by her husband, her chief of staff and his girlfriend. According to the *Globe and Mail* of August 6, 1985, an External Affairs telegram described her husband:

> ...as a civil servant and the companion of her chief of staff was called a consultant.

When questions were raised in the House of Commons on October 4, 1985, as reported at page 7333, about her expenses, Erik Nielsen, the Deputy Primer Minister, questioned the motives of those who perceived any wrongdoing. He said:

> I asked myself whether the motivation was not to arouse some kind of racism here, something which I think is most regrettable.

It is Mr. Nielsen's silly fancy that is regrettable. But what is more true to form is to blame or to suggest that blame should be levelled at the critic. The government is never responsible for anything.

Honourable senators, the pattern became annoying, disillusioning and repetitive, and it included everything and everyone from a chief of staff to a cabinet minister who was paid $50,000 for a 4-month contract; $40,000 rent spent for an empty house for a non-existent consul general in Munich; and $773,500 spent for memberships at a Hong Kong golf club for employees at Canada's high commission.

Senator Perrault: Pretty high green-fees.

Senator Frith: More major league action involved corporate tax schemes. First there was the takeover of Gulf Canada by Olympia & York. When questioned on October 1, 1985, the Minister of Finance did not deny that Gulf Canada saved $1 billion in taxes through a favourable tax ruling. He refused to discuss the matter saying at page 7203 of Hansard:

> ...tax rulings are privileged matters between the Minister of National Revenue and the particular company concerned.

Then there was the takeover of Canada Trustco Mortgage Company by Genstar Financial Corporation. Genstar, needing money, floated a share issue and, according to the *Ottawa Citizen* of December 2, 1985:

(1720)

> By the time the tax brains in the private sector had fiddled with this offering, it allowed a foreign bank a chance at windfall profits for a middleman role and offered some investors with $100,000 to invest, an after-tax return on investment of more than 30 per cent a year, compounded for five years.
>
> One leading tax specialist interviewed by The *Citizen* said the scheme was clearly legal but scandalous...

The articles continues:

> Because of Genstar's unusual application of tax law the federal treasury will lose, at a maximum, about $10 million a year for five years, federal finance department officials said this week.

Genstar asked for and received, in advance, a binding tax ruling from Revenue Canada, allowing it to creatively interpret provisions in the Income Tax Act originally designed for family trusts. Revenue Canada is not obligated to provide binding advance rulings. Afterwards, legislation was introduced to close this loophole, but not before millions of tax dollars poured through it to safety.

Nineteen eighty-five was also the first full year in which Mr. Mulroney was able to show Canadians how he would, to use his words, do honour to Canadians and to the country with his patronage appointments.

Nineteen eighty-four had not brought that much honour. A *Vancouver Sun* editorial of January 8, 1985 observed:

> Today people could be forgiven for wondering if Mr. Mulroney conned them on the patronage issue.

What evidence is there to support that? Well, 1985 was not much different. Here are some highlights.

The pattern shifted form a bit. Friends and relatives were now featured. The *Toronto Sun* of April 23, 1985 said that the Department of Finance awarded $234,000 in untendered advertising contracts to Lawson Murray Ltd. The Minister of Finance was Michael Wilson. The president of the company, Doug Lawson, was the brother-in-law of the Minister of Finance. The sister of the Minister of Finance was a director of the company, although, according to the *Toronto Sun*, Mr. Wilson said that came as news to him.

One of the company's two vice-presidents was Doug Robson, Wilson's riding association president and a former employee in his Ottawa office. We were assured that this was mere coincidence.

The *Ottawa Citizen* of May 4, 1985 reported:

> The brother of External Affairs Minister Joe Clark is the federal fundraising director for the Progressive Conservatives in Alberta and now receives all outside legal work awarded by the federal government's Calgary Olympic office.

We are still trying to find out if there is any basis for what Mr. Cleroux said. Again, it is mere coincidence.

The *Ottawa Citizen* did a number of pieces on this part of the pattern, that is, the friends and relatives. The *Ottawa Citizen* of May 8, 1985 reported that Peter Clark's wife was made a temporary member of the National Parole Board. The same *Ottawa Citizen* article reported that William Elliot was named to the board of directors of Petro-Canada. Who is William Elliot? He is the brother of Mulroney's brother-in-law, Dick Elliot.

The *Ottawa Citizen* of June 4, 1985 reported that John Crosbie, Minister of Justice, presented the two-lawyer firm where his son, Chesley, worked with a contract to handle all government prosecutions under two federal fisheries acts and the Oil Pollution Prevention Regulations. The *Ottawa Citizen* also reported that another son, Michael, worked for the law firm of Chalker, Green and Rowe. His dad, the minister, made him legal agent in Newfoundland for Income Tax Act violations. Both sons were also made agents for the Canada Mortgage and Housing Corporation.

According to the *Toronto Sun* of June 4, both sons had been members of the bar only since 1983. Nevertheless, they became legal agents for the government of Canada. This created more embarrassment for the government, so both firms eventually resigned as federal legal agents, but a few weeks after the withdrawal, according to the *Globe and Mail* of August 20, 1985, both legal firms were appointed as standing agents for the Federal Business Development Bank at the direct request of the Justice Minister's office.

The *Globe and Mail* of June 7, 1985 reported that John McMillan of Prince Edward Island had two brothers. One was tourism minister, Thomas McMillan. The other was Charles McMillan, senior policy advisor to the Prime Minister. John McMillan was called to the bar of P.E.I, went out and gained some work experience, and then, two weeks later, was appointed legal agent in the province of Prince Edward Island for the government of Canada. According to the *Globe and Mail*:

> Securing the appointment of legal agent was not all that difficult, Mr. McMillan recalls. He just picked up the telephone and called his brother Tom's office in Ottawa. Actually, he did not speak to Tom, he said, but to his executive assistant who just happened to be an old roommate from university days.

The *Globe and Mail* of September 4, 1985 reported that when Gayle Christie, a PC activist who was appointed to the board of directors of Air Canada, was asked about her credentials, she replied: "Well, I can drive a car". She is frank.

The *Toronto Star* of September 12, 1985 reported that Mr. Sam Wakim, a university roommate of the Prime Minister allegedly "approached a number of Toronto law firms promising new government business if they hired him. Wakim eventually joined the Toronto law firm of Weir and Foulds, which later won $200,000 worth of government business previously handled by another firm".

At year end, when Mr. Mulroney was asked whether it had been difficult to deal with all the controversies that surrounded his government during that year, particularly the scandals, he replied:

> Well, as it turns out it wasn't difficult because my integrity was questioned and it came out completely unsullied.

That is from the *Toronto Sun* of December 19, 1985.

Looking again at Mr. Cleroux's charge, he seems to have a good case for 1984 and 1985. What about 1986? I guess they would have liked to turn a brand new page in 1986, but it was not to be because the front page headlines on New Year's Day announced the resignation from cabinet of Ms Suzanne Blais-Grenier. She allegedly was protesting her government's decision to let the Gulf refinery in Montreal close down, throwing 450 people out of work. Others, however, viewed it more as a pre-emptive strike from the minister who knew her days were numbered. As, now senator, Marcel Prud'homme was reported as saying in the *Globe and Mail* of January 1, she "received wind of the fact she was going to be dropped (from cabinet) and said, 'if you're going to drop me, I'm going to drop you first'".

As a member of cabinet, one could not describe her as a shining star. The *Ottawa Citizen* of January 2, 1986, reviewing her accomplishments, reported:

> When a truck spilled toxic PCB's on the Trans-Canada highway in April, Blais-Grenier told anxious reporters they would have to wait until she had put on some lipstick...
>
> A month later, she faced the cameras and scribes again, this time to suggest the government might allow mining and lumbering in national parks.

The *Ottawa Citizen* of January 12, 1986, reported another departure. This time it was the firing of cabinet minister Roch LaSalle's special assistant Frank Majeau. According to the article, Mr. Majeau operated a nude dancer booking agency in 1983. One of his business partners was involved in the murder of a drug courier "who once used Mr. Majeau's Toronto apartment as a drop-off point for cocaine". That partner, Réal Simard, was convicted of murder. Mr. Majeau had a criminal record himself for assault with a weapon causing bodily harm. Although LaSalle and Majeau had been friends for nearly 25 years, Mr. LaSalle was apparently unaware of his background until alerted by the media.

The evidence continues to mount, and not once did the team's leader ever admit fault, mistake or responsibility. He couldn't blame the Liberals, in spite of Mr. Nielsen's silly comment, so whom to blame? Guess.

The headline of the *Ottawa Citizen* of January 20, 1988 read: "PM blames press for sagging popularity". The article describes how Mr. Mulroney told a press conference:

> We know what we're up against. We're not a bunch of children. We understand your (media's) obligations and we accept our own and we've got to get our message out and we're going to do it, you can be sure of that.

What did he do? The partial answer is provided by a January 23, 1986 *Toronto Star* headline, "PM's new strategy: Breakfast with Brian". That was a plan to invite media people to breakfast. Another part of the plan, according to *Toronto Sun* of February 7, 1986, was:

> ...to have some sort of "dial-a-date" arrangement between selected news reporters and certain cabinet ministers. By pairing ministers with friendly reporters they hope to get the good word out to the people of Canada.

Were the dial-a-dates and breakfast gabs with the media successful? Only the participants know the answer to that. We do know, however, that no one, no matter how hard they tried, could ignore the continuing and seemingly endless stories of cronyism, patronage and corruption.

Let us move along to the two opening paragraphs of a January 22 *Ottawa Citizen* story.

> Revenue Minister Elmer MacKay and former defence minister Robert Coates lobbied Fisheries Minister Tom Siddon to approve a fishing licence for a firm partly owned by Coates's former chief of staff, the Canadian Press has learned.

(1730)

> Liberal MP Russell MacLellan said Tuesday the deal is outright patronage, but all Conservatives involved in the arrangement denied it.

Onward, through 1986. The *Toronto Star* of March 9 reported:

> Conservative party members have been ordered hired as census commissioners in Ontario and Quebec even though they failed miserably on tests given to prospective candidates...
>
> They were hired on instructions from Supply and Services Minister Stewart McInnes even though in some cases candidates scored in the 20s on the test, sources said. A passing grade is 60 per cent.

The article described one case where:

> "(a) census area manager said he had two candidates who had failed. He was ordered to pick one, he said.
>
> He was also referred a candidate who had already been told a starting date by his Conservative MP.
>
> The person scored zero on the test, and only on appeal was the candidate rejected.

Well, perhaps caught *in flagrante delicto*, an admission? An apology? Forget it.

The *Toronto Star* reported:

> An aide to McInnes called the allegations "a non-issue".

Apology? Shame? No.

Conservative MP Marcel Tremblay sent a letter to party workers in late February of 1985. According to the *Globe and Mail* of March 6, the letter:

> ...said contracts should be given to people who contributed to the 1984 election campaign who belong to the Brian Mulroney Club (a Quebec Tory fund-raising group) or who took part in a fundraiser in Mr. Tremblay's riding in October.

The letter mentioned that every year there were over $1 billion in untendered government contracts, and attached to the letter was a list of 66 government projects in Mr. Tremblay's riding which would be awarded without public tender.

Mr. Tremblay, of course, sent out a second letter apologizing and claiming the first was sent in error. The Deputy Prime Minister, Erik Nielsen, said it was just a mistake, but was anything wrong? No — a mistake. Case closed.

The next day, March 7, 1986, there was another revelation. This time, it was the disclosure of a letter signed by the Minister of State for Youth, Andrée Champagne, addressed to her fellow Mulroneyites in the PC caucus dated January 6, 1986.

First, it described "the significant diminution in youth-related spending (close to $100 million since the election)." This did not cause any excitement, even though it showed that Mulroney's election promise to treat youth unemployment very seriously had been tossed in the bin. By now, however, broken Mulroney promises had become so commonplace they raised nothing but yawns.

The interesting paragraph in the letter read:

> 2.5 of 4.5 million young Canadians (15 to 24) will be casting a vote for the first time in 1988. Support to the recruitment efforts of the PC Youth Federations will be pre-writ priority for the government.

The letter was marked "SECRET". Secret because it was wrong? No, just an honest mistake.

At first, Ms Champagne suggested the letter might be a forgery, but later she confessed to her signature and explained that the suggestion of using taxpayers' money to recruit people into the Conservative party was a mistake. This time there was an apology for the mistake.

In April and May of 1986, the Sinclair Stevens affair sprung to life and Mr. Nielsen, stonewalling all opposition questions, earned his now famous nickname of "velcro-lips".

Mr. Stevens, as we recall, was the Minister of Regional Industrial Expansion. He owned controlling interest in a company called York Centre Corporation. Those shares were put in a so-called "blind trust" following the election. His campaign manager was the company's president, and his wife was vice-president. She negotiated a $2.6-million loan from an individual with extensive government dealings. The loan was interest free for the first year. The company had apparently been very strapped for cash.

That is the short version of the story. Canadians were expected to believe that Mr. Stevens and Mrs. Stevens never talked about the company or what Mrs. Stevens had been doing to place the company on a less precarious financial footing.

It is also mere coincidence that Mr. Stevens personally approved $18.3 million in government grants during the first half of 1985 to a company closely linked to the individual who made the loan.

So, "sorry, we did wrong"? No. Never the Mulroneyites. The government stonewalled. But finally, when the country could not take it any longer, Mr. Stevens resigned from cabinet on May 12, 1986. Mr. Mulroney said he expected his minister to be "fully vindicated".

Mr. Justice William Parker was appointed to conduct an inquiry into the affair. He reported in December of 1987 that Mr. Stevens had broken conflict rules on 14 occasions when in cabinet and that he had shown "complete disregard" for the standards of conduct expected of someone holding such high office.

What about the blind trust? Mr. Justice Parker concluded that it "was not in fact blind", something the opposition had been alleging all along.

So much for conflict of interest. But, at the same time, the Michel Gravel story was beginning to unwind on the corruption front.

Mr. Gravel, Conservative MP for Gamelin, was charged with 50 counts of influence peddling, fraud and influence of public trust on May 15, 1986. According to the *Ottawa Citizen* of May 16, 1986:

> The charges against Gravel came just hours after a beleaguered Mulroney — stoutly defending his action in the Stevens case — boasted that the Conservatives "are erecting a new standard of morality day by day in Canada."

Senator Gigantès: It is new, that is true.

Senator Frith: On a certain interpretation, that is true.

It was alleged that Mr. Gravel obtained more than $100,000 in bribes from contractors doing business with the government. Mr. Gravel declared he was innocent. In the *Montreal Gazette* of April 10, 1986, Public Works Minister Roche LaSalle had insisted that "it is impossible to influence the awarding of a federal contract."

Mr. Gravel staunchly maintained his innocence right until the 1988 general election was safely in the bag. Then he pleaded guilty, was fined $50,000 and sent to jail for two years. His fine was paid by a mysterious benefactor who remains unknown, even to Gravel, to this very day.

Before we leave 1986 — yet another dark year for the government — in January it was revealed that, while an opposition MP in the 1960s, Erik Nielsen eavesdropped on Liberal caucus meetings. In an interview he taped in 1973, he said:

> There was a method by which we knew every Wednesday what was said in the Liberal caucus word for bloody word.

Apparently, wires had been crossed while an electronic system was being installed, and the Tories took full advantage of the error.

Senator Molgat: Nice fellows.

Senator Frith: They listened on headphones in a translation booth to the Liberal caucus.

An Hon. Senator: For goodness' sake!

Senator Frith: Yes, that is the official story. But the House of Commons has no record of any crossed wires, according to the *Globe and Mail* of February 4, 1986.

The *Ottawa Citizen* of the following day carried a story about a House of Commons' technician who alleged that:

> Communications devices in the Liberal caucus room had been deliberately tampered with' around the time of the Erik Nielsen eavesdropping affair.

The technician described how he found a microphone wire "that wasn't our work and wasn't our wire" spliced into one of the junction boxes.

So was it innocently crossed wires or deliberate wiretapping?

An Hon. Senator: Watergate!

Senator Frith: You decide.

In any event, remember how Mr. Nielsen railed when he discovered that Mr. Trudeau's office filed press clippings on Mr. Mulroney? It was one of the greatest violations of parliamentary ethics the civilized world had ever seen, Mr. Nielsen said. This is the wiretapper! It was terrible, he said.

Electronic eavesdropping on fellow parliamentarians, on the other hand, was apparently just something the Tories did in the normal course of business. When raised in the House of Commons on January 30, 1986, Mr. Nielsen, the Number Two Mulroneyite in the pecking order, said there had been anonymous plain brown envelopes flying around the Hill for decades, as if it were the same thing. The Prime Minister defended Mr. Nielsen to the limit, saying that he had "served his country honourably" and that "there is no allegation of illegality, or even impropriety". That is at pages 10327 and 10332 of Hansard.

There was not even any impropriety, claimed Mr. Mulroney. The Oxford Dictionary definition of "impropriety" is: "Incorrectioness; unfitness; indecency; instance of improper conduct".

Well, this time the Mulroneyites were too cornered for even them to brass it out, because of course there was improper conduct. After stalling and stonewalling for almost a week, Mr. Nielsen finally gave a half-hearted apology. On February 3, 1986, he told the House of Commons:

> I apologize to those who believe that proprieties were violated 25 years ago by my conduct.

I suppose for him that is a confession, but it certainly is not repentance.

In 1986, we also learned that the decision to switch the construction of a new federal prison to Mr. Mulroney's riding from Drummondville, would cost taxpayers $18 million in extra construction costs and another $3 million in additional operating costs every year. Three architectural firms awarded a $4.2 million contract by Public Works Minister Roche LaSalle to work on the prison were generous contributors to the Progressive Conservative Party.

(1740)

On October 19, 1986, the *Globe and Mail* reported that the architecture contract was not put out to public tender. The story also states:

> Jean-Maire Lavoie said in a telephone interview that his firm always makes larger donations to the party in power. He said local companies have no choice but to attend Tory fund-raising events and make generous donations if they hope to get any Government contracts.

Mr. Lavoie's firm was one of the three that was doing the prison work.

Let's end 1986 with this story from the *Globe and Mail* of December 16. Mr. Stephen Walter was appointed as a citizenship judge by Mr. Mulroney in 1985. Perhaps here we had an appointment that would finally bring, as he said, "honour to all Canadians". The *Globe and Mail* story reads:

> A man who applied for citizenship last week said yesterday that Toronto Citizenship Court Judge Stephen Walter told him —

That is, Judge Walter told the applicant this, namely:

> ...that he should vote Progressive Conservative in the next election and work for the Tory party.
>
> Al Roberts, a landed immigrant from India, said Judge Walter told him that voting Liberal would lead Canada "back to socialism and ultimately communism".

According to the same article:

> ...the judge began by asking him what he thought of Prime Minister Rajiv Gandhi of India. Mr. Roberts, who has lived in Canada for over 7 years, said he had been away from India for some time and could not comment.
>
> The judge then said the Gandhi family was a bunch of "Communist bastards" and that India was a country—

Senator Molgat: This is a judge?

Senator Frith: Yes, just appointed. He went on to say:

> ...that leaned to the left...

He had been appointed in 1985. I repeat, the judge then said:

> ...the Gandhi family was a bunch of "Communist bastards" and that India was a country that leaned to the left...
>
> Mr. Roberts said in his statement that the judge later asked him which Canadian political party he supported. When he replied that he was disappointed with Conservative policy and was leaning toward the Liberals, "the judge totally lost his composure and cast (my) application aside with the comment: "I am disappointed in you."
>
> Mr. Roberts said Judge Walter asked him to pick up a framed letter of appreciation from Finance Minister Michael Wilson and read it.
>
> "Meanwhile, he lectured (me) on the good the Conservatives had done and about his association with people like Michael Wilson and Brian Mulroney.
>
> He called (me) and the Liberal Party socialists. He said I should not only vote Conservative but also work for the party."

Following similar stories from others who appeared before him, Judge Walter decided that he had brought enough "honour to Canada", and resigned. In his letter of resignation, he said that he was "deeply saddened" that the media coverage "appears to have brought embarrassment to the Government which I was so proud to serve".

The years 1987 and 1988 followed in the predictable pattern established in 1985 and 1986: More patronage appointments that did not exactly fulfil the Prime Minister's promise of bringing honour to all Canadians. I am sure that some did, but others did not. There was political corruption, including the gangland-style murder of a Tory fundraiser who was linked to a questionable land transaction around Mirabel Airport. There was also the conviction of a cabinet minister's riding association president for fraud in more questionable land dealings. We saw accusations made by former Mulroney minister Suzanne Blais-Grenier that companies dealing with the federal government routinely gave kickbacks in order to secure contacts. According to a *Globe and Mail* article of August 24, 1988, she stated:

> I'm not talking about $500 under the table or $1,000 in someone's pocket, I'm talking about millions of dollars.

There was also the firing of Supply and Services Minister Michel Côté in early 1988, after it was revealed that he failed to report, as required by conflict of interest guidelines, a personal loan of $250,000 from a businessman whose company had dealings with the federal government.

Towards the end of 1988, the RCMP were investigating more Tory MPs, one of whom would be charged within months of the election, and convicted after quickly pleading guilty to eight counts of breach of trust and three counts of fraud.

That takes us back to the question that we started with today concerning the statement by Richard Cléroux:

> We here in Canada between 1984 and 1992 have lived through the most corruption-ridden federal government in our history. More members of Parliament have been charged and convicted of corruption, breach of trust and conspiracy than at any time in our 125 years as a nation.

Is there evidence to support this charge? There is — and we have looked only at the period of 1984 to 1988.

Senator Lynch-Staunton: You forgot the election result.

Senator Frith: Yes.

Senator Lynch-Staunton: That was in 1988, too.

Senator Frith: You can put that on the record if you wish.

Senator Stewart: He is so proud of being associated with these wonderful people!

Senator Frith: You want to have something to be proud of.

Senator Lynch-Staunton: One more is coming up.

Senator Frith: Even more evidence surfaced following the 1988 election, the results of which Senator Lynch-Staunton has just proudly referred to.

Senator Lynch-Staunton: You are absolutely correct on that!

Senator Frith: Stay tuned. I now move the adjournment of the debate.

Senator Lynch-Staunton: Two down; the third is yet to go!

On motion of Senator Frith, debate adjourned.

RULES OF THE SENATE

MOTION TO AMEND RULE 98(3)—MATTER REFERRED TO COMMITTEE

On the Order:

> Resuming the debate on the motion of the Honourable Senator Marshall, seconded by the Honourable Senator Rivest:
>
> THAT the *Rules of the Senate* be amended by adding, immediately after Rule 98(3), the following:
>
> "98.(3)(*a*) That within 150 days of the presentation of a report from a standing committee or special committee, the government shall, upon the request of the committee, table a comprehensive response thereto." — (*Honourable Senator Molgat*).

Hon. Jack Marshall: Honourable senators, concerning Order No. 56, Senator Molgat indicated a few days ago that he was waiting until I was present before responding to it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): That is correct, honourable senators. Unfortunately, though, I do not have the file before me. Perhaps I can do it without the file.

This matter was discussed in the Standing Rules and Orders committee some years ago. If I had the file, I could give Senator Marshall all the details on it, but it was brought up originally by the then Senator John Godfrey. Those of you who were here may recall that, when Senator John Godfrey was here, he suggested quite a number of reforms and changes.

The Standing Rules and Orders Committee spent a good deal of time on a number of these proposals. One of them was that there should be the same type of reporting as in the House of Commons.

After considerable debate, and having looked at the whole issue, the Standing Rules and Orders Committee finally produced a report, which was not accepted by the Senate. The matter was sent back to the Standing Rules and Orders Committee. However, I am going by memory, and I would be glad to go through the details more thoroughly with Senator Marshall, if he wishes.

Eventually, the matter was dropped. The reason that the Standing Rules and Orders Committee and the Senate did not agree on this matter is that there was no way of enforcing it. The Standing Rules and Orders Committee and the Senate can indeed approve such a motion, but there is no way that the Senate can impose that kind of obligation on the government. It is for that reason that the matter was finally dropped.

More recently, I obtained from the Law Clerk of the Senate — not since Senator Marshall raised this matter, but some months ago — another opinion to see if things had changed. I received the same kind of answer. I have some doubts that we can proceed in this way. On the broader question, as a regular rule it is better, when we feel there should be a change in the rules, to refer the matter to the rules committee rather than to have the Senate make the change itself. I am not suggesting that Senator Marshall give up his cause; I simply think it would be better to have the rules committee look at the matter again. It is not a good practice to have the Senate automatically change the rules without further thought by the rules committee.

(1750)

Senator Marshall knows my thoughts on the present rules and the way they were brought about. I do not think it was the right way to do things. Rules should be changed by consensus, by agreement and by all members, not on a party basis.

Senator Marshall: It seems strange to me that of all the things we do in the Senate, the only thing we get any credit for is the work of our committees and the reports they make. Here we are after 125 years and our reports are meaningless unless some minister is kind enough to say, "He is a good fellow, so I will respond to the recommendations." We have many rules. I suggest that we make an effort to adopt this one and therefore that we refer, as Senator Molgat has suggested, the matter to the rules committee. Senator Lynch-Staunton and I discussed this point while we were waiting for Senator Molgat. We came to the conclusion that if there is not consent to adopt the motion, we request the rules committee to look at the matter again. Whatever procedure is necessary, I will follow it, or write a letter to the chairman of the rules committee asking it to look into this proposal and come back with a report.

Hon. Brenda M. Robertson: Honourable senators, the rules committee, I am sure, would be interested in looking at this matter. There is the discrepancy of what we expect to fly and what will not fly. I think possibilities would improve if we approached the leadership in the House of Commons in an attempt to come to some understanding on these matters. Certainly the rules committee would be glad to accept the motion as an item on its agenda. I guarantee that we would pursue it with some degree of vigour and report back to the house in the normal manner.

Senator Molgat: Honourable senators, I wonder if it would suit Senator Marshall's purpose if the Senate agreed to refer the principle to the rules committee. That could be done by a simple amendment, to the effect that the principle of this matter be referred to the rules committee.

Senator Marshall: Then, with leave of the Senate, I move that Order No. 56, 98 (3)(*a*) be referred to the Standing Committee on Privileges, Standing Rules and Orders.

The Hon. the Speaker: Honourable senators, is it agreed?

Hon. Senators: Agreed.

Motion agreed to and matter referred to Standing Committee on Privileges, Standing Rules and Orders.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before we suspend until eight o'clock this evening, as agreed we will start the votes on amendments to Bill C-115 as of 8:30. Could we agree that between 8:00 and 8:30 p.m., if Senator Bonnell is ready, he can speak to Bill C-101 and, if Senator Marchand is here, he can speak to Bill C-103 so that we can move them along to committee. It is a question of saving some time; otherwise we will call them tomorrow.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): I cannot speak for Senator Marchand or Senator Bonnell.

Hon. M. Lorne Bonnell: I think we can do something about that.

Senator Molgat: Senator Marchand has arrived and I will check with him.

Before we adjourn, would the Deputy Leader of the Government advise us on the timing for tomorrow. There had been some conversation between the two of us at an earlier stage that we might meet tomorrow morning. Earlier today it was confirmed that we would be meeting at two o'clock. Is that the situation?

Senator Lynch-Staunton: I believe there are three committees meeting tomorrow morning to process a number of bills which I hope will be reported to us tomorrow afternoon; the fixed link, two justice bills —

Hon. Royce Frith (Leader of the Opposition): Is the fixed link coming back in one day?

Senator Lynch-Staunton: We will have to wait and see. Otherwise we will meet the following day or any other day if need be. We will meet at two o'clock and see what reports we get from the committees. I understand we will have more amendments to Bill C-115 and will have to dispose of them. The arrangement is that by house Order, we will vote no later than eleven o'clock Wednesday morning to dispose of Bill C-115. Between now and that time we are on standby. Royal Assent has been fixed for Wednesday noon or one o'clock, depending on when we are through. If things are accelerating at a faster pace, we could consider Royal Assent tomorrow evening. However, it is up to the house to decide how and when we dispose of the legislation.

The sitting of the Senate was suspended until 8 p.m.

The sitting of the Senate was resumed at 8 p.m.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, we held back on Bill C-103 and Bill C-101 since senators on the other side who were interested in these bills were not present. I understand from Senator Marchand that he has nothing to add to what he has stated on Bill C-103. We will, therefore, proceed to third reading. Senator Bonnell, however, will speak on Bill C-101.

LAND TITLES REPEAL BILL

THIRD READING

On the Order:

> Resuming from earlier this day the debate on the motion of the Honourable Senator Berntson, seconded by the Honourable Senator Kinsella, for the third reading of Bill C-103, to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto.

Motion agreed to and bill read third time and passed.

CANADA LABOUR CODE PUBLIC SERVICE STAFF RELATIONS ACT

BILL TO AMEND—THIRD READING

On the Order:

> Resuming the debate on the motion of the Honourable Senator DeWare, seconded by the Honourable Senator Beaulieu, for the third reading of Bill C-101, to amend the Canada Labour Code and the Public Service Staff Relations Act.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion?

Hon. M. Lorne Bonnell: Honourable senators, I rise to make a few comments during third reading stage of this bill and to propose an amendment that I believe will make this bill satisfactory for those most affected by this legislation, the workers of Canada.

As you may recall from the second reading debate, this bill will make amendments to the Canada Labour Code and the Public Service Staff Relations Act.

This bill contains many good measures, including a more flexible parental leave schedule, improved provisions concerning maternity reassignment and leave, and security for workers who are injured or become ill on the job. These amendments will benefit workers in a fair and respectable manner. I fully support the above provisions contained in this bill although I feel that, in some cases, the benefits could be extended.

Many of the above-cited amendments were adopted through a lengthy consultation process between employer representatives, employee representatives and government officials. While such a process is often cumbersome and time consuming, I applaud the government for providing a forum for all parties to deliberate. It appears that this process, while lengthy, was appreciated by the employee representatives.

However, the good faith exhibited by this government soon disappeared. Without prior consultation with the employee representatives, the government included two damaging clauses, clauses 2 and 42, in what one would otherwise consider to be a well-balanced bill.

Clauses 2 and 42 are very controversial, first, because of the lack of consultation with employee representatives, and, second, the magnitude of such measures on the collective bargaining process.

Clause 2 entitled "Vote on Employer's Offer", allows the minister, where notice to bargain collectively has been given and deemed to be in the public's interest, to call a vote on the employer's last offer received by the trade union. Employees in the affected bargaining union would be given the opportunity to accept or reject the last offer in respect of all matters remaining in dispute between the parties. The parties will be bound by this decision.

Clause 42 amends the Public Service Staff Relations Act. Before or after the commencement of a legal strike, a minister designated by the Governor in Council, other than a minister of the Treasury Board, if it was felt the public interest would be served, could order a vote similar to that which the Minister of Labour could order. The vote would be held without delay and would be conducted by the Public Service Staff Relations Board. If the offer was accepted, any legal strike would cease at once and, unlike the proposal for Part I of the code, the employees would be required to return to work as soon thereafter as the employer determined practicable. In clause 2, parties would be bound by this decision.

I believe these two clauses have the potential, when implemented, to destroy our collective bargaining process in Canada. Honourable senators, I would like to take a moment to draw your attention to the testimony of two of the witnesses appearing before our committee and also a witness who appeared before the legislative committee in the other place.

I would like to quote from the Canadian Union of Postal Workers brief, which stated:

> We also object to the cavalier attitude of the government and its complete disregard for the mechanism by which decisions are made, within unions, and between unions and other organizations, even employers. The fact that clauses 2 and 42 were introduced outside of the LSCC committee shows disrespect for the channels we had assumed the government supported, given their participation. Moreover the content of these clauses not only belies an arrogance about the magnitude of the proposed undertaking, it belies an underlying suspicion of the democratic nature of trade unions. Given the flagrant lack of respect for the democratic process displayed by this government, whether this be by including clauses 2 and 42 in Bill C-101, by ramming through unemployment insurance cutbacks, or by forcing the North American Free Trade Agreement through the House of Commons in undue haste, this government is not in any position to question the democratic integrity of trade unions. Equally shocking is the fact that the government would slip such cynical amendments into a package of proposals which had indeed been drafted in a co-operative and consultative manner. We see the introduction of clauses 2 and 42 as being a serious attack on trade unionism in this country.

The Professional Institute of Public Service of Canada, which appeared before our committee, wrote in its brief:

> At first glance, Bill C-101 appears to be positive legislation for Canadian workers, but it contains a section (90) which threatens the legal responsibility of unions to represent their members. This shocking addition permits the government, as employer, to put a vote directly to employees, changes to terms and conditions of employment, denying employees their representational rights at any time during collective bargaining process, including before or after the commencement of a strike.

I would now like to refer to the testimony given by Mr. Ian Deans, chairperson of the Public Service Staff Relations Board, to the legislative committee of the other place on April 4, 1993. I quote from his comments with respect to the vote on the employer's last offer.

(2010)

> I guess my bottom line for you is that if you want to do something like this, I think this perhaps is not the appropriate vehicle...This may be fine in the private sector...But in this case, because of the close relationship between the government and the employer, the Treasury Board, it would be impossible for them to extricate themselves from the process afterwards...on those occasions where it would be necessary or desirable to use some sort of process like this, Parliament always has the right to bring forward legislation on an emergency basis to deal with it. It would take less time to do that than it will take to do this, considerably less, and it will be a lot less costly and much more predictable in its outcome. I say to you also that it would do less damage to the labour relations atmosphere.

Furthermore, the Canadian Labour Congress, the Public Service Alliance of Canada, the United Transport Union, to name but a few of those unions affected, view clauses 2 and 42 as being unfair and unethical. I agree with them.

Therefore, honourable senators, I move:

> That Bill C-101 be not now read the third time but that it be amended by deleting clause 2 on page 1, and clause 42 on page 27, and by renumbering all subsequent clauses accordingly.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator DeWare, seconded by the Honourable Senator Beaulieu that this bill be read the third time now.

In amendment, it is moved by the Honourable Senator Bonnell, seconded by the Honourable Senator Neiman:

> That Bill C-101 be not now read the third time but that it be amended by deleting clause 2 on page 1, and clause 42 on page 27, and by renumbering all subsequent clauses accordingly.

[Senator Bonnell]

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Noël A. Kinsella: Honourable senators, I have just a few comments. First and foremost, I agree with Senator Bonnell that the provisions of Bill C-101 are in large part a very welcome addition to the Canada Labour Code, and as well, that the consultation process related to the amendments that we have before us has involved groups that have welcomed these amendments.

Senator Bonnell's amendment to strike clause 2 and clause 42 brings some focus to a matter that many of us believe is a very welcome addition to the Canada Labour Code and to the Public Service Staff Relations Act: An opportunity for the minister, if he or she deems it appropriate and in the public interest, to provide for a vote by the membership in a bargaining unit on an employer's final offer.

I wish to address some of the concerns that my honourable friend has with certain provisions of the bill, namely clause 2 and clause 42. I will attempt to alleviate some of the concerns that he has and, indeed, the concerns of some of the witnesses who appeared before the Standing Senate Committee on Social Affairs, Science and Technology and before the Legislative committee in the other place.

Let me state first of all, honourable senators, that these clauses are not revolutionary provisions, as my honourable friend might have us believe. Several other jurisdictions already have such a provision in their labour codes. For example, the idea that a minister can ensure consultation of unionized employees on an employer's last offer has already been put into law in several provinces, including the provinces of British Columbia, Saskatchewan, and Ontario.

Our friend has raised the spectre of ministers perhaps forcing vote after vote on one offer, or using this clause repeatedly before the collective bargaining process has had a chance to work. That is not what the Minister of Labour testified to when he appeared before our committee last week. Other witnesses who appeared before our committee were hard pressed to name examples where the legislation had ever been used, let alone overused, in the provinces that now have the legislation in place.

In Ontario, for instance, honourable senators, this clause has only been invoked once, in the case of the Toronto Transit Commission strike. Any honourable senator familiar with that city would have to admit that that was clearly done in the public interest. Here we had a city that had effectively ground to a halt, complete with traffic jams, half-full offices, people unable to work, and a bargaining process which had clearly bogged down. Since the Ontario Minister of Labour had this provision available to him in the Ontario Labour Code, the dispute was settled by affording the workers an opportunity to vote themselves on the final offer.

We have heard absolutely no evidence or precedent to suggest that this option would be misused by any minister, regardless of the party in power, and we are all familiar with the political stripe of the provinces where this provision is included in their respective provincial labour codes. In fact, the provincial examples should make us optimistic that this kind of provision can indeed work.

Testimony heard by our committee adds to my certainty that this clause must, practically by definition, be invoked with all necessary prudence and restraint. This is what Minister Danis spoke to when he appeared before our committee. Also, the representatives from the Canadian Union of Postal Workers outlined in great detail for us the pains that one must take in order to conduct a fair vote of union members that is beyond reproach and appeal. They asked how anxious government would be to engage or entangle itself in ensuring that such a process was properly conducted. Indeed, I would agree with them that government would be reluctant to take on this task, which in my opinion would support the minister's claim before our committee that this clause would only be used when there was no other means to resolve a dispute that was disrupting services that Canadians count on.

Honourable senators, let me be clear that support for this legislation does not imply a lack of faith in the collective bargaining process. On the contrary, witnesses told us that, in a majority of cases, that process works, and works fine. I agree. I think that senators on both sides of this chamber would also agree. The real question is: On those occasions when it does not work, will we have some means to break a logjam in the process that still allows workers to vote on a final offer? Right now, the government lacks such a tool, and this bill would give it that tool. However, this amendment would take that tool away.

(2020)

The final point raised against clauses 2 and 42 is the assertion that calling for a vote somehow grants the employer some new unfair advantage. After two days of testimony and speeches from senators opposite, I still have not heard this new power identified or explained.

We have heard the minister testify before the committee of the pains taken by the Department of Labour to ensure that the ability to call for a vote will not reside with any minister who sits on the Treasury Board and might therefore be involved in negotiations.

Is there a phrase or a clause here that would deny union leadership a chance to make recommendations to their members? Not at all. Is there a phrase or a clause here that puts an onus on workers to accept the offer? Not at all. Perhaps there is something here that gives the employer greater ability to lobby union members. No, honourable senators, there is nothing like that. For all the dire predictions, none of that is included in this bill.

We have heard nothing that can alter the bottom line: all Bill C-101 calls for is a vote, a question put to the workers who, after all, must live with the final deal. It simply lets the minister say, "All right. Let us, in the public interest, ask the workers". It asks the workers, "Yes or no; is this an acceptable contract to you?" They can say yes or no. Nothing can happen that the employees do not want to happen. What could possibly be wrong with that?

Honourable senators, we have often heard those who condemn the use of back-to-work legislation. I grant that the use of such legislation can at times be too blunt an instrument to settle a dispute. However, when Canadians are denied services because of a labour dispute that shows no signs of ending, we must have alternative means of ending that dispute.

Bill C-101 would give government an alternative tool to use, one that could end the dispute and restore service to Canadians with the consultation and consent of employees and with none of the disadvantages of back-to-work legislation.

Adoption of the amendment of Senator Bonnell would deny government that tool. That is why I defend the committee's decision to report the bill without amendment and ask for defeat of this amendment and adoption of the bill.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: It is moved by the Honourable Senator DeWare, seconded by the Honourable Senator Beaulieu, that this bill be read the third time.

It is moved in amendment by the Honourable Senator Bonnell, seconded by the Honourable Senator Neiman:

> THAT Bill C-101 be not now read the third time but that it be amended by deleting clause 2 on page 1, and clause 42 on page 27, and by renumbering all subsequent clauses accordingly.

Is it your pleasure, honourable senators, to adopt the motion in the amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Senator Molgat: On division.

The Hon. the Speaker: It is moved by the Honourable Senator DeWare, seconded by the Honourable Senator Beaulieu, that this bill be read the third time now. Is it your pleasure, honourable senators, to adopt the motion?

Motion agreed to and bill read third time and passed, on division.

The Hon. the Speaker: Honourable senators, we shall now proceed to the recorded division on amendments deferred until 8:30 this evening.

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—MOTIONS IN AMENDMENT NEGATIVED

On the Order:

> Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement;
>
> And on the motion in amendment of the Honourable Senator MacEachen, P.C., seconded by the Honourable Senator Bonnell, that the motion be amended by deleting all the words after the word "That" and adding the following words: "this house declines to approve and implement the North American Free Trade Agreement because *inter alia* the Agreement does not provide for the establishment of a working group to develop common rules and disciplines concerning the use of government subsidies, unfair pricing, antidumping and countervailing duties within time limits comparable to those prescribed in Article 1906 of the Free Trade Agreement between Canada and the United States of America;"
>
> And on the motion in amendment of the Honourable Senator Stewart, seconded by the Honourable Senator Olson, P.C., that Bill C-115 be not now read the third time, but that it be amended in Clause 218 at page 159 by striking out Section 77.013(2) as set out in that clause and by renumbering Section 77.013(3) as 77.013(2);
>
> And on the motion in amendment of the Honourable Senator Stollery, seconded by the Honourable Senator Corbin, that Bill C-115 be not now read the third time, but that it be amended in Clause 242 at page 193 by striking out lines 20 to 30, inclusive, and substituting therefor the following:
>
> tion (1), unless
>
> (a) the Governor in Council is satisfied that the Government of the United Mexican States and the Government of the United States of America have taken satisfactory steps to implement the Agreement, and
>
> (b) the Senate and House of Commons have by resolution approved all agreements entered into prior to the date of the order that are supplementary to the Agreement.

The Hon. the Speaker: Shall we ring the bells?

Hon. John Lynch-Staunton (Deputy Leader of the Government): The agreement is that one senator from each side is allowed to speak to the amendment before the house, and then a vote may be taken following the debate, if it is the wish of honourable senators.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, there is no one on our side who wishes to speak to the first amendment.

Senator Lynch-Staunton: There is no one on this side who wishes to speak to it, either.

Senator Molgat: The bells can now be rung. The question is, how long a time will the Whip insist upon?

Hon. William M. Kelly: There is a great deal of risk involved here, honourable senators.

Senator Frith: Have you done the sofa check?

Senator Kelly: I suggest a five-minute bell.

Senator Molgat: Five minutes seemed to work very well in the past. I cannot see why we should change now.

Senator Frith: Some think of it as a magic number, in fact.

The Hon. the Speaker: Honourable senators, it is agreed that the bell will ring for five minutes.

Call in the senators.

(2030)

Motion in amendment of Senator MacEachen negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	LeBlanc
Austin	Lewis
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
De Bané	Neiman
Frith	Perrault
Gigantès	Petten
Grafstein	Riel
Graham	Robichaud
Haidasz	Sparrow
Hébert	Stanbury
Kenny	Stewart—27.
Lawson	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Cape Breton*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Simard
Ghitter	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk—49.
Johnson	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil.

The Hon. the Speaker: Honourable senators, in amendment it is moved by the Honourable Senator Stewart, seconded by the Honourable Senator Olson, P.C., that Bill C-115 be not now read the third time, but that it be amended in Clause 218 at page 159 by striking out Section 77.013(2) as set out in that clause and by renumbering Section 77.013(3) as 77.013(2).

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we have the yeas and nays already. This is now a recorded vote. I think that we should have another standing vote, even though it will take a couple of minutes. I live in hope that we may be able to influence some honourable senators across the way. I am assuming that no senator wishes to speak on this motion in amendment.

Motion in amendment of Senator Stewart negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	LeBlanc
Austin	Lewis
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
De Bané	Neiman
Frith	Perrault
Gigantès	Petten
Grafstein	Riel
Graham	Robichaud
Haidasz	Sparrow
Hébert	Stanbury
Kenny	Stewart—27.
Lawson	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Cape Breton*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Simard
Ghitter	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk—49.
Johnson	

ABSTENTIONS

THE HONOURABLE SENATORS

Nil.

(2040)

The Hon. the Speaker: Honourable senators, in amendment it is moved by the Honourable Senator Stollery, seconded by the Honourable Senator Corbin, that Bill C-115 be not now read the third time, but that it be amended in Clause 242 at page 193 by striking out lines 20 to 30, inclusive, and substituting therefor the following:

> tion (1), unless
>
> (a) the Governor in Council is satisfied that the Government of the United Mexican States and the Government of the United States of America have taken satisfactory steps to implement the Agreement, and
>
> (b) the Senate and House of Commons have by resolution approved all agreements entered into prior to the date of the order that are supplementary to the Agreement.

Hon. John B. Stewart: Honourable senators, I understand that, pursuant to the agreement made between the parties, it is possible for one or more senators to speak at this point. I wish to take advantage of that agreement.

Clause 242 of the bill authorizes the Governor in Council to decide when to bring the act into force. As it now stands, the bill gives the Governor in Council absolute discretion, except that the Governor in Council must be satisfied that the two other governments have taken satisfactory steps to implement the agreement.

The amendment would add a second requirement, namely that the Senate and House of Commons have, by resolution, approved all agreements entered into prior to the date of the order that are supplementary to the agreement. This refers to the side agreements now under negotiation.

The government is asking Parliament to give it the power to bring the North American Free Trade Agreement into effect without this Parliament ever having seen those side agreements. In the United States, the North American Free Trade Agreement and the side agreements are seen as parts of one deal, and the United States has made it quite clear that it will not implement the NAFTA without side agreements acceptable to the President and the Congress.

Why should the Senate of Canada show indifference to business and labour interests in this country? Why should we show indifference to the content of these crucial side agreements? The government is proposing that we show indifference.

Let us not underestimate the strength of the American position. The American negotiating position on these side agreements is extraordinarily strong. To see why that is so, let us look at the Mexican situation. The government of Mexico is desperate for the NAFTA because it forms the foundation for the Mexican government's economic, social, and indeed its political program for the foreseeable future. The NAFTA is of fundamental importance to Mexico.

The NAFTA is also of great importance to the Progressive Conservative government of Canada. Let me explain why. I think there is a common view in Canada that it would be nice if the NAFTA would just go away. I have heard it said, "Wouldn't it be wonderful if the Congress of the United States would turn down the NAFTA." If it did, there would be certain serious consequences for Canada. Let me explain.

Earlier this evening we voted on an amendment put forward by Senator MacEachen with regard to the desirability of a working group which would develop a code of fair trade rules governing subsidies and dumping. In the free trade agreement with the United States, provision was made for just such a working group, but nothing came of that. Mr. Wilson told our committee on foreign affairs that it was decided that it would be better to wait for the GATT. However, we had expert

advice that there was another explanation as to why the working group undertaking was abandoned; That explanation was that it was found that the whole enterprise of working out a code was impractical. Mr. Potter, one of the most experienced of the panellists, also gave us that explanation.

As a result of dropping the working group, we had to rely entirely on the system of binational panels to overcome disputes. We have been told they work very well.

We have to recognize, honourable senators, that under Chapter 19 of the free trade agreement between Canada and the United States, the system of binational panels will undergo a sunset at the end of seven years. The working group has been abandoned and the FTA provides that Chapter 19 will expire at the end of seven years. The panel system will disappear. When the binational panel system disappears, Canada loses what has been vaunted as the principal achievement of the free trade agreement.

Under the panels we can contest changes that the United States makes in its fair trade laws. Under the binational panel system, we can challenge decisions made by the U.S. Department of Commerce in the application of these laws. Canada has paid the heavy costs of adjustment required by the free trade agreement in order to gain, chiefly, the binational panel system; yet at the end of seven years, that system is gone.

Let me read article 1906 of the free trade agreement between Canada and the United States. It says:

> The provisions of this Chapter shall be in effect for five years pending the development of a substitute system of rules in both countries for antidumping and countervailing duties as a applied to their bilateral trade. If no such system of rules is agreed and implemented at the end of five years, the provisions of this Chapter shall be extended for a further two years. Failure to agree to implement a new regime at the end of the two-year extension shall allow either Party to terminate the Agreement on six-month notice.

Canada has paid all the adjustment costs for the free trade agreement. At the end of the seven years, if the working group —which already has been abandoned — has not achieved a set of fair trade rules, the United States can say, "We have decided that we do not like this free trade agreement", and can give a renunciation notice, effective within six months.

In other words, in 1988 the government went ahead with free trade with the United States knowing that the binational panel system was only temporary. In 1996, at the end of the seven years, Chapter 19 of the free trade agreement expires. At the end of seven years there may be no common rules governing antidumping or countervailing duties, and there may be no binational panels to assure that United States law conforms to the object and purpose of the free trade agreement. No binational panels to settle disputes about the administration of U.S. law.

(2050)

How does the North American Free Trade Agreement change that? It makes the panel process permanent. That is why the present government is desperately anxious for the North American Free Trade Agreement to be implemented. Mexico is anxious, and regardless of its pose, the present government of Canada is desperately anxious.

The American negotiating position is strong. What do they want? They want a side agreement on labour that will lead to the creation of a commission to deal with the whole range of standard labour matters; worker health and safety, child labour, working hours, minimum wages, et cetera. The commission would have all the privileges and immunities to enable it to perform its mandate in Canada, Mexico and the United States. If any one of the three countries, on the basis of a report from its secretariat, considers that another country has demonstrated a persistent and unjustifiable pattern of non-enforcement of its labour law, that country may lodge a complaint. Ultimately, a panel would be appointed to investigate. It would be possible to impose trade sanctions on a country found delinquent and recalcitrant. The complaining country would be able to suspend an appropriate level of NAFTA benefits until remedial action had been taken by Mexico, Canada or the United States.

The United States also wants a side agreement on the environment. The model is the same; a commission, a secretariat, and the possibility of imposing trade sanctions if Canada or Mexico, or the United States, were to be found in violation.

There are good reasons for trade sanctions. First, given the difference in the size of the Canadian and American economies, the impact of the same trade sanction would be far greater in Canada than in the United States. Second, we have many companies that produce primarily for export. A far greater percentage of our productive economy is producing for export than is the case in the United States. Those companies would be hit much harder than American companies by trade sanctions. Third, we were told by reputable witnesses in the committee that there is good reason to fear that, notwithstanding assurances, complaints about labour and environment violations would be used to harass Canadian companies, not unlike the way complaints made concerning pork and steel now are used to harass Canadian companies and divert investment to the United States and away from Canada.

If anyone doubts what I am saying, they have only to read the evidence given by Dr. Richard Lipsey and Mr. Thomas P. d'Aquino, who persuasively made the three points before the Standing Senate Committee on Foreign Affairs. The amendment now before us would provide a barrier against side agreements that provide trade sanctions.

As I said, the United States is in an extraordinarily strong negotiating position. Mexico needs the NAFTA. The government of Canada needs the NAFTA to perpetuate the binational panel system, which Mr. Wilson told us was the chief achievement of the free trade agreement. At page 25:52 of our committee proceedings, when asked by Senator Bosa what gains Canada had made in the NAFTA, the very first point Mr. Wilson made in answering Senator Bosa was that the binational dispute settlement system will be made permanent. He said: The key thing you get in the FTA that is continued now in the NAFTA is the ability to resolve those disputes in a satisfactory way, based on the rules and with time frames. With the words "that is continued now", Mr. Wilson drew attention to the fact that under the NAFTA, the binational panel system will be continued. Under the free trade agreement between Canada and the United States, it expires. If it is not continued by the NAFTA, it expires December 31, 1996.

Is it any wonder that the government is desperate to agree to what the United States is seeking to gain in the side agreements? Without those side agreements, the NAFTA will not be implemented by the United States. The Congress has made that clear.

There is our situation, honourable senators. We are being asked to write a blank cheque; we are being asked to put that blank cheque into the hands of an unknown person. Mr. Wilson will not contest the next election. We do not know the outcome of the next election.

If this house is ever to deserve the reputation of a house of sober second thought, surely it is on this occasion. Surely this is the occasion for honourable senators experienced and new to demonstrate prudence. Prudence, I put it to you, requires that we support this amendment.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, in amendment it was moved by the Honourable Senator Stollery, seconded by the Honourable Senator Corbin, that Bill C-115 be not now read the third time, but that it be amended in Clause 242 at page 193 by striking out lines 20 to 30, inclusive, and substituting therefor the following:

> tion (1), unless
>
> (a) the Governor in Council is satisfied that the Government of the United Mexican States and the Government of the United States of America have taken satisfactory steps to implement the Agreement, and
>
> (b) the Senate and House of Commons have by resolution approved all agreements entered into prior to the date of the order that are supplementary to the Agreement.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. William M. Kelly: Honourable senators, I would ask the Speaker if it is his intent to start the bell as we did before? I suggest, given that we have had an interesting intervention from Senator Stewart, that we could have a short five-minute bell.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): If five minutes would be enough for my honourable friends across the floor to reflect on the seriousness of Senator Stewart's intervention, I would agree to five minutes.

The Hon. the Speaker: Honourable senators, the bells will ring for five minutes.

(2100)

Motion in amendment of Senator Stollery negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	LeBlanc
Austin	Lewis
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
De Bané	Neiman
Frith	Perrault
Gigantès	Petten
Grafstein	Riel
Graham	Rizzuto
Haidasz	Robichaud
Hébert	Sparrow
Kenny	Stanbury
Lawson	Stewart—28.

NAYS
THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Cape Breton*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Simard
Ghitter	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk—49.
Johnson	

ABSTENTIONS
THE HONOURABLE SENATORS

Nil.

The Hon. the Speaker: Honourable senators, in amendment it is moved by the Honourable Senator Haidasz, seconded by the Honourable Senator Adams that Bill C-115 be not now read the third time but that it be amended by adding immediately after Clause 5, at page 4 thereof, the following new clause:

> 5.1 Nothing in this Act abrogates or derogates from any powers or rights of a provincial or territorial legislature, or of the Parliament of Canada, or from any other powers or rights held in Canada and recognized by the Constitution of Canada.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Edward M. Lawson: Honourable senators, I have a brief intervention. I want to ask a question of Senator Haidasz concerning this motion in amendment.

Honourable senators, the California state legislature has a concern under the North American free trade agreement that American truck drivers hauling produce and other goods between Mexico and California will be replaced under the provisions of that agreement with drivers being paid approximately $1 per hour, and as a result will be driving 16, 18 and 20 hours a day in an unsafe manner.

Second, because there is no enforceable regulation dealing with the operation of their equipment, they are seriously considering adopting state legislation that would control this serious problem to protect the citizens of California from these unsafe drivers, unsafe conditions and unsafe equipment.

In the absence of the federal government taking any similar steps to protect Canadians from this problem that we will have, does this amendment provide that individual provinces could legislate safety conditions and enforcement of safety conditions, testing equipment and limiting hours to protect ordinary Canadians from this serious problem that will place them in jeopardy?

Hon. Stanley Haidasz: Yes, honourable senators. The intent of this amendment is to maintain the authority of the provincial governments over labour matters such as the one that was just brought to our attention by Senator Lawson.

If we vote for this amendment, we will be able to ensure that the workers will be treated fairly and the provincial authorities will maintain their constitutional right in labour matters and disputes.

(2110)

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, we would be prepared to accept the same vote as the last one, if that is agreeable. If not, then we will have a standing vote.

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

Hon Senators: Agreed.

Motion in amendment of Senator Haidaz negatived on the following division:

YEAS
THE HONOURABLE SENATORS

Adams	LeBlanc
Austin	Lewis
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
De Bané	Neiman
Frith	Perrault
Gigantès	Petten
Grafstein	Riel
Graham	Rizzuto
Haidasz	Robichaud
Hébert	Sparrow
Kenny	Stanbury
Lawson	Stewart—28.

NAYS

THE HONOURABLE SENATORS

Andreychuk
Angus
Atkins
Balfour
Beaudoin
Beaulieu
Berntson
Bolduc
Buchanan
Chaput-Rolland
Cochrane
Cogger
Cohen
Comeau
Desmarais
DeWare
Di Nino
Doyle
Eyton
Forrestall
Ghitter
Grimard
Gustafson
Jessiman
Johnson
Kelleher
Kelly
Keon
Kinsella
Lavoie-Roux
LeBreton
Lynch-Staunton
MacDonald (*Cape Breton*)
Marshall
Meighen
Muir
Murray
Nolin
Oliver
Phillips
Rivest
Roberge
Robertson
Rossiter
Simard
Spivak
Stratton
Sylvain
Tkachuk—49.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil.

THIRD READING—DEBATE CONTINUED

Hon. John Lynch-Staunton (Deputy Leader of the Government): Then we are back to the main motion.

Senator Molgat: I believe the main motion was adjourned this afternoon by Senator Bosa.

Senator Lynch-Staunton: Perhaps he would like to speak to it now.

Hon. Peter Bosa: Honourable senators, I will speak tomorrow.

Senator Lynch-Staunton: Does anyone else wish to speak?

Senator Molgat: If any other senators wish to speak, they are free to do so.

On motion of Senator Bosa, debate adjourned.

The Senate adjourned until tomorrow at 2 p.m.

THE SENATE

Tuesday, June 22, 1993

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

Prayers.

SENATORS' STATEMENTS

DALAI LAMA

VISIT TO CANADA

Hon. Consiglio Di Nino: Honourable senators, this past Sunday I had the pleasure and privilege of meeting His Holiness the Dalai Lama. The Dalai Lama continues to be a staunch defender of, and tireless ambassador for, international human rights, as well as one of the world's most persistent ambassadors of peace — not only for his beloved Tibet, but for all oppressed and downtrodden peoples, having been so recognized by being awarded the Nobel Peace Prize.

The Dalai Lama is visiting Canada to continue his crusade on behalf of Tibet and Tibetans, and his efforts to free Tibet from China's occupation. I extend my most fervent wishes for a successful and fruitful visit, and pray that the Dalai Lama may again soon set foot in a Tibet free from oppression and brutality.

At an early opportunity, I will reintroduce in this chamber an inquiry on the Tibet issue. However, in the meantime, I hope all my colleagues will join with me in extending to His Holiness the Dalai Lama, a man of peace, the warmest of welcomes and best wishes.

CANADIAN BROADCASTING CORPORATION

COVERAGE OF POLITICAL RALLIES IN MONTREAL—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: Honourable senators will remember that I have spoken often about Telefilm Canada, which has been planning to finance a film glorifying the separatist terrorists who kidnapped, sequestered, tortured and killed Pierre Laporte, a Quebec cabinet minister, in 1970. The purpose of the film is to foment hatred among francophones towards anglophones.

We are now in a situation where a Quebec political party, the Bloc Quebecois, will be running in the forthcoming federal election and using hate-mongering as an electoral tactic. Moreover, the Canadian Broadcasting Corporation is helping the Bloc Québécois and its leader, Lucien Bouchard, the man who stabbed his best friend, Prime Minister Mulroney, in the back and thus scuttled an all-party effort to salvage the Meech Lake Accord.

Last Sunday, June 20, there were two electoral rallies in Montreal: One, with an audience of 1,200 people, featured Mr. Chrétien as speaker; the other, with 400 people, featured Lucien Bouchard. Both the French and English CBC television news at 10 p.m. that evening ignored Mr. Chrétien's rally and featured Lucien Bouchard exclusively.

Why did this happen? Because French CBC assigned the camera crews in Montreal and provided the English network with the footage. The producers of French CBC are nearly all separatists. *Le Devoir* is a separatist newspaper, but it covered both events. The *Globe and Mail*'s editor does not like Jean Chrétien, but his paper covered both the Chrétien and Bouchard rallies.

There is a clear line of journalism dividing propaganda from reporting. Too many people in the French section of the CBC cross that line and act as propagandists for the separatist cause. They are perfectly entitled to hold separatist political views, but they are not entitled to be unprofessional. It would be perfectly professional for them to report on Mr. Bouchard objectively, but it is not professional for them to censor other political leaders by excluding them from television coverage.

Mr. Veilleux, an appointee of the Tory party, is clearly too scared of his separatist staff to demand that they show professionalism in their work. It is not good enough for the government to hide behind the formula of the arm's-length relationship, thus allowing a national institution like the CBC to become an organ for separatist propaganda.

No other government, no other country would be so suicidal. Elections are fundamental to a democracy, but elections are meaningless if the electorate is ill-informed. The CBC is financed by all taxpayers. In an election year, the CBC does not have the right to be partisan in its news coverage. The French half of the CBC must not be allowed to continue being an exclusive propaganda vehicle for separatist propaganda.

THE SENATE

SENATE COMMITTEES—ACTIVITIES AND EXPENDITURES—ANNUAL REPORT, 1992-93

Hon. Colin Kenny: Honourable senators, I wish to draw the attention of the Senate to a report prepared by the Committees and Private Legislation Directorate of the Senate entitled "Senate Committees — Activities and Expenditures — Annual Report, 1992-93". It is a remarkable report. This

is the third time this directorate has prepared a report of this nature. It summarizes the work, in some detail, of Senate committees, including the highlights of reports they have made. I commend it to all senators for examination. I should like to thank the director of committees for preparing such an excellent piece of work.

ROUTINE PROCEEDINGS

NORTHUMBERLAND STRAIT CROSSING BILL

REPORT OF COMMITTEE

Hon. Donald H. Oliver, Chairman of the Standing Senate Committee on Transport and Communications, presented the following report:

TUESDAY, June 22, 1993

The Standing Senate Committee on Transport and Communications has the honour to present its

TWENTIETH REPORT

Your Committee, to which was referred Bill C-110, an Act respecting the Northumberland Strait Crossing, has examined the said Bill in obedience to its Order of Reference of Thursday, June 17, 1993, and now reports the same without amendment.

Respectfully submitted,

DONALD H. OLIVER, Q.C.
Chairman

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

Hon. Orville H. Phillips: Honourable senators, with leave of the Senate, now.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, Senator Phillips had mentioned this matter to me before the commencement of today's proceedings. I thank him for doing so, rather than having it sprung upon me.

My answer to Senator Phillips was that if there was to be Royal Assent today, I would have no objection to giving leave under the procedure we normally follow. However, in conversation with my honourable friend opposite, the Deputy Leader of the Government, I understand that Royal Assent will likely not take place today.

I would say this to my honourable friend: If it turns out later that there could be Royal Assent today, I would be prepared to recommend that we revert back to this item on the Order Paper and proceed to third reading at that time.

Senator Phillips: I thank the Honourable Senator Molgat for his remarks. I am always hopeful of the prospect of having Royal Assent today. I know that many senators on his side wish to start the summer adjournment, and I am sure he does not want to keep them here any longer than necessary.

Senator Molgat: My honourable friend will appreciate that for the time being we do not have very much control as to when Royal Assent will be. In a few months' time, things may change. At that time, I will be happy to accommodate him.

The Hon. the Speaker: Honourable senators, is leave granted?

Senator Molgat: Leave is not granted, with the understanding that, should the circumstances change, we would consider reverting to the item at that time.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Agreed.

On motion of Senator Phillips, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

[*Translation*]

CRIMINAL CODE
YOUNG OFFENDERS ACT

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

TUESDAY, June 22, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTY-FIFTH REPORT

Your Committee, to which was referred Bill C-126, an Act to amend the Criminal Code and the Young Offenders Act, has, in obedience to the Order of Reference of Thursday, June 17, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GÉRALD-A. BEAUDOIN
Chairman

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

Senator Beaudoin: At the next sitting of the Senate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): With the same proposal I made to Senator Phillips, if things change later today, we could come back to third reading of this bill.

On motion of Senator Beaudoin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

CRIMINAL CODE CUSTOMS TARIFF

BILL TO AMEND—REPORT OF COMMITTEE

Hon. Gérald-A. Beaudoin, Chairman of the Standing Senate Committee on Legal and Constitutional Affairs, presented the following report:

TUESDAY, June 22, 1993

The Standing Senate Committee on Legal and Constitutional Affairs has the honour to present its

THIRTY-SIXTH REPORT

Your Committee, to which was referred Bill C-128, an Act to amend the Criminal Code and the Customs Tariff (child pornography and corrupting morals), has, in obedience to the Order of Reference of Thursday, June 17, 1993, examined the said Bill and now reports the same without amendment.

Respectfully submitted,

GÉRALD-A. BEAUDOIN
Chairman

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

Senator Beaudoin: At the next sitting of the Senate.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Subject to the same agreement, honourable senators.

On motion of Senator Beaudoin, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 308 residents of British Columbia who oppose the goods and services tax.

These petitions come mainly from Tatla Lake, Mission, Williams Lake, Courtenay, Abbotsford, Victoria, Agassiz, Clinton, Vancouver, Surrey and Kelowna.

I have the honour to present a petition signed by 12 residents of Ontario who oppose the goods and services tax.

Most of the signatures are from Morrisburg, Rockland, Iroquois and Ottawa.

This makes a total of 320 petitioners who continue tirelessly to protest against the GST, a tax whose days are numbered. This latest group of petitions was signed about three months ago, Senator Murray and the other sceptics should note.

[*English*]

QUESTION PERIOD

ORDER PAPER QUESTIONS

REQUEST FOR REPLIES TO WRITTEN QUESTIONS

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I should like to address a question to the Leader of the Government in the Senate with respect to outstanding written questions. As indicated in the *Minutes of the Proceedings of the Senate* of last Thursday, a number of questions remain unanswered. The ones that concern me are No. 86, standing in the name of Senator Wood, which was presented on February 25; two standing in my name, No. 88, presented on March 2, and No. 94, presented on March 29.

As we are soon drawing to a close, could the minister tell us when we might expect the answers to these questions?

Hon. Lowell Murray (Leader of the Government): I can only tell the honourable senator that today we will be replying to two written questions. One is Question 96 standing in the name of Senator Marshall, and the other is Question 100, standing in the name of Senator Wood.

I will inquire as to the status of the other questions, including those mentioned by the honourable senator.

FISHERIES

BRITISH COLUMBIA—ALLOCATION OF SALMON FISHERY—GOVERNMENT POLICY

Hon. Jack Austin: Honourable senators, I have a question for the Leader of the Government about the state of the salmon fishing industry on the Pacific coast. There are many in British Columbia who believe that the situation is approaching ruinous proportions.

Last year we experienced a total free-for-all for the salmon. The lack of supervision by the Ministry of Fisheries, the lack of tracing of the whereabouts and the lack of allocation of salmon have brought about accusations that seriously jeopardize the policy of the government with respect to permits to aboriginal entities.

At this stage, it is reported that there has been a total breakdown in the consensus between the commercial and the native fishermen, that there has been a total breakdown in the negotiations between the United States and Canada with respect to the allocation of the salmon fishery, and that there is no regime in place to do anything other than allow events to take their course.

It would appear, honourable senators, that a serious tragedy, including self-help on the parts of various of these communities, is not only a real threat, but is imminent.

Does the minister have a statement to make on the government's policy with respect to the chaotic situation in the B.C. salmon fishery? Has the department made any decisions to alleviate the tension between the aboriginal fishermen and the general commercial fishermen on the Pacific coast?

Hon. Lowell Murray (Leader of the Government): No, I do not, honourable senators — certainly not on the Canada-U.S. aspect of the matter. I am aware, as is the honourable senator, that the negotiations between Canada and the U.S. on this matter are at a standstill.

On the question of the aboriginal and commercial fishery, I can only say that I believe the honourable senator is unfair in characterizing it in the way he has, suggesting that the problems are caused by lack of supervision on the part of the federal government or its Department of Fisheries.

The honourable senator knows that this is an extraordinarily difficult and delicate issue, which arises largely by virtue of certain decisions or judgments brought in by the Supreme Court of Canada.

The present Minister of Fisheries and Oceans, Mr. Crosbie, has been bending every effort to reach an understanding on the part of all those who are interested in that fishery, especially including the aboriginal community and the commercial fishermen, an understanding that will ensure proper conservation and proper development of that resource.

• (1420)

He has bent every effort to do that, and it is hardly his fault or the fault of his department that there are occasional walkouts from the meetings that are being held. He has not, however, abandoned the cause, nor has his department. They are working on it as we speak.

The honourable senator is also aware, I believe, that the situation will be, shall I say, clarified — at least, I hope so — by judgments coming down, I expect, later this month in the British Columbia Court of Appeal.

Senator Austin: Honourable senators, by my questioning, I am not seeking to cast blame. I am seeking to state what I believe are the facts. That it is a difficult issue, I concede. That there are dramatically different points of view in the fishing community, I concede. However, the Department of Fisheries and Oceans does not have any credibility at this stage. I do not know why that is.

Senator Murray: With whom?

Senator Austin: With the fishing communities in British Columbia. It is not a persuasive force in settling these issues. The minister may well have exerted every possible effort, but the situation is promising to deteriorate into chaos.

I believe I state fairly that the government stands to be in a very difficult place this summer if this fishing harvest is a normal one, because the claims of the stakeholders are enormous. The government is issuing permits under the authority of the minister, which authority was given the minister by new regulations, and which allow very substantial uptake to the aboriginal communities without —

Senator Murray: What is the alternative to the permits, senator?

Senator Austin: — having been able successfully to negotiate equitable sharing with the total fishing community. It is a situation which I think the government should revisit —

Senator Murray: We never left it, senator.

Senator Austin: — and perhaps revisit with people who have credibility in the fishing community of British Columbia.

Senator Murray: Honourable senators, we are doing our best. This is not a partisan political issue. The Government of British Columbia has an interest in it, of course, but the aboriginals have certain rights conferred upon them by a court judgment — the *Sparrow* case, I believe.

The minister has certain responsibilities relating to conservation and development of the resource, and the commercial fishermen have certain interests. These overlap, and in some cases conflict and collide, and the minister is doing his level best to sort this out.

One of the matters which I think will be adjudicated, which is now before the British Columbia Court of Appeal, is whether the aboriginal right to fish — and I think to hunt in some cases — extends to a right to fish for commercial purposes, or whether it is simply for personal and ceremonial

use. These issues will be adjudicated by the British Columbia Court of Appeal within a matter of days, I think. Whether that will clarify, simplify or compound the problem, I do not know, but of one thing we can be certain: The matter will probably go from there to the Supreme Court of Canada.

Meanwhile, the minister, the political authority who has certain responsibilities, is doing his level best to discharge them in the national interest and in the interest of conservation and proper development of that resource. I appreciate the disclaimer that the honourable senator makes, that he is not trying to apportion blame, but I heard him say in the preamble to his question that it was lack of supervision on the part of the Department of Fisheries and Oceans that was the problem. That is not the case.

ESTABLISHMENT OF INDEPENDENT TRIBUNAL

Hon. Jack Austin: The minister is unaware, then, of one aspect of the situation. Last year, the problem was that the minister and his officials completely abandoned the field during the fishing season because it was so difficult to administer the competing claims, so there was no supervision. They probably felt that the officials of the department might be in physical danger if they tried to enforce the rules as they existed last summer. There seems be no better program for this summer.

There is no question that the Court of Appeal will have a view on one side or the other of the issue of the entitlement of the aboriginals, but that will have very little impact on the fishing grounds, whatever the decision is, unless the department has a policy that is clear and is applied clearly and fairly. The decision by itself will do nothing. What is the proposal of the government?

I have made a constructive suggestion. I have said that the minister and his officials, for whatever reason — and part of the reason, I know, is the difficulty of having been involved in the issue for the last two years — justly or unjustly, lack credibility in the community of fishermen and stakeholders in the fishing industry on the Pacific Coast.

I am suggesting that a tribunal be set up to which all these claims and issues can be addressed. That would be a positive action on the part of the government.

• (1430)

Hon. Lowell Murray (Leader of the Government): Let me add one anecdote to this question of the department and the minister, who my friend says lacks credibility with the fishing community. It is nothing more specific than that. Some of us have been inundated in recent days with communications from aboriginal groups, including the Assembly of First Nations on the West Coast and others, telling us what a catastrophe it would be if Mr. Crosbie were allowed to leave the Fisheries and Oceans portfolio when the new government is formed on Friday.

Senator Austin: I have no comment one way or the other to make about that.

Senator Murray: Now, that is a man who is supposed to have no credibility.

Senator Austin: I am trying not to use partisan terms so that you will listen to me. I am not criticizing the minister.

Senator Murray: There is nothing partisan about it.

Senator Austin: I am saying that, for whatever reason, the department is no longer credible on the Pacific Coast.

Senator Murray: Mr. Crosbie has a lot of credibility.

Senator Austin: If you do not do anything about the situation, you will see a consequence this summer.

ENTERPRISE CAPE BRETON CORPORATION

STATUS—GOVERNMENT POSITION

Hon. Robert Muir: Honourable senators, my question is posed to the Honourable Leader of the Government in this place. It is in reference to the Enterprise Cape Breton Corporation, which was set up by this administration to promote and enhance industry in Cape Breton and do many other things to promote the welfare of Cape Bretoners.

I should like to know if the ECBC is still in operation as of today; if so, will it continue in operation, doing the work it has been doing?

Hon. Lowell Murray (Leader of the Government): Honourable senators, all I can say to that is that I believe it was one of the agencies targeted by Bill C-93. To that extent, therefore, it has had, if not a new lease on life, then artificial respiration as a result of the vote that was taken here one week ago.

Senator Muir: I have a supplementary question. Can you reaffirm to me that the board of directors is still in operation.

Senator Murray: Honourable senators, all I can tell you is that the organization is still at least clinically alive.

Senator Muir: That is interesting. I am sure the medical people around here will be interested to know that it is "clinically" alive.

I ask the honourable gentleman this question: Will the corporation continue? Since he is such a strong force in the cabinet and a Cape Bretoner originally, will he continue to assert himself and try to make sure that the Enterprise Cape Breton Corporation remains in Cape Breton and continues to do work down there?

It was the present administration that announced that the corporation would be the answer to a lot of our problems. I should like to see them try it out for a few years yet.

Senator Murray: Honourable senators, seriously, the organization was to be absorbed fully into ACOA and its functions would have been carried on by the Cape Breton office of ACOA. As of the failure to obtain passage of Bill C-93 in the Senate, the organization is still there and it is still alive. I presume that it will continue to carry on its functions.

Senator MacEachen asked a question the other day about all the organizations that had been the subject matter of the proposed reorganization of Bill C-93. I don't know whether I have an answer to that yet, but I hope to have one respecting all those organizations before we break for the summer.

Senator Muir: Honourable senators, I was unaware that Senator MacEachen had asked a question about this. It must have been on one of the days that I was not here, I guess; but I do know that Senator Graham raised a question on it some while ago.

The problem is that, if Bill C-93 had passed, the office would have been in Moncton or Halifax, or somewhere else; we would not have anyone on site.

Senator Murray: I do not think that is true, senator.

Senator Muir: Will it be just one office with one person in there with a couple of secretaries? I hope something will be done so that we will not lose out.

FISHERIES

OVERFISHING ON THE WEST COAST

Hon. Len Marchand: Honourable senators, I have a follow-up question to those asked by Senator Austin. I want to ask the Leader of the Government if in his conversations with the Minister of Fisheries he would remind him not just to focus on the aboriginal aspect of the fishing problem on the West Coast. The food fishery, which was commercialized last year, takes an infinitesimally small amount of the overall fish that are taken on the West Coast — something like 3 per cent or less. Yet this has been the focus of the whole question.

Please do not just focus on that issue alone. Look at the overall picture, especially at the overfishing. Ask him to look especially at the overfishing by Americans. Ask him to look at some of the environmental aspects that will affect especially the Fraser River fishery, such as the Kemano Dam and the possible impact of that and other projects on the very large and lucrative fish populations that go up the Fraser system.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I appreciate the points made by Senator Marchand. I will make certain that Mr. Crosbie is aware of them as well.

NORTH AMERICAN FREE TRADE AGREEMENT

SIDE AGREEMENTS—INCLUSION OF TRADE SANCTIONS—GOVERNMENT POLICY

Hon. John B. Stewart: Honourable senators, by its vote last night on the amendment concerning bringing Bill C-115 into force without the Senate and the House of Commons having even seen the side agreements, I realize the Progressive Conservative senators have expressed indifference as to the content of the side agreements.

Nevertheless, Bill C-115 is still before this house. I ask the Leader of the Government if, before the final vote on Bill C-115 is called, he will arrange to make a statement on the progress of those side agreement negotiations, and to give assurance to this house that the side agreements will contain neither trade sanctions nor other comparable sanctions.

Hon. Lowell Murray (Leader of the Government): Honourable senators, with regard to the latter part of the question, I have already given the assurance of the government to the Senate that we are opposed and we will continue to oppose the inclusion of trade sanctions in any of these side agreements.

• (1440)

My friend talks about comparable measures. That is far too broad a net, as he must know, for me to get caught in at this time. What he might call comparable and what I might call comparable could be two different things. I will restrict myself to the statement I have already made on behalf of the government that we are opposed to the inclusion of trade sanctions in these side agreements.

I will give some thought to the suggestion made by my friend as to whether there is some short statement I might make before we vote on the question of the side agreements and the progress that is being made thereon. I hope that can be arranged quickly.

I think that my friend exaggerates — and I am now making comments on a speech he made last night, comments which I should have made last night — the exposure of Canada in these negotiations for various reasons. I think that the initial demands of the United States administration will be diluted considerably in the negotiations. I am not sure that there is even as much enthusiasm in the Congress as there was initially for some of the measures talked about in the side agreements.

Senator Stewart: Honourable senators, the answer of the Leader of the Government prompts two questions: First, by saying emphatically that the only form of sanction that the government is prepared to rule out at this time is trade sanctions, he leaves the possibility of several other kinds of sanctions that might be equally abhorrent to Canadians. Perhaps he can clear that up and say what categories of sanctions, in addition to trade sanctions, Canada would consider unacceptable.

Second, does the Leader of the Government mean to imply that he has new information as to the views of the members of the U.S. Congress on the content of the proposed side agreements? He seems to know what the President and members of the U.S. administration have in mind. Could he tell us the views of the congressmen and senators, and inform us how he knows so well what they are thinking?

Senator Murray: Honourable senators, I think my friend will find, in a close reading of even the popular press and an examination of the media, that there is quite a variety of interests represented in the Congress, and that initial enthusiasm for some of the more extreme suggestions made with regard, certainly, to the environmental and labour side agreements may be tempered by the realities of politics.

EFFECT OF FREE TRADE ON EMPLOYMENT IN CANADA

Hon. Edward M. Lawson: Honourable senators, I have two questions for the Leader of the Government in the Senate. The government is in a headlong dash to approve the North American Free Trade Agreement, even though there seem to be grave doubts that the Americans will do it as quickly without these side agreements, if they do it at all.

I am convinced from the research in the U.S. and in Canada that we will lose thousands and thousands of jobs in Canada. In the next couple of years we will probably add a percentage or two to the unemployment rolls, which does not seem to trouble the government.

With all the people out of jobs and not making $12, $15 or $20 an hour who are being replaced by people making 50 cents or $1 an hour, who will be left to pay the taxes to finance government? Who will be left working, and with enough money to buy all these wonderful products that these efficient operations in Mexico will produce? Even though producers will be reducing their wage bills by 90 per cent, they never give the consumer a break.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I trust the honourable senator took advantage of the opportunity to attend the committee and to put those questions to the minister when the bill was under discussion there. If not, he still has time to raise them in debate. I hardly think that the oral Question Period is a time to get into this matter.

DELAYED ANSWERS TO ORAL QUESTIONS

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I have answers to questions asked on May 5 and May 27 by Senator MacEachen regarding the report entitled "Scotia Synfuels: The Project for the 1990s"; and on June 8 by Senator Stollery regarding the assassination of Cardinal Ocampo in Mexico.

ENERGY

SCOTIA SYNFUELS STUDY — GOVERNMENT POSITION

(Response to questions raised by Hon. Allan J. MacEachen on May 5 and May 27, 1993)

The basis for the Senate Report was an application made by Scotia Synfuels Limited to the Department of Industry, Science and Technology (ISTC) in September 1989 and a subsequent rejection of that application in November 1990.

ISTC decided to reject Scotia Synfuels Cape Breton Investment Tax Credit (CBITC) application on the basis that the facility would not be viable without additional government financial assistance beyond that provided by the tax credit and that the project was not without significant technical risks. In addition, the sponsor did not have financial, management, and operational support from other private sector energy interests. Furthermore, the facility could not be constructed in time to meet the CBITC requirements that the assets be purchased and on-site prior to 1993.

During the period of November 1990 to June 1992, the sponsors sought to address the deficiencies in the previous proposal and applied through the Premier of Nova Scotia for government assistance in undertaking a new set of feasibility studies. The sponsors now maintain that the financing for construction of the plan will not require government involvement, although the Department has no firm information on the currently contemplated commercial arrangements for such financing.

The federal government has given serious consideration to the current Scotia Synfuels Limited proposal. When asked by the Department of Industry, Science and Technology to provide a financial evaluation, EMR concluded that Scotia Synfuels' original project proposal was not economic. Since then, Scotia Synfuels has reworked its proposal to improve the economics via a feedstock pricing arrangement with

Corpoven to lower feedstock costs and shift the risks of heavy/light price differentials to the Venezuelans. Plans were also revised to sell a slate of refinery products instead of synthetic light oil in order to obtain a higher feedstock/product differential.

This revised proposal did not seek federal funding for the construction phase of the project but does request assistance to complete a new set of feasibility studies. As currently outlined, the project would be financed 60% through debt and 40% equity. It would also be eligible for a 30% special Investment Tax Credit, which would provide a benefit of approximately $200 million. The request for excise tax relief is not an immediate financing problem but something to be resolved when and if the project goes into production in 1996 or thereafter. The Department of Finance and the Department of Environment are currently reviewing the overall application of the excise tax.

The Government of Canada's energy policy is market based. Projects should be able to pass a market text which requires them to be economically viable. In this specific region there is a special Investment Tax Credit that provides a 30% credit to investors. This tax credit is intended to provide a financial uplift to any marginal project.

The federal government has been involved extensively in the analysis and the funding of the different technical concepts proposed by Scotia Synfuels, but it has not carried out a comprehensive social cost-benefit analysis.

In the early 1980's, Canada provided $1.75 million through the 1977 Canada-Nova Scotia oil Substitution and Conservation Agreement in the initial work done on the liquefaction of Cape Breton coal into oil. Petro Canada contributed an additional $400,000 to these studies.

In 1988-89, Scotia Synfuels undertook a new work program to determine the technical and economic feasibility of co-processing coal and residue from refineries or heavy oil to produce a synthetic product. Through ACOA and Petro Canada, the federal government contributed close to $1.5 million in these studies.

All these tests were a technical success, but none of these concepts produced economically viable results.

A new round of feasibility studies has been proposed which will combine Cape Breton coal with heavy oil from Venezuela. These feasibility studies are currently taking place in New Jersey, U.S. This new concept is of primary interest to the Venezuelans who, according to the sponsor, would enter into feedstock arrangements and provide financing to construct the plant if the tests are successful.

The federal government is not a participant in these studies which are taking place in the United States. However, should the studies be successful and the sponsors decide to proceed with the plant, Canada has a very generous fiscal regime in place that would see the project benefit from a special Investment Tax Credit available to the Cape Breton region. This credit is automatically available to the project and would not require a social cost-benefit analysis.

FOREIGN AFFAIRS

MEXICO—ASSASSINATION OF CARDINAL OCAMPO—EFFECT ON NAFTA NEGOTIATIONS

(Response to question raised by Hon. Peter A. Stollery on June 8, 1993.)

The problem of drugs has not been approached in the context of the North American Free Trade Agreement. However, Canadian and Mexican officials regularly discuss the situation and work together closely both bilaterally and multilaterally.

Specifically, a memo of understanding between Canada and Mexico was signed March 1990 establishing such cooperation. This agreement reflects the balanced approach adopted by Canada's Drug Strategy and also establishes an on-going mechanism for cooperation in this field. Furthermore, the two countries are currently working together on an OAS drug survey.

Further efforts to deal with the problem include Canada offering places to Mexican officials on an anti-narcotics course run by the RCMP, and as of July 1993, the posting of an RCMP liaison officer to the Canadian Embassy in Mexico City.

Mexico has not asked Canada for assistance in investigating the murder of Cardinal Posadas. However, the Mexican authorities have made progress on the case, including the arrest of the Jalisco-Sinaloa drug leader "El Chapo" Guzman who was involved in the shoot out in the Guadalajara airport during which Cardinal Posadas was killed.

Senior officials in Mexico are aware that there was police complicity and are investigating this aspect of the incident. To date 32 arrests have been made. About half of those arrested are police officers, including senior officers from Sinaloa and San Luis Potosi.

The Mexican Government takes the problem of drug trafficking and the shooting of Cardinal Posadas very seriously. During President Salina's presidency there have been 80,000 drug related detentions. There is no impunity being extended to corrupt officials; on June 16, 67 members of the Federal police were dismissed for professional misconduct. A number of these officials will face criminal charges.

ANSWERS TO ORDER PAPER QUESTIONS TABLED

FEDERAL BUSINESS DEVELOPMENT BANK

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 96 appearing on the Order Paper—by Senator Marshall.

OFFICIAL LANGUAGES

Hon. John Lynch-Staunton (Deputy Leader of the Government) tabled the answer to Question No. 100 appearing on the Order Paper—by Senator Wood.

ROUTINE PROCEEDINGS

A BILL TO AMEND CERTAIN PETROLEUM-RELATED ACTS IN RESPECT OF CANADIAN OWNERSHIP REQUIREMENTS AND TO CONFIRM THE VALIDITY OF A CERTAIN REGULATION

REPORT OF COMMITTEE

Leave having been given to revert to Presentation of Reports from Standing or Special Committees:

Hon. John Buchanan, Deputy Chairman of the Standing Senate Committee on Energy, the Environment and Natural Resources, presented the following report:

TUESDAY, June 22, 1993

The Standing Senate Committee on Energy, the Environment and Natural Resources has the honour to present its

TWELFTH REPORT

Your Committee, to which was referred the Bill C-106, an Act to amend certain petroleum-related Acts in respect of Canadian ownership requirements and to confirm the validity of a certain regulation, has, in obedience to the Order of Reference of Thursday, June 17, 1993, examined the said Bill and has agreed to report the same without amendment.

Respectfully submitted,

JOHN BUCHANAN
Deputy Chairman

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

On motion of Senator Buchanan, bill placed on the Orders of the Day for third reading at the next sitting of the Senate.

ORDERS OF THE DAY

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement.

Hon. Peter Bosa: In taking part in the debate on the North American free trade agreement, I would draw the attention of honourable senators specifically to the impact of the free trade agreement and the NAFTA on the Auto Pact. In the course of my remarks I will refer to the background of the pact, the elements of it, how the free trade agreement changes the automotive trading relationship and the long-term possible consequences on Canadian autoworkers' jobs.

The Canada-United States Automotive Products Trade Agreement, also known as the Auto Pact, was signed by Prime Minister Lester Pearson and U.S. President Lyndon Johnson on January 16, 1965. Canada implemented the agreement through two Orders in Council on the same day, while the U.S. passed enabling legislation in October of that same year.

Prior to the Auto Pact's introduction, Canadian automotive manufacturing was an inefficient miniature version of the U.S. industry. Protected behind tariff walls, the Canadian industry made a large number of car models in limited production runs for Canadian and Commonwealth markets. Not surprisingly, the productivity of Canadian auto manufacturers was only 60 per cent of the U.S. industry. In addition, Canadian automobile prices were significantly higher than those in the U.S.

• (1450)

What were the main elements of the Auto Pact? Fundamental to the Auto Pact was the removal of bilateral tariffs between Canada and the U.S. on most types of newly manufactured vehicles, as well as on original equipment parts. Excluded from the Auto Pact, and therefore still subject to tariffs, was trade in replacement parts and accessories, tires and tubes, batteries and used vehicles.

Beyond this, the U.S. placed few conditions on imports of new vehicles and parts from Canada, stipulating only that the original equipment parts and vehicles contain at least 50 per cent Canada-U.S. content. The U.S. permitted both individuals and manufacturers to import qualifying equipment parts and vehicles.

Trade in the other direction, from U.S. into Canada, was to be anything but free. The Canadian negotiating team, headed by Simon Reisman, insisted on a number of conditions and safeguards in order to maintain automotive production and employment in Canada. Two of the safeguards continue to have relevance. These are the provision of the Auto Pact requiring that companies match the value of the vehicles they produce in Canada with the value of their Canadian sales; and the commitment in the Letters of Agreement with the companies that the value of their production and purchases in Canada stays at or above a percentage of the value of their Canadian sales. For automobiles this percentage must be 60 per cent of Canadian sales; for commercial vehicles, it must be 50 per cent.

As Professor Paul Wonnacott has pointed out, the U.S. and Canada have always had differing views of the Auto Pact. The U.S. regarded the Auto Pact as a sectoral free trade agreement, while Canada saw the Pact as a market-sharing arrangement. Canada's objective has not been to eliminate its protection and move to free trade, but rather to make the protection more efficient, to promote both efficiency and additional production, and also to lower costs to consumers.

The differing U.S. and Canadian views on the Auto Pact have led to some disagreements over the years. The U.S. always regarded the Canadian assembly and value-added safeguards as transitional, while Canada viewed these as essential components of the production sharing arrangement. The provisions of the Auto Pact were asymmetric in the sense that the U.S. permitted duty-free motor vehicle imports from Canada if 50 per cent of the automobile's value was produced in either country. Canada, on the other hand, permitted qualified companies to import duty-free from any country in the world providing that the companies achieved certain production targets in Canada, the Auto Pact's so-called "safeguards".

Under the Canada-U.S. free trade agreement — or FTA — which came into effect on January 1, 1989, the Auto Pact safeguards remained in place. However, other aspects of the Auto Pact which the FTA did change may determine whether the safeguards continue to be respected by the auto makers. For example, the FTA will eliminate all tariffs on Canada-U.S. automotive trade, including duties on replacement parts and tires. The Auto Pact would be closed to new members; in other words, new firms will not qualify to import duty-free into Canada from third countries by meeting Canada's safeguards. The basis of calculating the 50-per-cent Canada-U.S. content was changed, resulting in an effective increase in the required level.

Some have argued that the FTA left the Auto Pact intact, since the safeguards remained in place. It is true that auto manufacturers that continue to meet the safeguards can import duty-free from third countries, saving the Big Three auto makers about $300 million per year. However, since free trade means the removal of tariffs on all Canada-U.S. trade, the main reason for auto makers continuing to meet the safeguards — the threat of duties on imports from the U.S. — is no longer a factor.

It is true that, in the history of the Auto Pact, Canada never reimposed duties on auto imports from the U.S. even when auto makers failed to meet the safeguards, as happened in 1980. Indeed, some have argued that, because Canada would never have reimposed automotive duties in any event, the threat was ineffectual. I would have to disagree with that view. Like atomic weapons, bilateral duties never needed to be used because both sides understood the serious implications of such moves.

Absent a threat of bilateral tariffs under free trade, will the Big Three auto makers continue to meet the Auto Pact safeguards? There are only two reasons for them to do so. The first reason, as already noted, is the $300 million the companies save in duties on automatic goods imported from third countries. However, depending on the tariff reductions to which Canada agrees under the GATT, the value of the right to import duty-free from non-Auto Pact countries could be seriously undermined.

The second reason is also economic. So long as Canadian costs are competitive, there is an incentive for manufacturers to continue to make automobiles here in Canada. However, can we be sure that multinationals will make decisions purely on economic grounds?

Here are the main automotive features of the NAFTA: the phase-out of all tariffs on North American vehicles and parts; in order to qualify for duty-free treatment, passenger automobiles, light trucks, engines and transmissions will need to meet a 62.5 per cent level of North American content; other types of vehicles and auto parts will need to meet a 50 per cent North American content rule; and Mexico will phase out the provisions of the Mexican Auto Decrees involving domestic content rules, trade-balancing requirements, and limitations on imports based on sales in the domestic market.

As under the FTA, the Big Three auto makers must still meet the safeguards in order to qualify to import duty-free automotive products from outside countries. However,

NAFTA removes tariffs so auto makers no longer have to earn the right to import duty-free into Canada from Mexico. The Auto Pact safeguards, which were seriously weakened when the FTA removed the threat of Canadian tariffs against U.S. automotive products, will be further devalued by removing this threat vis-à-vis another country, Mexico.

The removal of Mexico's Auto Decrees and other restrictions under NAFTA would enable the large auto makers to rationalize production on a continental basis. If this rationalization process follows the Canadian experience with the Auto Pact, Mexico can expect increased production and employment in the automotive sector.

There are already signs that Canadian Auto Pact firms are moving to Mexico to take advantage of the increased auto assembly operations and low wages in that country. For example, auto parts maker Sheller-Globe Corp. is reported to have shifted production to Monterey, Mexico, at the cost of 400 jobs in Kingsville, Ontario. United Technologies Automotives has moved 319 auto parts manufacturing jobs from St. Thomas, Ontario, to several locations in the U.S. and Mexico. Fleck Manufacturing Inc. shifted 232 auto parts jobs to Nogales, Mexico, although the company has since transferred 75 jobs back to Tillsonburg, Ontario, because of quality control problems in Mexico. TRW Vehicle Safety Systems is moving its seatbelt manufacturing operation, involving 194 jobs, to Mexico from Penetanguishene, Ontario. Canadian auto parts giant Magna International has built a $30 million plant in Puebla, near Mexico City, to supply a new Volkswagen plant.

What sort of wages do these companies pay their Mexican workers? On the basis of Magna International's experience, we know that unskilled workers make only $10.50 per day, while skilled workers like welders are paid just $21. Even workers with skills that are in short supply, such as toolmakers, earn about $35 for a day's work. Compare this to the wages of toolmakers at Magna's Canadian plants who make $20 an hour, or about $160 a day. Even taking into account benefits in both countries, there is obviously a significant differential in compensation paid in the two countries.

• (1500)

Can Canadian auto production facilities compete with such low wages? The government's stock answer to the wage differential problem is that this is offset to a large degree by low Mexican productivity. Yet, some analyses suggest that it takes an average of 20 hours to assemble a car in the U.S. compared to 30 hours in Mexico. According to the U.S. Office of Technology Assessment, this translates into labour costs of US$700 per vehicle in the United States and US$140 per vehicle in Mexico because of the lower wages there.

I will not dispute that Mexican plants incur higher costs for production inputs — offsetting some of the wage advantage. Certain auto parts, for example, still must be shipped from the U.S. However, as I have already indicated, there are signs that auto parts makers are being drawn to Mexico to supply assembly operations there. As Mexico modernizes its transportation system, this is also likely to lower shipping costs at Mexican plants. Thus, any shipping cost advantage enjoyed by the U.S. and Canadian plants may eventually disappear. Furthermore, it is not clear that Canadian and U.S. plants can continue to maintain the labour productivity advantage they currently enjoy over Mexican plants.

At Magna International's new Mexican auto parts plant, for example, productivity is already 75 per cent that of its Canadian, U.S. and European plants. If both the productivity advantage and the shipping cost differential were to disappear, Canadian and U.S. plants could be at a disadvantage. Given Canada's smaller market and our geographic location at the northern edge of the continent, it may be Canada's auto production that is hurt more than that of the U.S.

Under NAFTA, what guarantee is there that auto assembly and parts manufacture would remain in Canada? Ultimately, the only real protection for Canadian auto workers' jobs is contained in the Auto Pact safeguards. But will these be sufficient once Mexican workers improve their productivity, and shipping costs in that country are reduced? Furthermore, the value of these safeguards may be eroded further by multilateral tariff cuts under the GATT negotiations. That is why I am suggesting that additional safeguards protecting Canadian automotive production and employment be written into the NAFTA.

MOTION IN AMENDMENT

Hon. Peter Bosa: Therefore, we are proposing:

> THAT Bill C-115 be not now read the third time, but that it be referred back to the Standing Senate Committee on Foreign Affairs for reconsideration of Clause 113(3) at pages 76-77 of the bill, insofar as Section 13(3) and Section 13(4) of the *Customs Tariff* as set out in that clause relate to the implementation of Article 403 (Automotive Goods) and the related appendices of the Agreement.

Some Hon. Senators: Hear, hear!

The Hon. the Acting Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that this bill be read the third time.

In amendment, it is moved by the Honourable Senator Bosa, seconded by the Honourable Senator Stewart:

> THAT Bill C-115 be not now read the third time, but that it be referred back to the Standing Senate Committee on Foreign Affairs for reconsideration of Clause 113(3) at pages 76-77 of the bill, insofar as Section 13(3) and

> Section 13(4) of the *Customs Tariff* as set out in that clause relate to the implementation of Article 403 (Automotive Goods) and the related appendices of the Agreement.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Allan J. MacEachen: Honourable senators, one thing I have learned in my service in Ottawa as a member of Parliament and a senator is the importance of Ontario to the Canadian economy. No matter what jibes other Canadians may make at times in envy at the strength of Ontario, it is still a fact that a strong and prosperous Ontario is essential to a strong and prosperous Canada.

Some Hon. Senators: Hear, hear!

Senator MacEachen: In my part of the world, when unemployment was high, it was generally possible for people to move and get a job, in earlier times, in Northern Ontario and, latterly, in Southern Ontario. Now it is impossible to get a job anywhere in Ontario, not only for the residents of Ontario but also for people who may move from other parts of Canada.

Due to a declining economy, Ontario today is struggling under heavy financial burdens, caused in part by the decrease in federal government payments to that province. I take it as a very serious matter for all Canadians when an important industrial sector in Ontario is adversely affected, first by the Canada-U.S. Free Trade Agreement, and second by the North American Free Trade Agreement.

Honourable senators, after having heard evidence in committee, it is my conviction that the FTA, first, and the NAFTA, second, are bad news for the province of Ontario. I draw to the attention of honourable senators a report of a special Ontario cabinet committee on the North American Free Trade Agreement. I believe the report is a factual report because its argumentation has been supported by independent witnesses.

Let me mention that the automotive industry in Canada accounts for approximately 121,000 direct jobs in Canada, of which about 110,000 are in Ontario. Autos are a vital industry for Ontario, where approximately 90 per cent of the Canadian auto industry is located. Almost 40 per cent of Ontario's total exports are accounted for by the auto industry.

Senator Bosa has outlined the impact of the Auto Pact, which was negotiated under the Pearson government in the early sixties, and which had the effect of transforming the automobile industry in Canada. The success of the Auto Pact is well established. Its Canadian success has been noted by the United States to the extent that the U.S. has been consistently engaged in an effort to reduce the beneficial impact of the Auto Pact for Canada. The success of the Auto Pact arose, in large measure, from a series of Canadian value-added safeguard rules which, while promoting the rationalization of automobile production in Canada and in the U.S., meant that it still was to the advantage of the manufacturers to create an automobile industry in Canada through this managed trade agreement, thus creating jobs in Ontario.

• (1510

We know that the free trade agreement maintained formally the Auto Pact, but largely undermined the safeguards. That is what the Cabinet Committee of Ontario concludes. It said:

> The free trade agreement formally maintained the Auto Pact, but largely undermined the safeguards. NAFTA further weakens it by establishing new rules of origin for automotive products, with a requirement of 62.5 per cent North American content for light vehicles, engines, and transmissions, and 60 per cent for other auto goods to qualify for duty-free treatment.

The cabinet committee goes on to analyze the impact of the automotive chapter on the industry in Ontario and concludes that, because of the importance of the automotive industry to Ontario's economic wellbeing, the committee finds any potential negative impacts of the NAFTA on this sector to be of sufficient magnitude as to raise grave doubts about the agreement's advisability.

Honourable senators, I do not think that these implications have been seriously debated in Canada. They have not been debated in the Senate and they have not been properly examined in the Foreign Affairs committee. These concerns have not yet been fully examined.

For my own part, if this bill comes to a vote, I will be forced to vote without having given full consideration to the impact of this agreement on the automobile industry in Ontario and on the country. I must say that if there was ever a good case for sending a bill back to a committee, it would be because of the necessity of canvassing the impact of this bill on the automobile industry.

Honourable senators, while I have stated that I found the report of the Ontario Cabinet Committee objective, it might be said that of course it is an NDP government hostile to the present government, and therefore may be likely to bias its findings. In order to counterbalance that suggestion, may I turn to the evidence presented informally to the committee by Mr. C.D. Arthur, who is presently a consultant in Ottawa, but with a long history of attachment to government departments, his field of expertise being automobile-related matters.

If honourable senators would like, I would be happy to table Mr. Arthur's impressive credentials so that they can examine his evidence in the light of his knowledge of the automobile industry and the service which he has rendered to Canada in various capacities.

Mr. Arthur began his brief to the Foreign Affairs committee by referring to Auto Pact provisions that safeguarded Canada's auto industry. He said that:

> Failure to meet the safeguard requirements would have subjected imports of vehicles and parts to a 17.5 per cent duty penalty.

That penalty of 17.5 per cent against those who failed to comply will disappear under the free trade agreement. There will be no more future penalty. He goes on to say:

> To encourage offshore vehicle producers operating in the North American market to establish assembly operations in Canada, the government also extended Auto Pact status by means of special remission orders to vehicle assemblers in Canada such as Toyota, Honda, Hyundai and CAMI that met certain performance requirements modelled on the Auto Pact.

His conclusion is that the Auto Pact and the special remission orders for offshore vehicle producers brought significant investment in new automotive production in Canada to meet demand both in Canada and in the United States.

That is the background and I will add to the argumentation by reference to the more explicit and colourful language of the President of the Canadian Labour Congress, formerly the President of the Canadian Auto Workers Union. But first the more technical language of Mr. Arthur. He says:

> Under the FTA, which came into effect on January 1, 1989, Canada gave up its future ability to use duty remission as a means of ensuring performance in Canada in return for continued duty-free access to the U.S. market...In my view, the FTA seriously weakened Canadian programs designed to ensure continuing automotive production in Canada and removed the prospect of actions designed to encourage the industry to produce in Canada...The elimination of duties under the FTA will be accomplished by January 1, 1998, following which U.S. automotive products will enter Canada duty-free on the basis of rule of origin only and without regard to whether Auto Pact safeguards have been met...

That is the technical conclusion.

He continues:

> Under the FTA, it is theoretically possible that vehicle producers in Canada could withdraw from Canada and supply the Canadian market for vehicles from their U.S. facilities.

There is nothing any longer to prevent them from doing that.

> The effectiveness of the Auto Pact safeguards has been substantially weakened as the only incentive to meet these production requirements relates to the extent to which the Big Three continue to import vehicles and parts from off-shore.

That is from offshore of the North American continent. That has been accomplished by the FTA, which we are asked to re-endorse in this bill.

On the subject of the NAFTA negotiations, Mr. Arthur was even less optimistic. He recalled that the United States sought and achieved a tougher North American content rule.

> From a Canadian standpoint, the only effect of a more stringent rule of origin would be to divert transplant activity from Canada to the United States, where the domestic market could be served without complying with the rules of origin.

Further —

> The FTA and now NAFTA have preserved the Auto Pact. But the elimination of the Canadian duty on imports of vehicles and parts from the United States and Mexico will substantially reduce the incentive to maintain production levels in Canada. With the exception of the need to import vehicles and parts from offshore, there is reduced incentive to maintain the present level of production in Canada or to invest in new facilities.

Honourable senators, is it not time for Ontario senators to pay some attention to what is happening to their own province? That is the evidence we received; it has not been contradicted by anyone in the committee and it was even more colourfully supported by the President of the Canadian Labour Congress, who testified on some detail on the Auto Pact.

• (1520)

It is worth repeating a few paragraphs from his testimony. Mr. White stated:

> The Auto Pact had some very basic premises and principles. It said to the American industry, if you want to sell a car in Canada, you must manufacture one here. If you want to sell a truck in Canada, you must manufacture one here. You must reach a 60 per cent level of Canadian content. There was a significant penalty for violation of these guidelines.

We have talked about that penalty. It was a tariff, which is to be removed.

> The penalty for not meeting the ratios was that you paid a tariff on everything you brought in from the United States.

The fact is that the extent of the tariff was so significant that the threat of its being used was usually sufficient to secure compliance from the automotive industry.

He went on to level the same concerns about the North American Free Trade Agreement. He said.

> Under the FTA, with respect to Mr. Reisman when he said, "If it ain't broke, don't fix it," what he did was do away with the 60 per cent Canadian content level and moved to a 50 per cent North American content level. The penalty for the assembly-to-sales ratio became 10 per cent of what it was because if you violated the assembly-to-sales ratio, you paid a penalty on what you brought in offshore, not what you brought in from the United States. That lifted the penalty significantly. The Americans were arguing that the North American content level was not high enough. Now, under NAFTA, there is an increase in North American content level to 60 per cent, but still it does not require a level of commitment in Canada.

Well, honourable senators, there you have it. We are asked to re-endorse the FTA, which has seriously weakened the future potential for the Canadian automobile industry, and we are asked to add to it the NAFTA, which on the evidence of both technical expertise and the head of the Canadian Labour Congress will further add to the difficulties this industry faces.

Honourable senators, in my previous speech in the Senate, I referred to very interesting testimony that puzzled me and caught my attention. It was testimony by Dr. Roger Cohen, who belongs to an economic institute in New York. He left with the committee a series of detailed studies which he and his institute had conducted on the automotive trade as it would be affected by the North American Free Trade Agreement.

What caught my attention about his testimony was the assertion that there was a special provision in the NAFTA treaty or agreement that provided a special 50 per cent Mexican content level for new assemblers in Mexico applicable only to Mexico. I will read it exactly as he gave it to the committee:

> There are special arrangements under the auto part of the NAFTA that provide that any company that does not presently operate a particular model line in North America, the U.S. and Canada, would get exemption from the Mexican content rules and have to meet a 50 per cent level instead of a 56 or 62.5 per cent content level.

He goes on to conclude that this five-year exemption establishing a lower content level for new model lines would be a very strong incentive to offshore producers, European and Japanese, to establish in Mexico, not only to service the North American market but to service world markets. Mexico would become a very important export platform, which would, in his view, have a very bad effect on auto parts manufacturing in the United States and an even worse impact on Canada.

That conclusion to me was quite worrying. We had not only the impact of the FTA itself, but we had the further integration of the North American market with higher content rules, with the threat of lower Mexican wages in the automotive sector combined with equal productivity, now added to by a special provision that would favour Mexico as the export platform for automobile production.

We tried to establish whether Dr. Cohen was right or not. We put all this before the officials who came before the committee. I must say that I thought at one time they had convinced me, at least from listening do them, that maybe Dr. Cohen was wrong. I was not confident enough in my knowledge of these arcane rules of origin.

By the way, I believe it is absolutely disgraceful the way this agreement and the material has been written. It is incomprehensible to any intelligent layman. It is in a language that is not spoken by anybody in this chamber. It is in an entirely new language. If there is anything that we could do to reprimand those who are responsible for the writing, we ought to do it. I assure you that even the most painstaking efforts are not great enough to permit you to read and understand these documents. At any rate, I shall put that aside to return to the committee hearings and our effort to throw some light on the important evidence of Dr. Cohen.

The officials disagreed with him. They said he was wrong. When no logical argument could suffice, one of the officials resorted to questioning his motives by saying, "Well, after all, he is an American." I found that was quite an interesting way of dealing with an intellectual argument. In any event, I left the committee thinking the matter was in doubt.

After I had left the committee, I was handed another article that appeared in *The International Economy*. It was written by Dr. Clyde Prestowitz. Here the same argument is repeated as follows:

> Take the auto industry. Cars built in Mexico for export must include at least 36 per cent Mexican-produced parts. This regulation will limit sales by U.S. auto parts firms to assemblers, especially the Big Three U.S. auto makers in Mexico.

That would apply to Canada too.

He goes on to say:

> Another provision of the agreement permits some non-North American investors in Mexico to meet only a 50-per cent North American content level during the first five years of their operations, instead of the 62.5 per cent

> that will be required of everyone else. Again, this is likely to reduce the sales that U.S. auto parts firms might have gained from a less restrictive NAFTA.

• (1530)

I have to conclude, honourable senators, that this is a matter of great importance which is unsettled, and in our attempts to discover the truth, I regret to say that we have not been helped greatly by the officials who appeared before the parliamentary committee. I must say that, as a former minister of government who served in that capacity for about 21 years, I found it interesting to observe the conduct of the public officials who appeared as witnesses before this committee.

The Hon. the Acting Speaker: I regret to advise the honourable senator that his time has expired. Honourable senators, is leave granted to extend his time?

Hon. Senators: Agreed.

Senator MacEachen: Thank you, honourable senators. I think I ought to complete this comment. As one who served as a minister for 21 years in the government of Canada, I found it interesting to observe the changed conduct of the officials who appeared before the committee in explanation of the bill. That used to be the role; officials came and explained. That role has changed. They have become the passionate defenders of the bills. They no longer explain; they become emotionally involved. Objectivity seems to have disappeared; at least that was my impression. They no longer regard it as their duty to explain the policies of the government. Now a conspicuous few of them identify themselves fully with the policy of the government. They now take on the role that was formerly filled by politicians, by ministers, by parliamentary secretaries, by members of Parliament, by senators.

I think that is a serious development that cannot be overlooked. It is not in what I consider to be the long tradition of the Public Service of Canada. From officials we want objectivity, explanations, the facts; not a passionate defence of the government, not a battle to the death saying that everything that has happened is perfect, not an introduction to their testimony saying, "Let us list our accomplishments, let us list all these beautiful things that we have done."

Read the testimony, honourable senators. If I have another opportunity, I will refer to it in more detail.

Senator Murray: And in broader historical perspective also.

Senator MacEachen: Honourable senators, if I have another opportunity, I will refer to it in more detail.

As I struggled through this difficult conundrum posed by testimony, and hoped to be helped by the officials, I found, not cool logic and objectivity, but a rather passionate defence of their position against any comers, including Senator Ghitter, who was reprimanded by officials for even raising the question of human rights. He was brushed off in a defensive action that never gave a clear answer to the questions put by Senator Ghitter.

I will refer to that later and explain how, in the committee, Senator Lawson, Senator Ghitter and myself were, as it were, put in our places by officials who felt we were dangerously treading on the delicate terrain of government sanctity. How dared we talk about this lovely government!

However, that is just a side issue. Let us get back to the substance: The impact of NAFTA, the auto pact and the FTA. We never really addressed the effect on workers in Canada, health and welfare, human rights and the interrelationship. We never dealt with these broader issues that were the concern of Canadian people and Canadian politicians. We were trying to struggle with the auto pact and its ramifications. What does this NAFTA do to Canadian automobile production? Mr. Bob White, in a sense, shoved to one side the underbrush or verbiage, logic and rules of origin, and posed the question this way:

> One does not have to be a rocket scientist to ask the question, if Mexico has the technology and has labour costs one-tenth of what they are in Canada and the United States, and if one can ship out of that market into the bigger markets, if you were a Japanese auto investor today, where would you locate?

That is the question that is left dangling. Where will the offshore investors go? Will Canada become the export platform? Will Mexico become the export platform because of its one-tenth wage rates and with equal productivity in its most efficient plants? Where will the investors go? That is not an insignificant question, and I must say that we do not know the answers based upon our examination to date. It is left up in the air.

Honourable senators, if there were no other reason for sending this legislation back to the committee, one reason is the questions that have been raised by Senator Bosa, and by the evidence that has been given but not tracked down, not tied up, not packaged so that the committee can say to the Senate, "Yes, we have answers. We can say to you with clarity what the impact of these agreements will be on the Canadian automotive industry, which accounts for 110,000 jobs in Ontario and 40 per cent of its exports to the world."

Hon. John B. Stewart: Honourable senators, we now have had four proposed amendments to the motion for third reading, and except for a speech by Senator Bolduc, no serious effort whatsoever has been made by the government to refute the arguments that led to those proposed amendments. There were good speeches on human rights by those whom I call "senators nevertheless," but insofar as the proposed amendments, there has been no response. One begins to wonder what sort of organization we are in.

Is the NAFTA so complicated that government supporters must take it on faith, saying, "I rely on those higher up in the hierarchy, the ministers"? Is that the way we are to debate and vote here? It seems so, for there has been no reasoned, factually based attempt to defeat the argumentation of a single one of four amendments. Four amendments already have been defeated, and we now have a fifth amendment before us. Will that silent performance be repeated? Is voting for Bill C-115 an act of faith? Do the departing ministers who now ascend on high know best?

Is that what the Senate is all about? If the government side has arguments, surely this is the time to adduce them. If the government has facts that refute what we have said, this is the time for us to hear them. Otherwise, we might as well abolish this place and save a lot of money. Let us not bask in the glory of having defeated one bill, Bill C-93.

• (1540)

For the future of Canada, Bill C-93 was important. But in the longer context, that bill is far from being as important as the NAFTA bill. Are senators so mesmerized by their achievement with regard to Bill C-93 that they just sit there and say nothing? Is that what the supporters of the government will do, except for a speech from time to time on human rights? Is that what we are to have? If so, we might as well pack it up and save the people of Canada some money, money which can go to reduce the deficit.

Hon. Stanley Haidasz: Agreed. Let us hear a speech from the government side.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, it will not be a speech; it will be a reminder to honourable senators that Senator Stewart should be the last one to complain about—

Senator Frith: He talks about the senator, not about his arguments.

Senator Lynch-Staunton: Senator Stewart asked a question and I assumed that he wanted a reply. If Senator Frith wants to reply, let him reply. I thought he only interrupted new senators.

Senator Frith: As usual, you are talking about him, not his questions.

Senator Lynch-Staunton: I will try once more. Senator Stewart, in reply to your anxieties regarding the lack of response to Senator Bosa's amendment, you should be the last one to be surprised that it is not the reaction that you expected. Your committee has been studying free trade since early 1992 and it did a pre-study of Bill C-115.

All the arguments that we have heard so far are based largely on testimony that was given before the committee. Senator MacEachen has repeatedly — at least for the second time in his interventions — gone back to Mr. Cohen and others, whose views he sides with, and based his argument on what has already been argued before the committee. I do not know what more can be added here which has not already been said for the other side elsewhere.

It is possible, when we get to the main motion at third reading, to make an intervention then. But at the moment we see nothing in the possible replies to the amendments that would add anything to the arguments; we see nothing that has not already been given.

Senator Stewart: Senator Lynch-Staunton is saying that the role of the officials is exactly what Senator MacEachen said they now think their role is. He refers to one particular witness. Senator MacEachen mentioned Dr. Cohen, and said that initially Dr. Cohen's testimony was convincing. Senator MacEachen then began to have some uncertainty. He asked for more information. So far, the information that has been brought forth has not been sufficient to assure him one way or the other on the evidence that Dr. Cohen gave.

Senator Lynch-Staunton: That is what the committee is all about.

Senator Stewart: Dr. Cohen was only one witness. No one in the committee said one word to refute what Mr. Arthur said. Mr. Arthur, I am told, is a prominent authority on the Auto Pact and the free trade agreement. He was there at the beginning, and he has followed the history of the pact right through. No one has said anything to refute what he said.

However, let us assume that there were witnesses who gave information contrary to what Mr. Arthur said; also that witnesses gave information contrary to what Mr. Bob White said. That does not excuse the members of the Senate from saying something here on third reading. The witnesses are not members of Parliament — in either the other House or this one.

Senator Murray: The Minister of Trade is.

Senator Stewart: Well, what the Minister of Trade said was so vague and general that it was nice to see him go so that we could get on to someone who could talk in specifics.

An Hon. Senator: Come on.

Senator Stewart: That is accurate. All right, if Senator Murray wants to talk about the evidence given by the minister, let us deal with the specifics.

Senator Murray: It must have been inadequate questioning.

Senator Stewart: The minister was asked by Senator Bosa: "What were the chief gains made by Canada in the NAFTA?" Mr. Wilson said that the NAFTA makes the binational panels permanent. That came as quite a surprise to me, because I had

understood that it was the claim of the minister and the government, including Senator Murray, that the binational panels were a great achievement in the FTA, an achievement worth all the things we gave up, including control of our energy, to get it.

But here was the minister testifying that the binational panels were good for only seven years under the free trade agreement. That was startling. If I am wrong, let Senator Murray, who is a confidant of the minister, explain how the minister went wrong in his testimony.

Senator Haidasz: He is an advisor.

Senator Stewart: Surely there is room for debate here. We got some information in the committee, but some of it is contradictory. We now are trying, particularly with regard to the automobile industry, to gain clarification of an extraordinarily complicated and difficult matter, propounded in occult language.

That is the purpose of Senator Bosa's amendment. For the life of me, I cannot understand the attitude of Senator Lynch-Staunton. If I did not know better, I would say that he is lazy.

Senator Haidasz: Honourable senators, may I ask the Leader of the Government in the Senate, who is still a member of the cabinet of this government, which will change in three days, if he would please inform this house what the Canadian stand is in the current discussions on the side deals of NAFTA in the matters of labour and environmental affairs?

Senator Murray: Honourable senators, during the oral Question Period today I indicated to Senator Stewart that I would consider making a brief statement on that matter before this bill comes to a final vote. I hope to be able to do that.

Senator Bosa: Will the honourable gentleman also rebut the point that I made concerning the Auto Pact, that in the long run Canadian auto parts manufacturers will suffer?

Senator Murray: Honourable senators, unfortunately I was detained in my office and came in only toward the end of Senator MacEachen's speech. Perhaps I should simply take the opportunity to put on the record a few thoughts or notes that I have on the Auto Pact and the alleged threat to the Auto Pact and automobile workers.

Under NAFTA, the Canada-U.S. Auto Pact remains intact. The content rules have been clarified to increase the confidence and security of foreign auto producers in Canada. We gain access to the rather explosive Mexican auto market where only one in 16 own cars at the moment.

• (1550)

We have secured the same access to the Mexican market as the U.S. There is immediate significant improvement in access for Canada into Mexico for autos produced by assemblers which already have operations in Mexico; the Big Three, Nissan and Volkswagen. There is also immediate access into Mexico for Canadian medium and heavy duty truck and bus exports.

I think honourable senators are aware, and I am sure Senator MacEachen drew attention to this, that at present the Mexicans have a highly protectionist auto decree which, under the NAFTA, will be eliminated over 10 years. It will permit Canadian and U.S. firms easier access to Mexico as an export market. Mexico currently imports more than $5 billion in automotive products from its North American partners, and demand for automotive parts is expected to grow by more than 7 per cent annually over the next 10 years.

I said earlier that the automotive content rules of the FTA are strengthened and clarified in the following respects. Opportunities are created for North American auto parts producers. Therefore, disputes such as the Honda Civic example are less likely to happen. There is more certainty for foreign investors and a built-in adjustment period for foreign auto manufacturers.

Canada, of course, retains its own high safety and emission standards for automotive products and remains an attractive location for foreign investment in the automotive sector. As Senator MacEachen has pointed out, the auto sector is vital to Canada. It is our largest export sector, with $40 billion in exports in 1992. Direct employment in the auto industry is more than 125,000.

The higher content level of 62.5 per cent is to be phased in over eight years in two stages. Foreign car makers with plants in Canada will have four years at 50 per cent, and another four years at 56 per cent. These two phase-in periods will allow sufficient time for automakers in North America to adjust to new requirements. The full duty drawback is extended two years beyond its scheduled termination under the FTA, and partial duty drawback is retained indefinitely for non-qualifying goods.

Again, the auto industry's confidence in Canada as a production base remains strong as witnessed by recent investment decisions. Senator MacEachen expresses great anxiety about the future, but as recently as three months ago, Chrysler Canada announced a $550-million expansion of the Windsor mini-van plant. Ford's Windsor No. 2 engine plant will be reopened to produce a new generation of truck engine — a $1.1 billion investment with 860 jobs. This does not appear to me to be the feared flight of automobile investment out of Canada or away from Canada to Mexico.

I can only add to that a few statements by knowledgeable people. For example, in a commentary in October of last year, which appeared in the London *Free Press*, Rory Leischman said that with the Mexican automobile industry expanding rapidly, Canada's high-tech parts exporters should find even greater export opportunities in Mexico under the NAFTA's free trade rules.

I could put similar quotations on the record, but I will spare honourable senators at least for the moment.

That, in a nutshell, is the position the government has put forward with regard to the automobile industry. We remain confident that Canada will remain an attractive place for automobile investment, as we remain confident that in the NAFTA, as in other free trade agreements, when a regime of freer trade is introduced it leads to higher incomes and expanded opportunities and living standards on both sides of the borders.

Senator Stewart: I should like to ask Senator Murray a question. Let us set aside the testimony given by Dr. Cohen with regard to the advantage that will accrue to Mexico by reason of the low content requirement for five years when there is a new model in a new plant. Let us put that aside because we do not know whether his view is correct or not. We have not had conclusive evidence one way or the other.

As I understand the situation, and Senator Murray will tell me where I am wrong, by reason of the annual reduction in the tariff brought about by the FTA, Canada loses its ability to require that the terms of the Auto Pact be fulfilled insofar as North American vehicles are concerned. The way we have enforced the Auto Pact provision of one car sold in Canada, one car produced in Canada, was by saying that if this ratio was not maintained, then the vehicles imported into Canada by the Big Three and other eligible companies would attract initially a 17-per-cent tariff. However, that tariff goes down and will disappear under the FTA. It will become zero before the end of the century. Thus, we lose our sanction to enforce the Auto Pact against North American-produced vehicles.

On the other hand, Mexico has distinct advantages. It has relatively cheap labour and relatively low taxes to maintain a medical care system. It has no unemployment insurance system to be paid for. It has no welfare system to be paid for. All of this is in evidence, as Senator Lynch-Staunton will remember.

Moreover, we are told that in the areas where Mexico competes with Canada, such as in automobile parts and in assembling, the Mexicans are every bit as good as we are now or will be in the immediate future.

What does the United States have as an advantage? It has the advantage that the Big Three have their home offices in the U.S. and companies like Chrysler, which recently enjoyed considerable support from the American taxpayers, are susceptible to the argument that Americans should have jobs.

The Mexicans have something going for them. The Americans have something going for them. What do we have going for us?

The argument has to be that in order to assure continued investment in new plant, not simply the modernization of existing lines to produce a particular vehicle which happens to have been a great success, something for which we are all thankful, the only thing we have going for us is the possibility that we can say to the Big Three, "Notwithstanding the advantages of an American or Mexican location, Canadian workers are able to produce more at less cost."

• (1600)

That will be the one factor which may induce new investment in Canada. That is my understanding of the situation. Am I wrong?

Senator Murray: Honourable senators, my friend expresses anxiety about the lowering of tariffs and the consequent reduction, as he puts it, in our ability to apply certain sanctions with regard to the Auto Pact. However, it is not really the Auto Pact he is concerned about. What we have just heard is the classic argument against freer trade. That is what we have heard. He refuses to accept the reality, against all experience, that freer trade and more open markets lead to increased incomes and increased living standards wherever they exist.

Senator Frith: Tell that to the unemployed Canadians. They would love to hear that, too.

Senator Murray: He invokes the lower wages, inferior working conditions and lower taxes, and the lack of social programs in Mexico, believing that they will stay that way as incomes rise, trade flourishes and commerce increases among Canada, the United States and Mexico. Of course, that is not the case.

Senator Frith: Can you hear that out there in the food banks?

Senator Murray: The first thing that will happen, if history is any guide, is that those workers and consumers will demand better wages, better working conditions and better social programs. Who said it better than my honourable friend Senator Stewart the other night? He said NAFTA was essential to the economic and, yes, the social and political agenda of Mexico and the Mexican government. That is what I mean when I say that free trade on all sides of every border has always led to higher incomes, better working conditions and higher living standards.

Therefore, I say to my honourable friend, do not be afraid of a prosperous Mexico. We have everything to gain from a prosperous Mexico. It is an old cliché, but a rising tide lifts all our boats. A prosperous Mexico means more opportunities for Canadian workers, Canadian industries and Canadian products.

Some Hon. Senators: Hear, hear!

Senator Stewart: I know that the honourable gentleman specializes in spinning, but that is certainly the most elegant and deceptive spin I have heard in a long time.

Senator Frith: I did not find it that elegant.

Senator Stewart: Let me say that Senator Murray really has not learned anything since he took Economics 101. He should consult the experience of the Europeans and see how valid are those economic dogmas when they are applied in the real world at a very rapid pace. I think he will find that the social and political consequences of moving toward free trade at a rapid pace can be extremely difficult, especially in terms of high unemployment. Even Adam Smith, his patron saint, to whom he prays every morning, would not agree with him.

Senator Murray: Honourable senators, my friend wants to keep the tariffs up. The only thing he left out was the old statement about "blasting our way into the markets of the world". I want to tell him that R.B. Bennett would be proud of him.

Senator Stewart: If this is to be the level of argumentation, I wish I had not asked for a speech from that side.

Hon. Philippe Deane Gigantès: Will the honourable Leader of the Government accept a question? How about the time factor? Let us assume that Canadian auto workers are paid $14 an hour and Mexican auto workers are paid $1.40 an hour. You take the jobs of 10,000 Canadian auto workers away from them and move those jobs to Mexico. Those 10,000 Canadian auto workers can no longer afford to buy 10,000 cars. The Mexican workers, at $1.40 an hour, also cannot afford to buy 10,000 cars. The result? Reduction in automobile production by 10,000 units.

Eventually, through the multiplier effect, the Mexican auto workers will get to the point where they can demand a higher salary. They will not necessarily get it, however, because production will then move to some other third world country so that the multinationals can continue paying low wages. Eventually. How many years — ten years, fifteen years? — before they are rich enough to buy from us? Will it be tomorrow? Will it be in the mandate of the next government?

Senator Murray: Honourable senators, if I may, before I address the question of the honourable Senator Gigantès, I have been reminded of the critique that Senator Stewart made about the European Economic Community, saying that my assertions about the value of freer trade there have been disproved. I do not think there are many people in Europe who would agree with him.

Certainly, with regard to investment, if he is right in what he said, one asks, why are not all the plants in Europe flocking to Portugal, for example?

To come to the point raised by Senator Gigantès, he reminds me a bit of Saint Augustine, who prayed, "Lord, make me virtuous, but not yet." His attitude toward Mexico and our trading partners is, "Lord make them prosperous, but not yet." "Let us just see if we can maintain the status quo for as long as possible," he says; "keep them relatively poorer than ourselves, and hope for the best."

I have made the argument, and I continue to believe — as I think most people believe and as history proves — that open markets and freer trade lead to prosperity and higher living standards everywhere. I can only say to Senator Gigantès, and others who speak in the same vein, "Lord, deliver us from these reactionaries."

Senator Gigantès: The Honourable Leader of the Government forgets that national governments, such as the one in Canada and in various other countries, are elected to take care of the interests of their voters. Their voters think in terms of the next four years. They do not think in terms of the long-term expansion of your multinational corporation friends.

As for Saint Augustine, he is a bad example because he became a saint only after he became impotent. That is the kind of sainthood that this government has exhibited.

Senator Murray: Honourable senators, I will not touch that one. All I can say is that the argument of the honourable senator with regard to the responsibilities of national governments to their own voters is rather Poujadiste in its origin and in its sentiment. We have heard it all before. You are hearing it now from the French farmers and others who are trying to oppose reforms to the GATT.

It is not the Auto Pact you are worried about. It is not any of these specific examples that you are raising here. You are making the classic arguments against open markets and freer trade, and Sir Wilfrid Laurier would not be proud of any of you.

Senator Gigantès: But Sir John A. Macdonald would fully understand, and would disown you completely. It is very nice when you have a nice fat pension, honourable senators, and a senatorial salary, to disregard the unemployed, but it is not easy for them to take it.

[*Translation*]

Hon. Roch Bolduc: Honourable senators, towards the end of his speech, Senator MacEachen referred to the senior officials who appeared before the committee.

I was there for several days, for most of the testimony given before the committee, and I must say Senator MacEachen went too far just now when he said the senior officials had been partisan and that they had defended the government's policy. Really!

We heard at least a dozen senior officials who appeared before the committee. One of them may, owing to lack of experience, have made a few comments that were in fact value judgments of the government's policy. I would attribute that to the senior official's inexperience, but I would not conclude that his contribution to the debate as such was not up to the mark.

I think the senior officials who testified before the committee were competent and showed a great deal of self-restraint. I am thinking of the legal experts, for instance, Mr. Von Finckenstein and several others whose answers I felt were satisfactory, except perhaps for one member of the group, but it must be pointed out that he testified for three hours. Perhaps at some point fatigue was a factor or he was perhaps not as experienced as he should have been. In some of his comments he may have said something Senator MacEachen did not appreciate.

With respect, however, I think you did exaggerate somewhat.

[*English*]

• (1610)

Senator Bosa: Honourable senators, I wish to ask the Leader of the Government if he thought it was right to avoid the question by Senator Stewart? Instead of answering the question, he engaged in political disputations by accusing the opposition of being against free trade. In the context of free trade, he then raised the fact that the Auto Pact would have a large market in Mexico.

The honourable gentleman should be reminded that the Auto Pact is not free trade. It is managed trade and relates to market share. His argument that we are against free trade, using the Auto Pact to reinforce his argument, is not valid.

Senator Murray: I appreciate the distinction the honourable senator has made, but I do not think it diminishes the validity of my argument or the veracity of my point about my friend's attitude toward freer trade and open markets.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that Bill C-115 be read the third time.

It is moved in amendment by the Honourable Senator Bosa, seconded by the Honourable Senator Stewart:

> THAT Bill C-115 be not now read the third time, but that it be referred back to the Standing Senate Committee on Foreign Affairs for reconsideration of Clause 113(3) at pages 76-77 of the bill, insofar as Section 13(3) and Section 13(4) of the *Customs Tariff* as set out in that clause relate to the implementation of Article 403 (Automotive Goods) and the related appendices of the Agreement.

Is it your pleasure, honourable senators, 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 the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

Hon. William M. Kelly: Your honour, we would ask for a 30-minute bell.

The Hon. the Speaker: Honourable senators, the bells will ring for 30 minutes.

Call in the senators.

Motion in amendment of Senator Bosa negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Lawson
Austin	MacEachen
Bonnell	Marchand
Bosa	Molgat
Corbin	Neiman
De Bané	Petten
Frith	Riel
Gigantès	Rizzuto
Grafstein	Robichaud
Graham	Sparrow
Haidasz	Stanbury
Hébert	Stewart
Kenny	Thériault
Kirby	Watt—28.

NAYS
THE HONOURABLE SENATORS

Andreychuk	Kelly
Angus	Keon
Atkins	Kinsella
Balfour	Lavoie-Roux
Beaudoin	LeBreton
Beaulieu	Lynch-Staunton
Berntson	MacDonald (*Halifax*)
Bolduc	Macquarrie
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Spivak
Grimard	Stratton
Gustavson	Sylvain
Jessiman	Tkachuk
Johnson	Twinn—49.
Kelleher	

ABSTENTIONS
THE HONOURABLE SENATORS

Nil.

MOTION IN AMENDMENT

• (1620)

Hon. Philippe Deane Gigantès: Honourable senators, I will propose an amendment to this bill. Before I do so, I would like to remind the Senate of certain things that we predicted about the free trade agreement which have come to pass; I would like to remind senators opposite of their own words. Their memory is short and they do not particularly like being reminded. The fact is that when they went into the free trade agreement there truly was no urgency to enter into that agreement other than to obtain relief from American trade laws, which they did not obtain; other than to obtain, as they put it, freedom from these trade laws so they would not apply to us. We were to have national treatment in the United States, which we never did get.

We now learn that essentially they dropped any attempt to get agreed rules of trade because, they said, the GATT was satisfactorily moving in that direction. We said that when you were discussing the free trade agreement. We told you that the GATT was going to do as much for us as the free trade agreement. In fact, there was nothing in the free trade agreement to speak of giving us any more than the GATT.

I would like you to remember, honourable senators, what Mr. Mulroney and Ms Carney said in those days. Ms Carney stated in the House of Commons on October 9, 1998, as reported at pages 253-254, of the *Debates of the House of Commons*, that U.S. court cases against Canadian exporters based on U.S. trade remedy laws "complicate investment decisions because, to be successful, Canadian producers need security of access to foreign markets...If the rules keep changing, that security is jeopardized and diminished."

Mr. Mulroney, as Honourable Senator MacEachen reminded us, said that is why we seek new roles on subsidies. He told the *New York Times* on April 3, 1987, that there were several vital conditions the trade agreement would have to meet. "Most important among these," Mr. Mulroney said, "is that Canada must be permanently exempt from the United States' fair trading laws."

It reminds me of that tale of the frog that saw the cow and blew itself up to try to appear large. This was bluster that did not work at all.

What did we get in the free trade agreement? Nothing that we did not already have in the GATT. The FTA and the GATT have appeals procedures that work very similarly. For example, at page 261 of the free trade agreement, Article 1802 states:

> The Parties hereby establish the Canada-United States Trade Commission (the Commission) to supervise the implementation of the Agreement, to resolve disputes that may arise over its interpretation and application, to oversee its further elaboration and to consider any other matter that may affect its operation.

The Special Agreements on Interpretation and Application of Article VI, XVI and XXIII of GATT state:

> There shall be established...a Committee...composed of representatives from each of the signatories of this agreement...The Committee...shall afford signatories the opportunity of consulting on any matters relating to the operation of the Agreement or the furtherance of its objectives.

No difference. I can go on through the free trade agreement and give you the similar articles of GATT which do exactly what the free trade agreement has done.

The Mulroney trade deal, even in its best presentation, the best-case scenario, presented to us in a document written by the Economic Council of Canada, entitled "Venturing Forth", would have meant that, by 1998, if the free trade agreement were signed — obviously these were things that came out before its signature — each Canadian would have seen his or her income increased by just the price of one cigarette per day. We are not even getting that, these days.

Therefore, we were clearly misled. The FTA, we were told, gives us a right to national treatment. No, it does not give us any right greater than we already have under GATT.

Mr. Lipsey, the Saint Thomas d'Aquino of the free trade agreement, the twin of Thomas d'Aquino, was asked:

> Since the objectives of the negotiations, to provide security of access to the U.S. market by gaining exemption from U.S. fair trade laws, was not achieved, shouldn't the Agreement be rejected?

Mr. Lipsey replied, "significant progress...was achieved in reaching the objective" of providing security of access to the U.S. market by gaining exemption from the U.S. fair trade laws. He proceeds to give his evidence:

> The right of national treatment gives blanket assurance that the United States will not discriminate against Canadian producers in any activities covered by the Agreement.

Tell that to the lumber and steel industries, to the pork producers, to anything else that Canada works on and exports to the United States. The capricious and arbitrary trade laws of the United States have not been touched. Their effect on Canada has not been diminished by the free trade agreement.

We have not gained very much, except, as Mr. Lipsey said, a decade from now what will turn out to be one of the most farsighted measures of the whole agreement is that it will guarantee the right of Canadian investors to invest in the United States. I remember telling you that I did not particularly care about that at all. I want them to invest here. I am not interested one little bit in investing in the United States and I suggest that those in Canada who are elected, those who will be elected in the fall, and those who were elected in 1988 and in 1984 were not elected to help the economy of the United States. They were not elected to increase employment in Tennessee and South Carolina. They were elected to help Canadians, and they have not.

We paid a great deal and we got very little in return. We paid with water. It has not happened yet, but we could find ourselves caught in a dispute over water for agricultural irrigation. Water is included in the free trade agreement under Article 711, which refers to item 22.01 of the "Harmonized Commodity Description and Coding System" of the international Customs Cooperation Council. Item 22.01 includes "ordinary natural water of all kinds other than sea water."

Years down the road, the United States could ask us to sell it irrigation water in large quantities, by diverting our rivers if necessary. If we refused, by invoking Canadian laws that prohibit bulk exports of water, the United States could invoke Article 2011 of the free trade agreement which states:

> If a Party considers that the application of any measure, whether or not such measure conflicts with the provisions of this Agreement, causes nullification or impairment of any benefit reasonably expected to accrue to that Party, directly or indirectly under provisions of this Agreement, that party may...proceed to dispute settlement...

Dispute settlement, as I have told you in the past, and as I can demonstrate, means you go to the commission. If you are the United States and the commission finds against you and you refuse to comply, then the Canadian mouse has the right to kick you. If the Canadians refuse to comply, then the American elephant has the right to kick them.

• (1630)

We gave up our capacity to defend our water. We gave up the right to tell a foreign investor that there are some things he is obliged to do in Canada. They have that right in Europe, but now, with the free trade agreement, any American company can come here, gut a Canadian company, send its research and high-value-added jobs down south, and keep only the warehouse here to sell things to us.

There have been movements to the United States, as naturally there will be. If there is no government intervention, if we cannot use our energy resources to attract people, then of course they will go south of the border. If you have a market that is split into one large and one small part, it would be ridiculous and absurd to build a factory or to expand production in the small part. You will build it in the middle of your largest market, and the largest market in the tandem Canada-U.S. is the United States.

What did we have to attract people? Among other things, we had energy. Did we do anything to protect our energy? No, we did not. We will be at risk to U.S. countervail actions, said Mr. Lipsey, as much, no more, no less, than before.

There are some things that we cannot do and for which we could be punished if we tried to do them under article 904(a) of the free trade agreement. It states that neither party may

> reduce the proportion of the total export shipments of a specific energy good made available to the other Party relative to the total supply of that good

in the exporting country. In other words, if we have been selling half the energy we produce to the United States and we lower our production, the United States will still be entitled to half of our lower production.

The Tories talk of mortgaging our children's future. They gave away one of the biggest resources of this country; one of the biggest resources that our children could use in the future. They gave it away. For what? National treatment, free access to the United States, something we do not have to any greater degree than GATT already gave us.

Article 904(*b*) of the free trade agreement states that neither party may

> impose a higher price for exports of an energy good to the other Party than the price charged for such energy good when consumed domestically

by the exporting party.

This is reversing the dumping argument. Normally you are prohibited from exporting things at a lower price because that is considered unfair. Here you must not export at a higher price either. I thought the rules of the market would have said, "Well, if it is a higher price, we won't buy it." But no, the U.S. wanted certainty. They wanted our energy resources to be theirs, not ours, and they got it. You gave it to them.

In the winter, Montreal falls to 20 below, and Los Angeles or Miami is in the grip of a heat wave. We need more energy than normal. We cannot cut our energy exports to the United States without cutting our supply of energy to our own people, even though it is a special circumstance and we need our energy more than they need it. This was given away.

Senator Stewart: Wait until the people of Montreal hear about that.

Senator Gigantès: We used energy to attract people to invest here. They get cheaper energy in Quebec. Why would one of these aluminum companies or any industry that is a great consumer of energy establish itself in Canada when it can establish itself in the United States, have the same-priced Canadian energy, be nearer the larger market, and probably be in some state where there are no rules protecting workers?

This is what you have done. We protested it. We protested because we were paying much more than we were getting. Our research and energy are gone, and our water is in danger. Why, as the honourable Senator MacEachen asked, would the Japanese investor come here when he can go to the United States?

We were much less prudent than the Mexicans. The Mexicans protected the ownership of their energy resources. We gave them away. Why did we give them away? Are the Tories stupid, or are they totally dominated by multinational companies which are only interested in their quarterly returns and not in the fate of Canada, its workers and its people?

Honourable senators, it is for these reasons that I move:

> THAT Bill C-115 be not read the third time, but that it be amended in Clause 188 at page 141 by adding immediately after section 120.5 the following new section:
>
> Emergency restriction.
>
> 120.6 (1) Notwithstanding any provision of this Part or of the Agreement, it is the duty of the Board to introduce, with or without an order under section 120.2, a restriction on the exportation to the United States of any specific energy goods, if the restriction is necessary to reduce or offset a shortage, or anticipated shortage, of specific energy goods in any part of Canada.
>
> Effect on Article 605
>
> (2) Where any measure is taken by the Board under subsection (1), the proportion of the total export shipments of the restricted energy goods, relative to the total supply of the energy goods that is required under paragraph (*a*) of Article 605 of the Agreement to be maintained, may be adjusted in any manner that is fair and reasonable having regard to
>
> (*a*) the needs of the public of Canada,
>
> (*b*) the circumstances of the supply of the energy goods affected by the shortage described in subsection (1), and
>
> (*c*) the principles of the agreement.

The Hon. the Speaker: Honourable Senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that this bill be read the third time.

In amendment it is moved by the Honourable Senator Gigantès, seconded by the Honourable Senator Stewart:

> THAT Bill C-115 be not read the third time, but that it be amended in Clause 188 at page 141 by adding immediately after section 120.5 the following new section:
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> 120.6 (1) Notwithstanding any provision of this Part or of the Agreement, it is the duty of the Board to introduce, with or without an order under section 120.2, a restriction on the exportation to the United States of any specific energy goods, if the restriction is necessary to reduce or offset a shortage, or anticipated shortage, of specific energy goods in any part of Canada.
>
> Effect on Article 605
>
> (2) Where any measure is taken by the Board under subsection (1), the proportion of the total export shipments of the restricted energy goods, relative to the total supply of the energy goods that is required under paragraph (*a*) of Article 605 of the Agreement to be maintained, may be adjusted in any manner that is fair and reasonable having regard to

(*a*) the needs of the public of Canada,

(*b*) the circumstances of the supply of the energy goods affected by the shortage described in subsection (1), and

(*c*) the principles of the agreement.

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Allan J. MacEachen: Honourable senators, the amendment moved by Senator Gigantès addresses the energy chapter of the free trade agreement and the energy provisions of the North American Free Trade Agreement. From the very beginning, I have regarded the energy chapter of the free trade agreement as a very unwise step taken by the government of Canada. That conviction has not changed since I opposed the free trade agreement when it was brought before the Senate. It has not changed as a result of the developments surrounding the North American Free Trade Agreement.

Perhaps I should begin by reminding honourable senators of a bit of philosophy of the Conservative Party. There is no doubt that in many ways the Conservative Party has deserted, by the enactment of the FTA, certain principles which it held dear in former years.

The National Energy Board Act became law under the Diefenbaker administration. It was enacted following the recommendations made by the Borden Commission. It was introduced into Parliament by the late Gordon Churchill and it was regarded, at the time, as an important nation-building piece of legislation because it attempted to establish the rules under which energy could be exported from Canada.

The National Energy Board was given very strong powers to regulate and licence exports of oil and gas. It had strong and independent authority. No licence could be granted for the export of oil and gas unless that supply was determined, by the National Energy Board, to be surplus to Canadian requirements.

It is a fact that the National Energy Board spent a good part of its early history elaborating what a surplus is. In elaborating the test of a surplus supply, it examined very carefully the long-term interest of Canada.

That was a sound policy. It was enacted by the Conservative government under Mr. Diefenbaker and it remained in force until the amendments were made to the National Energy Board under the Free Trade Agreement. As a result, the independence of the National Energy Board was stripped away. It could no longer deny an export licence for which an application was made. It lost its independence. In effect, under the free trade agreement, the National Energy Board could make a recommendation to the cabinet that an export licence be denied, and the cabinet could let it sit there and nothing would happen. If, however, an export licence were denied by the cabinet, there was immediately triggered what has become known as the principle of proportionality. In other words, the denial of an export licence to send oil or gas to the United States would immediately usher in, in Canada, a period of restriction. Therefore, we would have to reduce our internal consumption of oil and gas and share proportionately with the United States our supplies based upon the preceding 36-month experience.

That is the principle of proportionality. It introduced a new concept into the Canadian management of its resources. We lost control.

Bear in mind that up until the free trade agreement energy resources were covered by the GATT, but the GATT seldom, if ever, interfered with any action taken by a national government to restrict energy exports. There was a tacit understanding that energy was a strategic commodity or product and that, therefore, it did not enter into trade like any other commodity. That changed with the free trade agreement.

Now, let me recall to you that the testimony to us under the free trade agreement at that time indicated that energy was put on the table very late in the negotiating process. In fact, it was a surprise when we learned that energy was under negotiation under the free trade agreement. It was put on the table because the Americans insisted it be put on the table if they were going to make any movement on the big demand that Canada had for a dispute-settlement mechanism.

That history was well known at the time of the free trade agreement and we have described how the dispute-settlement mechanism is now working. According to the testimony of the deputy negotiator, Mr. Ritchie, in reply to questions from Senator Atkins, Americans were doing everything they could to claw back the benefits Canada had received through the dispute-settlement mechanism. That is history.

It so happened, honourable senators, that I was in Washington about that time and attended a private luncheon which was addressed by a number of notables, including the about-to-leave chairman of the Council of Economic Advisors to the President. It was in the final period of the Reagan administration when the Republicans were looking forward to the next election. The chairman of the Council of Economic Advisors was commenting upon the evolution of Reagan policies. He said that in the free trade agreement with Canada, they got access to Canadian energy resources, a major achievement.

I have always thought it was bad for Canada to give that up, to remove from the National Energy Board the principle which had been so firmly established by the Diefenbaker administration; that Canadian resources are first for Canadians, that there will be an independent review of our requirements before a drop goes abroad anywhere. That was removed.

• (1650)

Honourable senators, when the North American Free Trade Agreement negotiations were launched, I happened to meet a senior Mexican official. We talked about the North American Free Trade Agreement and the subject turned to energy. He said, "In our negotiations with the United States we certainly will not make the same mistake that Canada made. We will benefit from your mistakes and we will reserve to ourselves control over our energy resources."

That is precisely what the Mexicans did. They did not make the mistakes in NAFTA that Canada made in the FTA. They did not sell their energy in exchange for that dubious reward, namely, a dispute-settlement mechanism.

I invite you to look at the document that has been circulated by the Department of External Affairs — and Senator Buchanan will realize that it is green in colour; perhaps in anticipation of Donald Cameron's election logo, which was changed from blue to green in Nova Scotia — entitled: "NAFTA—What's it all about?" What did the Mexicans learn from Canada? On page 45 of this document, "Chapter Six, Energy Goods and Basic Petrochemicals", the following is stated:

> Encouraging Mexico to adopt the FTA framework proved difficult in certain areas...

They were learning from Canada's mistakes. It goes on to state:

> ...largely because of its constitutional and legal requirements to restrict foreign activity in the energy sector. Mexico has reserved the right to restrict foreign participation in the following activities:
>
> upstream oil and gas exploration and development;
>
> refining and processing of crude oil and natural gas;
>
> foreign trade, storage, distribution and transportation of crude oil, natural gas and basic petrochemicals;
>
> the supply of electricity as a public service and related generation, transmission and distribution; and
>
> exploration, exploitation and processing of radioactive materials.
>
> The restrictions on foreign investments in these activities will apply until such time as Mexico voluntarily liberalizes its laws...

I repeat: "Liberalizes its laws voluntarily". That is the first step that Mexico learned from Canada: "We reserve our control over important areas of the energy field".

Hon. John Lynch-Staunton (Deputy Leader of the Government): Will Senator MacEachen allow a question?

Senator MacEachen: Yes.

Senator Lynch-Staunton: Is that restriction not in their constitution in Mexico, regarding the foreign intervention and energy field?

Senator MacEachen: It may be.

Senator Lynch-Staunton: Is that not the reason why?

Senator MacEachen: No, I do not think so.

Senator Lynch-Staunton: I think so.

Senator MacEachen: They did it because, in the words of the senior official, "We want to retain our control over our energy resources."

We will not debate the Mexican constitution here. It is a fact that Mexico has done that. I will move on to something that is important: Is it in the constitution of Mexico that the law of proportionality is prohibited? The answer is "No".

Senator Lynch-Staunton: Foreign ownership is.

Senator MacEachen: All right. We are talking about the law of proportionality now.

Senator Frith: That is another bill.

Senator MacEachen: The Mexicans resolutely refused to accept the principle of proportionality. Only Canada is bound by this evil subjugation of its energy interests.

May I refer, not to my testimony but to the testimony before the Foreign Affairs committee from Dr. Campbell Watkins' brief to the committee. It states:

> The NAFTA repeats a key energy caveat introduced in the FTA: if supplies were restricted to one of the parties under any of the first three reasons (conservation, supply shortages and price stabilization), the share of the total supply available for export purchase may not fall below the average level in the previous 36 months.

That is what Canada undertook by saying, "If we deny an export licence, the only condition under which Canada can now deny an export licence is by declaring a period of restriction in Canada, which obligates us to bring in the principle of proportionality and share the total supply available, to the extent that export purchase may not fall below the average level in the previous 36 months.

The Hon. the Speaker: Honourable senators, the rule states that Senator MacEachen will need approval to continue. Is it your pleasure, honourable senators, to let Senator MacEachen continue?

Hon. Senators: Agreed.

Senator MacEachen: Thank you, honourable senators. I intend to conclude as quickly as possible, but this is an important issue for Canada, and it will not go away.

Dr. Watkins goes on to state:

> Mexico has been able to opt out of the more precise expression of the GATT limitations on energy export restrictions established under the FTA - although these provisions would be affirmed between the U.S. and Canada.

Therefore, Mexico is learning, because it has opted out of the provisions that apply to Canada. I wish to quote again from Dr. Campbell Watkins, who says:

> Let me deal with the Mexican reservations, and I have mentioned a couple of them already. They are really quite restrictive. The Mexican state has reserved activity in exploration, development in production, pipelining, refining and trade. All these areas are reserved to the Mexican state. Electricity is reserved to the Mexican state. As regards dispute mechanisms and government procurement, a free trade commission is set up which would handle energy-related disputes.
>
> There is also a provision for arbitration, a new provision which says that domestic laws cannot delay decisions, and so on. Again, because of the particular position on foreign investment, Mexico is excluded in general from the investment provision.

After having laid out the restrictions and the reservations of Mexico, he concludes his testimony by saying:

> Just by way of summary, then, in terms of the agreement itself, in broad measure the energy provisions of the Canada-U.S. Free Trade Agreement are preserved, but Mexico has basically opted out.

Why did Mexico do that? Because it understood the value of the principle that was established by the Diefenbaker government in the early sixties, that a country should retain control over its energy resources and that energy resources should be available first to its own citizens; that if an export licence were to be denied, that was a reasonable denial for purposes of serving ones own citizens. Mexico understood that. Mexico has basically opted out.

Dr. Campbell Watkins concludes:

> The phrase I use in my essay is that, to some extent, Mexico is a distinct society in terms of energy, within the context of the agreement.

• (1700)

Therefore, it is true that Mexico learned from Canada's mistakes. We are still bearing the burden of the mistake that we made in the free trade agreement.

The position of the Liberal Party is to remove, through renegotiation, this principle of proportionality. It is to restore the principle that had been established by the Diefenbaker government. It is to renegotiate and secure for Canada the same treatment that Mexico received under the North American Free Trade Agreement.

Why should Canada secure a lesser treatment? Why should Mexico have greater freedom than Canada? Why should Canadian citizens be denied the use of their own resources in order to export to other countries? It makes no sense at all.

In notes which I made at the time of the free trade agreement some months ago I speculated upon the situation that would occur in a period of energy dislocation. We have had several oil shocks. The international cartels have imposed upon the world, in two instances at least, very high energy prices. If we had to observe the principles of the free trade agreement in energy, we would devastate the Canadian economy, because we could not, through political administration, ameliorate the impact of an international supply dislocation.

We are asked again, honourable senators, to re-endorse this iniquitous feature of the free trade agreement.

Senator Murray earlier raised the red herring that our comments on this side indicated we were enemies of free trade. It was a nice debating point, but that is not the issue. The issue is, of course, to liberalize trade, but liberalize it in a manner that protects our own vital interests.

Does the principle of free trade obligate Canada in any way to supply energy to citizens of the United States and curtail the domestic consumption in Canada? Does the principle of free trade deny Canada the ability to foresee far in the future and determine what energy goods are required to secure our future? Does the principle of free trade ask us to do any of these things? Of course not.

The free trade agreement with the United States obligates us by its provisions. I know at the time that many people liked it because it would constrain the ability of the federal government. It would reduce the government's power to act. It would allow the provinces and private interests more leeway. For those reasons, they liked the provisions of the free trade agreement.

However, in the longer run, if we ever have a crisis in energy, any Canadian government that is looking after the interests of its own citizens and that will listen to the indignation of its citizens, which would boil up in a period of this kind of restriction, would be forced to re-examine the provisions of the free trade agreement with respect to energy.

That is why I have always disliked them. It is because at some future time these instrumentalities that will be required by the national government will be denied. Our hands will be tied because of obligations we have undertaken, not with the international community, not at all, but with the United States, obligations which Mexico refused to undertake, because, as a senior official said, "We intend to learn from Canada's mistakes." So they did.

We now hope to learn and build upon Mexico's victory in asserting its sovereignty over its own energy resources.

Hon. Senators: Hear, hear!

Senator Stewart: Where is Senator Murray with another lecture?

Senator Lynch-Staunton): Honourable senators, I would be happy to try to reply to the number of red herrings which have been dragged out in this debate.

On the question of water, I do not understand how one can still maintain that water is part of the NAFTA and the FTA. Water in its natural state is not covered by any international agreement which Canada may have anywhere in the world — in NAFTA, the FTA or the GATT. The only water which is covered is water as a good, such as water in a tank car, or in a bottle or sold as a commodity. Water in its natural state, whether in a lake, a river or anywhere else is not covered. I wish once and for all that we can dispel that misinformation.

As for energy, we must understand that the United States is a major market for our energy industry in western Canada. Gas exports increased to 2 trillion cubic feet in 1991-92, or more than 2.5 times their level six years earlier. Some 48 per cent of our crude oil production goes to the United States; 65 per cent of our uranium production goes to the United States.

Senator MacEachen is quite right when he says that there is a proportional access provision in the FTA which is being repeated in the NAFTA and which does not include Mexico. What is the purpose of this proportionality measure? It is to provide assurances to long-term buyers and purchasers of Canadian energy on the other side of the border that their access to imported energy and basic petro-chemicals will not be arbitrarily restricted.

The provision applies to both Canadians and Americans buying and selling to each other. It applies to both sides. This is a long-term agreement.

Senator Thériault: Do we buy from them?

Senator Lynch-Staunton: That is not the point. It applies to both. It cannot be brought into effect unless there are reasons of shortage, conservation or price stability. It cannot be arbitrarily imposed.

As I suggested to Senator MacEachen, and I now have notes to support my suggestion, if Mexico is not involved in this proportional access provision, it is because it has constitutional prohibitions on the energy sector in activities by both foreign investors and Mexican nationals.

Again, the complete story should be told. It was told in committee. It should be told here. Water is not part of any international agreement of which Canada is a part. Let us dispel that idea once and for all.

Senator Gigantès: But you haven't.

Senator Lynch-Staunton: As for the dispute-settlement mechanism, even its success is being challenged. Canada is a winner thanks to that provision. We have won on durum wheat, tomatoes, pork and other commodities. We are a net winner thanks to the dispute-settlement mechanism. We are winners over all.

Hon. Senators: Hear, hear!

Senator Stewart: May I ask if the honourable senator regards the decision made on swine a week ago last Friday as a victory for Canada?

• (1710)

I thought we lost. That was the decision in which it was said that panels must show proper deference to decisions made by the Department of Commerce and must respect the views of the Department of Commerce on the interpretation of U.S. law and on the interpretation of facts. Is that one of the victories that Senator Lynch-Staunton wishes to submit in evidence?

Again, speaking specifically about energy, Senator Lynch-Staunton defends the terms of the free trade agreement entirely from the viewpoint of those who engage in the development and exploitation of Canada's energy resources. Naturally, these companies, companies such as Imperial Oil, companies such as Amoco and Shell, wish to sell as much oil and gas as they possibly can. As Senator Lynch-Staunton says, they are interested in selling to Americans in as high a volume as they can and, in order to get good contracts, they must be able to provide their consumers with a secure supply.

However, that is only one part of the picture. That is the part of the picture that the negotiators of the free trade agreement saw when they were making that deal, when they were buying into the dispute settlement system which the Americans are now trying to claw back by the provision in the NAFTA that the panels will be composed of judges to the greatest extent possible.

But let us look at the other side. As Senator MacEachen has said, the situation has not always been that there is a surplus of energy. We have had energy crises. We could have had one at the time of the Gulf War. I think Senator Lynch-Staunton is missing the point with regard to this provision of the FTA.

Let us imagine a situation where there is a shortage of fuel. It comes on, unfortunately, in January or February. The suppliers of natural gas in Canada have contracts with the

United States. It happens that the city of Los Angeles is undergoing a heat wave. Temperatures are up in the 80s, old style. But in the city of Montreal, there is Arctic cold. Think of the Prime Minister of Canada saying to the citizens of Montreal, "Because of the shortage of energy, we have to cut you back by 15 per cent. We will do this fairly. Under the principle of proportionality, you will be cut back 15 per cent and, in the name of proportionality, the people of Los Angeles will be cut back 15 per cent."

How do you justify proportionality to the people of Canada? We have a colder climate. The level playing field concept will never equalize our climate with that of the southwest United States where we sell a great deal of our energy. How do we justify that politically, and I mean in the proper sense of the word? It seems to me it will be very difficult.

I understand what Senator Lynch-Staunton says. When you have a surplus of supply, you want to give assurance to those to whom you are selling that they will not be cut back arbitrarily. But what about the situation? We have had situations brought on, not by market factors, but by cartels or political crises in the Middle East, where there is a genuine shortage. What do we do then? It seems to me that we have bound ourselves so that the government of Canada in that case will not do what it ought to do on behalf of Canadians. Is there an answer to that? If there is, I should like to hear it.

Senator Lynch-Staunton: I do not think there is an answer to that, because it is a hypothetical case in which you are assuming that, to satisfy our export customers, Canadians may have to suffer a shortage of their own energy requirements. We can build up a worst-case scenario, but it is highly hypothetical. We can create another scenario where we have so much surplus that the price of energy will collapse in Canada and all across the world. You take one extreme; I am trying to take the middle ground, and I certainly will not take the other extreme.

On dispute settlement, I did not say that we have won them all. I said that we have won a majority of them. In the most recent one, I believe there are other recourses for the government, so it may not be final. Overall, Canada has come out the winner.

Hon. John B. Stewart: But, Senator Lynch-Staunton, we have already said that. We quoted witnesses who said that we won the ones we ought to have won, we lost the ones we ought to have lost. That is exactly why the Americans are unhappy with the composition of the panels. They want judges rather than trade lawyers on the panels. Under the NAFTA, the panels will be composed of judges as much as possible.

So we bought the existing binational panel system, for seven years, it is true. We bought that by the energy part of the free trade agreement. The Conservative senators voted yesterday to agree with the Americans that, in the future, the panels will be composed of judges, or retired judges,persons who will observe judicial restraint in looking at the interpretation of the law and the interpretation of the facts introduced by the Department of Commerce. We have paid the price, our energy, and now we are giving away that which we bought with the price we paid.

Senator Gigantès: On water, I quoted fact, chapter and verse, and you say it should be laid to rest.

Senator Lynch-Staunton: No, I did not say that.

Senator Gigantès: You said we should not mention the issue of water any more.

Senator Stewart: He said there was no agreement.

Senator Gigantès: There is agreement on water, and the facts are as I stated.

Senator Lynch-Staunton: Bottled water.

Senator Gigantès: No. I said:

> We could find ourselves caught in a dispute over water for agricultural irrigation. Water is included in the Free Trade Agreement, under Article 711 which refers to item 22.01 of the "Harmonized Commodity Description and Coding System" of the international "Customs Corporation Council". Item 22.01 includes "ordinary natural water of all kinds other than sea water."

There is no word "bottle" in there anywhere.

Senator Lynch-Staunton: What are you quoting from?

Senator Gigantès: I am reading a book written by me, *Is the Free Trade Deal Really for You?*

Senator Lynch-Staunton: I hope you will not read it all and get another translation.

Senator Gigantès: You had a chance during the free trade agreement debate and you have a chance now to say that my quotation is inaccurate, but your researchers could not find that the quotation was inaccurate, because it is not. It is not. Item 22.01 of the Customs Corporation Council's Harmonized Commodity Description and Coding System includes, "ordinary natural water of all kinds other than sea water". All of it. That definition does not mention bottles, and it is part of the agreement. There is drought in the United States. It is a thirsty country. It is turning into desert. It needs water, and it may ask for it. If we say no, they may then quote to us Article 2011 of the free trade agreement which states.

• (1750)

> If a Party considers that the application of any measure, whether or not such measure conflicts with the provisions of this Agreement, causes nullification or impairment of any benefit reasonably expected to accrue to that Party, directly or indirectly under the provisions of this agreement, that Party may...proceed to dispute settlement...

In other words, we have put ourselves on the American wish list. If they turn up one day and say, "We want water because we reasonably expect that you would give it to us," then they can start the dispute settlement mechanism, and, if we refuse to comply, the American elephant will kick the Canadian mouse. That is how water can be included. Go check the facts. I will give you a photocopy of this page.

Senator Lynch-Staunton: God forbid. Senator Gigantès has his own authority. I, too, have one which is from the negotiators of the agreement itself. I will quote from it and leave it to honourable colleagues to decide who is closer to the facts:

> At the beginning of the NAFTA negotiations, the Canadian negotiators were aware that there had been concern over whether water was covered under the FTA. Including a reference in the NAFTA to make it clear that water was not covered would certainly have dispelled those concerns. But inserting an exemption from alleged obligations that do not, in fact, exist would have had the perverse effect of creating doubt about whether obligations existed with respect to other unprocessed natural resources. Furthermore, both the United States and Mexico were fully aware during the NAFTA negotiations of the provision in the Canadian legislation implementing the FTA that made it clear that water, except where packaged as a beverage or in tanks, was not covered by the FTA.

It is there.

Senator Gigantès: That is what you say, and that is what our government says, but if the large giant to the south decides to say the opposite and we refuse, they can then use Article 2011 and drag us through the procedure of dispute settlement.

Senator Lynch-Staunton: I will end:

> Neither party objected, an important factor to take into account in interpreting the NAFTA. Bill C-115 simply repeats this provision.

Therefore we have the interpretation given by the negotiators, and that of the narrow readership of Senator Gigantès' obscure novel.

Hon. L. Norbert Thériault: Honourable senators, not all of us are trade experts like Senator MacEachen and others, but we all have concerns. Sixty-eight per cent of Canadians still have concerns, and they are not stupid. When will this government realise that Canadians are not stupid?

Just think for a moment. Senator Lynch-Staunton has just made the point that the export of gas and oil to the United States has more than tripled in the past three or four years. One does not have to be an expert to know there must be a finish line somewhere in Canada for that natural resource. Those of us who have been around for a while have seen, in the past 25 to 30 years, many different projections as to the reserves under Canadian soil. Senator Lynch-Staunton's philosophy, the Conservative philosophy, is to encourage the big companies who are their friends, and who have made it possible for their party to become so rich, and they have made it possible for them to have increased access to our oil and gas supplies.

Suddenly, 10 years down the road, the amount exported is 20 times what we are exporting today. Then we may find that we have run into a shortage. We are bound by a trade agreement that says we must, in proportion, export to the Americans. The agreement is not based on what our reserves are, or our needs as Canadians, but on what the big companies have exported to make millions and millions of dollars, regardless of the interests of Canadians.

The Hon. the Speaker: Honourable senators, in amendment it was moved by the Honourable Senator Gigantès, seconded by the Honourable Senator Stewart:

> THAT Bill C-115 be not read the third time, but that it be amended in Clause 188 at page 141 by adding immediately after section 120.5 the following new section:
>
> Emergency restriction.
>
> 120.6 (1) Notwithstanding any provision of this Part or of the Agreement, it is the duty of the Board to introduce, with or without an order under section 120.2, a restriction on the exportation to the United States of any specific energy goods, if the restriction is necessary to reduce or offset a shortage, or anticipated shortage, of specific energy goods in any part of Canada.
>
> Effect on Article 605
>
> (2) Where any measure is taken by the Board under subsection (1), the proportion of the total export shipments of the restricted energy goods, relative to the total supply of the energy goods that is required under paragraph (*a*) of Article 605 of the Agreement to be maintained, may be adjusted in any manner that is fair and reasonable having regard to
>
> (*a*) the needs of the public of Canada,

(*b*) the circumstances of the supply of the energy goods affected by the shortage described in subsection (1), and

(*c*) the principles of the agreement.

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: Will those in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the nays have it.

And two honourable senators having risen:

The Hon. the Speaker: Call in the senators.

Hon. William M. Kelly: Honourable senators, I have a bit of a problem. First, will we see the clock?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): There are a number of amendments to come, and there is no possibility that we can complete our work, so I suggest we break until eight o'clock. If we are prepared to vote now, we will not see the clock for, say, five minutes.

Senator Kelly: I would ask to have the vote at 6:10 p.m. if possible. That would mean we would not see the clock.

Senator Molgat: Then why not do it at eight o'clock?

Senator Kelly: You mentioned 6:05 p.m. and I have mentioned 6:10 p.m. We are talking five minutes. Why not have the vote at 6:10 p.m. and then break until eight o'clock?

Senator Molgat: What does our Whip say?

Hon. Jacques Hébert: Ten minutes after six is fine.

Motion in amendment of Senator Gigantès negatived on the following division:

YEAS

HONOURABLE SENATORS

Adams	Lawson
Austin	MacEachen
Bonnell	Marchand
Bosa	Molgat
Corbin	Neiman
De Bané	Petten
Frith	Riel
Gigantès	Robichaud
Grafstein	Sparrow
Graham	Stanbury
Haidasz	Stewart
Hébert	Thériault
Kenny	Watt—27.
Kirby	

NAYS

HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Spivak
Grimard	Stratton
Gustavson	Sylvain
Jessiman	Tkachuk
Johnson	Twinn—48.

ABSTENTIONS

HONOURABLE SENATORS

Nil.

The sitting of the Senate was suspended until 8 p.m.

The sitting of the Senate was resumed at 8 p.m.

MOTION IN AMENDMENT

Hon. Len Marchand: Honourable senators, I did not have an opportunity to prepare extensive notes leading up to the amendment that I wish to move, so you will be treated to the shortest speech that I will ever make in this chamber.

I have received representations, mainly from the treaty Indians of Canada, regarding this agreement. They expressed some concerns about it. I think honourable senators know quite a lot about treaties, especially after all the deliberations that have gone on over the past few years leading up to the Charlottetown accord. My not making a long presentation tonight does not mean that honourable senators will be deprived of any special knowledge.

Therefore, I move:

> THAT Bill C-115 be not now read the third time, but that it be amended in Clause 3 at page 3 by renumbering Section 3 as set out in that clause as Section 3(1) and adding immediately thereafter the following new section:
>
> 3(2) For greater certainty, this Act, any provision of an Act of Parliament enacted by Part II and any other federal law that implements a provision of the Agreement or fulfils an obligation of the Government of Canada under the Agreement shall be interpreted in a manner consistent with the existing aboriginal and treaty rights of the Indian, Inuit and Métis peoples of Canada.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had expected my honourable friends opposite to make some comments on what is a very important amendment for the First Nations of Canada. The proposal made by my colleague, Senator Marchand, is a sensible approach to what, for those people, is a potential problem.

I have often heard my colleague, Senator Marchand, state that if they had had a better immigration policy back in the days when the Europeans first came, they would not find themselves with the problems they now have. Here we are, newcomers to this country, imposing governments upon them that are making treaties and arrangements with other countries. They have a legitimate concern that their original rights are protected.

Senator Marchand, in proposing this amendment, will give us an opportunity to once again assert what we have so often said in Canada; that we respect the rights of the First Nations, that they ought to be recognized and that we ought to ensure that nothing that we do intrudes upon the treaties they made long before Canada became a nation. Many of those treaties go back a long time prior to that. They were made with a sovereignty other than the one here now. Certainly, it is the same in the continuity of the Queen but it is a new government. In this case the Government of Canada is making a treaty with two other nations and First Nations have a legitimate claim in ensuring that their rights, which go further back than those of Canada per se, are protected.

I support Senator Marchand in his proposal.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will certainly speak no longer than Senator Marchand or Senator Molgat. I simply wish to say that I appreciate the points they have made. They know that aboriginal rights, including treaty rights, are protected in the Canadian Constitution. They also know that land claims negotiations are under way in a number of areas in Canada, and that the government, as was our predecessor, is committed to negotiating those land claims, including self-government where this is desired and possible.

All this is under way principally between the federal government, the provinces, and the aboriginal peoples of Canada. The case that has not been made is that inclusion of this qualifying amendment in the NAFTA is desirable or necessary. That case has not been made. Frankly, I do not think it would add anything, because nothing can be added in this way to the aboriginal and treaty rights that are already protected, nor would it add anything in particular to the treaty between Canada, the United States and Mexico. It is a commercial agreement, the content of which is well known. There is no way that anyone can foresee that the provisions of that commercial agreement could in any way derogate from aboriginal and treaty rights.

Senator Molgat: I wonder if the honourable senator would permit a question. There is a request from the aboriginal community that this be done. My honourable friend, Senator Marchand, has indicated that this request has come from the aboriginal community. In fact, approximately 10 days ago there was a delegation in Ottawa which was going across the country. It made this point very forcefully. What is wrong with including it, for the assurance of the aboriginal peoples? How could it hurt in any way? How can it not help but reassure them? Why should we not include it?

Senator Murray: Honourable senators, frankly, I think that it would be superfluous. If the honourable senator wishes to suggest that a provision of this kind should be added to every international agreement that we sign, or every commercial agreement that we enter into, I suppose we could have that discussion. Whether in this particular case or in others, I do not see the relevance of the proposed amendment.

Aboriginal rights, including treaty rights, are protected by the Constitution of Canada. There are many processes under way now regarding land claims, self-government and all the rest of it. There is nothing that this, a commercial agreement, will do, or any others, that could successfully derogate from those aboriginal and treaty rights.

Senator Molgat: Perhaps I might ask my honourable friend another question. At the moment, a number of Canadian aboriginal groups have the right to freely traverse

the Canada-U.S. border. They can do so and it is something that goes on all the time. Will they have that right with Mexico?

• (2010)

Senator Murray: Honourable senators, that is a legal opinion that I would not be in a position to give, but I would seek one. I was not aware they were seeking that.

Senator Molgat: Are we not effecting a change by making this arrangement for Canada as a whole with Mexico? Are we not affecting their rights? Should they not be able to claim that right as well?

Senator Murray: Honourable senators, if they wish to claim it, they can claim it, and it would be a matter for discussion and negotiation. The NAFTA, as I understand it, is silent on that issue.

Senator Molgat: That is the point. Let us make sure we protect them.

Senator Murray: So they can cross the border into Mexico?

Senator Molgat: If they wish.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that the bill be now read the third time.

In amendment, it was moved by the Honourable Senator Marchand, seconded by the Honourable Senator Graham:

> THAT Bill C-115 be not now read the third time, but that it be amended in Clause 3 at page 3 by renumbering Section 3 as set out in that clause as Section 3(1) and adding immediately thereafter the following new section:
>
> 3(2) For greater certainty, this Act, any provision of an Act of Parliament enacted by Part II and any other federal law that implements a provision of the Agreement or fulfils an obligation of the Government of Canada under the Agreement shall be interpreted in a manner consistent with the existing aboriginal and treaty rights of the Indian, Inuit and Métis peoples of Canada.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators who are in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed to the motion in amendent please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Hon. William M. Kelly: I suggest a ten-minute bell. That would put the vote at 8:25 p.m.

The Hon. the Speaker: Call in the senators.

Motion in amendment of Senator Marchand negatived on the following division:

YEAS
THE HONOURABLE SENATORS

Adams	Kirby
Austin	Lawson
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
De Bané	Neiman
Frith	Petten
Gigantès	Robichaud
Grafstein	Sparrow
Graham	Stanbury
Haidasz	Stewart
Hébert	Thériault
Kenny	Watt—26.

NAYS
THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk—46.

ABSTENTIONS
THE HONOURABLE SENATORS

Nil.

POINT OF ORDER

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I regret to rise on a point of order, but during the vote I objected to a senator standing to speak who had come in after the vote had started. In fact, the count had been taken on this side when he came in. I should like to make the point, because this could be a problem. In fact, I saw another senator come in as well. I would appeal the rule.

Senator Kelly: Are you suggesting that the number be subtracted, honourable senator?

Senator Molgat: I do not want to be difficult, but I really think it could present a problem. The result of the vote will not change this time, but it could, on occasion, be an important issue.

Senator Murray: Yes, the vote is important.

Senator Kelly: The only point I would make is that the first offender under those new rules was Senator MacEachen. We very willingly granted his vote that time.

Senator MacEachen: When was that?

Senator Kelly: On one of the early votes.

Senator Frith: He did not enter after the count; after the doors were shut, but not after the count had started.

The Hon. the Speaker: Honourable senators, I do not think a point of order can be raised during a vote; it should be raised after the vote.

• (2020)

Senator Molgat: Honourable senators before we proceed to any further motions in amendment, I want to stress that this is something the Senate has to look at, because we could end up at some time having a very close vote. We have to know exactly where we stand.

Under the old rule, the doors were locked. That was changed, and now the rules say that the doors shall not be locked.

Senator Frith: Under the new rules, the doors to the gallery are locked when the vote starts, but not the doors to the Senate chamber.

Senator Kinsella: The rule says that the senators must be within the bar.

Senator Molgat: I am obviously not about to appeal this vote the result was quite clear, but we have to have an established rule or we may be in trouble at a later date.

MOTION IN AMENDMENT

Hon. B. Alasdair Graham: Honourable senators, we all know that there have been critical periods in the twentieth century when the world economy has been characterized by transformation and the dislocation which accompanies it. Aldous Huxley wrote *Brave New World* in 1932. He took a satirical look at the social and other problems inherent in the megachanges of his time.

Today, Canada appears to be going through an equally dramatic process of adaptation to the globalization of production and markets. It is only natural for Canadians to look to government to formulate a brave new policy for a brave new world.

I believe that we must do three things to adjust successfully to the new age. First, we must expand our understanding of the issues involved. Second, I believe we must also make fundamental adjustments in our domestic policies. The practices of business and government must adapt to the global transformation. However, there is a third interrelated development we must never forget — which the present government has clearly forgotten. We must ensure that Canadian values and priorities are reflected in the evolution of the rules, written or unwritten, which govern the new order, the brave new world of the future.

There are those who believe that 100 years from now, our present geographical boundaries will be odd, old faded lines on ancient maps. They may be right, but if this is true, we all hope that the new global entity will inherit the best of what came before, that Canada will take the lead now in ensuring that real development, that is, improvements in the quality of life for the majority of our people will mark the advent of a new age, of new maps, of new realities.

To get to that brave new world, Canada must initiate brave new policies, and we must initiate them now. Regretfully, there is no sign of bravery in the present rush to ratification of the NAFTA.

The rush to ratification is predicated on the axiom that a state of permanent inferiority has and will condition Canada's relations with the United States. We are told today by the present government that we must participate in the NAFTA because we must forestall the development of a "hub and spoke" trading system in this hemisphere; a system whereby the United States would become the natural investment location for any firm wanting duty-free access to all countries.

I believe the United States will become the natural investment location for most industries, because of the NAFTA, although we are told by the government that we can bypass this by ratification. There is, of course, a major omission from the NAFTA, the absence of a new impediment to the use of anti-dumping and countervail procedures against free trade partners. The FTA made the same error. Adding Mexico clearly complicates the Canada-U.S. agreement on a subsidies code.

The point I am making is really a very simple one. How much trade harassment can we afford, the threat of trade sanctions being only the most recent illustration of the long arm of our friends in the United States. Why would we signal our compliance with an agreement which, unless very significantly amended and revised, will be a major catalyst in making Canadian businesses decide they should just as well set up in the United States where, of course, they can serve both markets without facing the risk of U.S. trade harassment.

If we add to this perspective the fact that the bulk of the gains will clearly go to the transnational corporations — consider the question of intellectual property rights, consider also the proliferation of "brains trust" business consortia which exclude the participation of foreign subsidiaries, all facilitated by the NAFTA — we will see, in effect, the consolidation of research and development and high technology areas in the hands of the transnationals. The brains trust will not be shared by those powers operating on the periphery of the United States.

There are those who would contend that the NAFTA agreement consolidates the position of Canada as a hewer of wood and a drawer of water. The official argument is that its ratification will forestall a new form of neo-colonialism. In reality, the argument is facile, simplistic and, yes, downright embarrassing for all those Canadians who believe that our foreign policy must reflect our interests and values as a nation. In reality, this argument ensures that the actions of the hub already dictate the movement of the spokes. By precipitous ratification, Canada signals to the international community that inferiority dictates our foreign policy.

It is no longer the concept of radical, but responsible internationalism which dominates our foreign policy. Not even the concept of helpful fixer is useful here. Just imagine what the Lester Pearsons, the Escott Reids and the Norman Robertsons would think, all the post-war greats who gave Canada a foreign policy. What would they think of our great step backward into what will be perceived internationally as an act reflecting permanent inferiority.

However, it is an act which has an amusing twist to it, for as the lowly spoke bends to give even greater compliance to the perceived future movements of the hub, the hub stands fast. The new administration of President Clinton, as everyone knows, is beset by concerns over labour and environmental issues and is committed to side agreements ensuring American objectives with regard to these issues.

• (2030)

I believe that the rush to ratify the NAFTA in Canada, prior to the satisfactory conclusion of the ongoing debate south of the border, is by no means perceived there as the action of a friendly power constructively engaged in seeking out the underpinnings of a brave new world. It is instead a signal of Canada's disengagement from one of the most critical debates of our time.

Environmental and labour laws and regulations govern the way certain goods are to be produced. This is an elementary observation and one central to the present debate raging in the United States. The key word is 'harmonization' — harmonization of, for example, product standards that were created to promote health and safety. Now harmonization is such a friendly word! It isn't quite so friendly, however, if we are talking about production standards being 'harmonized' downwards. It is this prospect that presently unnerves many Americans and threatens the prospective congressional authorization by December 30 of this year; unless, of course, the side deals are resolved to the satisfaction of the United States.

There is a backdrop to this debate that needs some clarification. There are those who believe that if the present GATT treaty is passed, a kind of free-trade world government will come into place with the power to make binding decisions to resolve trade disputes among member nations. In fact, in the name of free trade, such tribunals could drive down existing health and safety standards to the lowest common denominator; to the levels of less fortunate countries. For many, GATT and the NAFTA are, as Walter Russell Mead argued in a recent edition of *Harpers*, "...about more than sending first world factories into the third world. They are about importing third world social conditions into the west."

Now the debate over side deals in the U.S. is reminiscent of the debate over the FTA in this country in 1988. During that debate, critics warned that Canadian social programs were at stake. They were, of course. Over the last few years we have seen cuts to unemployment insurance, downsizing of universal family allowance programs, shelving of plans for a national child care program, and huge cuts in federal funding to education, health and welfare. Along with this, Canadians have experienced the longest, deepest decline in the manufacturing sector since the 1930s.

I would argue that if any one country has something to teach the world about the merits of reflecting long and hard on FTAs, it is Canada. The FTA has not delivered in vital areas of social, political and economic development. When I speak of 'development', I speak of not just the fulfilment of basic material needs. I speak also of the nurturing of an appropriate social, cultural and physical environment and the improvement in the quality of life for a majority of a country's population.

I spoke some time ago of initiating an inquiry into international election observing as a component of our assistance to democratic development around the world. All these issues are interlocked.

I come back to what I said earlier: Canada must ensure that its values are reflected in the evolution of the rules which govern the new international economic order, just as Canada does when it attempts to monitor the broad sweep of democratisation in elections around the globe.

The NAFTA could be an excellent testing ground because it is an agreement between two developed countries and a burgeoning developing country, with all the strains attendant upon that development, including a rapidly growing labour force.

The reality is that Mexico has pursued its objectives with great strength. As that country's economy becomes more open over time, it is expected to gain the most of any of the signatories to the NAFTA.

But the human side of development has remained neglected in Mexico as, of course, it has in many rapidly developing states. Restructuring has meant high unemployment in a country without unemployment insurance. It has meant a shrinking state support for subsistence agriculture — the poorest sector in Mexico. Overall, restructuring has meant the strengthening of extreme economic inequalities in that country.

Honourable senators, I believe that our trade agreements must reflect our value systems. Canada must promote not only the mobility of capital and the rights of corporations, but also developmental needs and the rights of people. I speak here of an agreement which promotes not only the bottom line, but, more fundamentally, the basic assumptions about human rights which Canadians too often take for granted.

I move, seconded by Senator Corbin:

> THAT Bill C-115 be not now read the third time, but that it be amended in Clause 10 on page 5 by deleting the words "is hereby approved" and by inserting instead thereof the words "shall be considered for approval only after provision has been made in a side agreement for the establishment of a Commission on Human Rights and other institutions for the promotion of human rights comparable to the commission and institutions on labour, as proposed by Canada in its draft dated May 14, 1993.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

• (2040)

Hon. Wilbert J. Keon: Honourable senators, Senator Graham quite rightly referred to the entire question of human rights when we approach the question of trade in the global community. I cannot see the relevance of human rights as it relates to Mexico and Canada when we consider the discrepancies between G-7 countries, Africa, South America and the rest of the underdeveloped world.

It seems to me that, somewhere along the way, those of us who have all the wealth and resources have a responsibility to those who do not have wealth or resources. Somewhere along the line the world has to open up to these countries and help them to develop.

Some Hon. Senators: Hear, hear!

Senator Keon: The only hope for the global community is that this can be done without too much pain to the developed countries. Therefore, would you explain the difference between cheap labour in Mexico and cheap labour in black Africa?

Senator Graham: I thank Senator Keon for his question. I understand exactly what he is saying. There is nothing in his question with which I disagree or even question. However, we cannot be importing the standards of Mexico into Canada.

As Senator Lawson pointed out yesterday, when he spoke about the transportation of goods and the standards that would apply thereto, that is one of the concerns. We must ourselves ensure that the people of our country, no matter where they live, do not suffer as a result of an agreement of this kind.

I come from an area where the unemployment rate today is officially 30 per cent. Unofficially, it is probably closer to 40 per cent. Our people are worried about this. The rate of unemployment has gone up by 10 per cent since the FTA came into vogue.

The honourable senator has mentioned black Africa. I was in black Africa several times, and more recently observed an election in Cameroon. I mentioned here two weeks ago, when I talked about international election observing, that after our report, the official report of the National Democratic Institute for International Affairs, which I was representing, the World Bank and the IMF put Cameroon under investigation. Germany suspended its aid; Canada cut its aid by 50 per cent; The United States cut its aid by two-thirds.

I agree with the honourable senator if he is suggesting that there has to be a better balance in the world. I think we should all work to achieve that better balance.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that Bill C-115 be read the third time.

In amendment, it was moved by the Honourable Senator Graham, seconded by the Honourable Senator Corbin:

> THAT Bill C-115 be not now read the third time, but that it be amended in Clause 10 on page 5 by deleting the words "is hereby approved" and by inserting instead thereof the words "shall be considered for approval only after provision has been made in a side agreement for the establishment of a commission on Human Rights and other institutions for the promotion of human rights comparable to the commission and institutions on labour as proposed by Canada in its draft dated May 14, 1993.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Senator Kelly: A 15-minute bell, please.

The Hon. the Speaker: Call in the senators.

Motion in amendment of Senator Graham negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kirby
Austin	Lawson
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
De Bané	Neiman
Frith	Petten
Gigantès	Robichaud
Grafstein	Sparrow
Graham	Stanbury
Haidasz	Stewart
Hébert	Watt—25.
Kenny	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk
Johnson	Twinn—48.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil.

• (2040)

Hon. Jerahmiel S. Grafstein: Honourable senators, for those watching the twilight —

The Hon. the Speaker: Honourable senators, the sound system is not operating.

Senator Gigantès: You sabotaged the sound because you cannot stand to hear the truth.

Senator Cogger: Why is it that we can hear Senator Gigantès but we cannot hear Senator Grafstein?

The Hon. the Speaker: Honourable senators, I understand that the electrician is on his way. There is no sound for the translators or for the Hansard reporters.

Hon. Finlay MacDonald: Honourable senators, while we are waiting, I think we should acknowledge the ingenuity of our Clerk Assistant in counting the votes of our new senators here without missing a beat.

Senator Frith: Do we have a volunteer to translate that?

The Hon. the Speaker: Honourable senators, your comments will be off the record, because the sound system is not working.

Hon. Peter Bosa: Honourable senators, I should like this to be on the record. I think we should acknowledge the presence in the south gallery of Mr. Robert Fulton who has announced that he will not seek re-election. I am just wondering if he is looking at some empty seat some place in the Senate?

Senator Murray: There is only one, and it is for British Columbia.

An Hon. Senator: Don't jump! Don't jump!

The Hon. the Speaker: Honourable senators, the electrician is here. I understand it will take him ten minutes to fix the problem. We will suspend our sitting to the call of a five-minute bell.

The sitting of the Senate was suspended.

• (2140)

The sitting of the Senate was resumed.

MOTION IN AMENDMENT

Hon. Jerahmiel S. Grafstein: Honourable senators, for those watching the twilight of the NAFTA debate here in the Senate, in the other place, and in the media, it is much akin to witnessing a latter-day morality play.

Senators will recall that the purpose of the ancient morality plays, the medieval passion plays, was to teach a lesson, a moral lesson, and to show the audience the struggle between good and evil, fighting for control of man.

In this our morality play, the forces of good and evil are naturally in the eyes of the beholder, yet no one seems untouched by the power of the play, the passion of the plot, and reason seems to have taken her leave.

Each side, each chorus sings that their side, their verse, their song is the safer, the saner path to economic paradise. Each side contends that any flaw or fault in the veracity lies in the score of the other. Each chorus predicts damnation for all who refuse to harken to their lyrical truths. Yet the music and the truths remain strangely elusive, strangely unconvincing, strangely unpredictable, as we reach the final act.

For one can be either for or against freer trade, even this form of freer trade, and still be baffled by both the players and the plot. The onus, dear senators, lies not with us. The onus, dear senators, for this play rests with the other side, the supporting players, and the protagonist government.

What have the protagonists in this morality play told us? NAFTA is a defensive measure to save us from evil times. Protagonists confide that NAFTA was not Canada's chosen path either to export heaven or import hell. We are told that we threw ourselves into the pit of NAFTA for fear of being left out of the pit. For, if we were left out, we were given a warning, in pathological terms, that all investments would coagulate around the American heart and hub, and that we Canadians and Mexicans would struggle and strangle ourselves — or worse, serve as mere conduit drains for the international market and investment forces that would flow inevitably towards the American heartland, the American centre, seeping away and weakening both the economic sinews of Canada and Mexico.

Better to join the NAFTA, protagonists on the other side admonish us, than to be left out, and better to sign up quickly before anyone else. For, if we do not, we will dissipate our own best national interests and decrease rather than increase our leverage against that well-known selfish leviathan, that bloated mammal of narrow national interests, the U.S. Congress. We are reminded that the great American white whale has thrashed about persistently, very reluctantly delegating limited powers over trade issues to binational tribunals in the FTA. Yet, it may still agree once again to limited, parsimonious delegations of powers in NAFTA. So the white whale's lapse should be coveted before it gulps again, and dives deeper away from even such shallow delegation of powers for adjudicating trade disputes.

One protagonist minister in the Foreign Affairs committee, Minister of Trade Wilson, confided to us that even though we dragged ourselves into NAFTA, NAFTA will be good for us. Canada does not relish any side labour agreements, he told us. We need no add-ons; we need no help, particularly if these side deals are armed with sanctions. NAFTA stands alone as a jewel that sparkles with its own internal glow, that needs no polish to make it shine. So says Minister Wilson, that eternal, true believer.

Meanwhile, another protagonist minister, Minister of Labour Danis, having failed to memorize the script for the play, confides to yet another Senate committee, the Social Affairs committee, that side agreements endorsing and enforcing higher labour standards in Mexico would be desirable. Indeed, bilateral meetings have been conducted with Mexico to enhance labour standards, even memos of understanding have been signed between Mexico and Canada in the past year or so. So confusion reigns, even as the plot thickens.

Last week we were told, to spontaneous cheers in the Senate on all sides, that human rights should be a component of NAFTA, at least in the preamble. This we are told more in regret than in anger by a supporting player in this chamber, for the Mexicans have a very spotty record, we are told, on human rights. Forcefully, carefully, this eloquent supporting player on the other side in the Senate documents a rather sorry tale culled from studies of respected organizations such as Amnesty International, recording Mexico's failure to maintain even minimum standards of human rights.

For a moment, for a brief shining moment, morality triumphed in the Senate. Spirits rose on all sides. Then we were told that we should talk about human rights as this is good, this is cathartic, but we should not impose any legal or even perambulatory, written requirements about human rights in NAFTA because, nevertheless, this might be bad for NAFTA, or worse, unnecessary. At that, our spirits fell. What a roller-coaster of emotions we on this side experienced in this play.

What script was being read when we heard those words? Do we hear the voices and the forces of good or the voices and the forces of evil? All very confusing. Of course, to add to our confusion, in the plot of this morality play we are told that NAFTA cannot wait for Canadian passage. Speed ahead, legislate, even though we are told that the first actor in the play, the Mexican government, has delayed passage while the U.S. President and the U.S. Congress are now dithering and vacillating in their passage of this same legislation.

The Canadian audience watching this morality play moves from perplexity to puzzlement. As we draw closer to the climax of this protagonist government, the intensity of passion floods in and the level of rationality drains out.

To recap, honourable senators, the Senate, this legislative audience, is told that we must rely on speeches rather than law; faith and hope rather than law. We must delegate our judgment to others and all will be well. Freer trade lies beyond morality. What a strange witch's brew this play has become.

• (2140)

What modest part can we in the Opposition hope for at this late stage in this play with all its devilish twists and turns? What can we hope to do? There appears to be but one course. Morality begs moratorium. Passion begs pause. Rely on the rule of law and wait. Reliance on the rule of law means a slender written amendment to ensure that principles that Canadians cherish — human rights — are respected. Patience, rather than passion, dictates that we wait until the great white whale, the U.S. Congress, swims to the attack to dismember NAFTA by tearing off its head, arms or feet by using side agreements or other means. Let's wait and see what is left to legislate.

All we ask for at this stage is a simple agreement from those who applaud human rights. Would such a dainty morsel of morality, this slender amendment at home and abroad, deter any protagonists, even the truest believers in freer trade?

Honourable senators, freer trade is a good idea. Liberals believe in freer trade. Liberals have always believed in freer trade.

Senator Lynch-Staunton: Notwithstanding the fact that you have always believed in free trade —

Senator Molgat: We just don't like bad deals.

Senator Lynch-Staunton: You just read the polls.

Senator Grafstein: Like God and the Devil, the truth often lies buried in the details, and the details beg that we add an amendment to the preamble of NAFTA respecting human rights so that, at least, we are gently consistent with our own morality. Then principle and passion can march together.

All senators may recall that in the early days of this government public hearings were held in all parts of Canada by the Joint committee of the Senate and House of Commons on Foreign Affairs, reaching out to Canadians, searching for their views on principles that should underpin our foreign and trade policies. A strong consensus report found that Canadians wished — and it is still their wish — to place their sentiments where their sentences are.

Our human rights concerns should be twinned with our trade concerns, we were told. Yet, when given an opportunity to do so here at home, this same protagonist government balks. It is an unseemly balk. Meanwhile, only last week in Vienna, the same protagonist government lead the world community in insisting on higher standards for the enforcement of human rights universally, which we all applaud.

Let me quote from the excellent speech prepared for the Minister of External Affairs and given to the United Nations World Conference on Human Rights in Vienna on June 16:

> ...concrete and practical measures resulting in early improvements in human rights are what we need...

That is the position of the protagonist government in Vienna, but when the government legislates at home it is different. Which player of this protagonist government are we to believe? Which plot are we to follow?

Senators, what have we to lose by injecting respect for the rule of law into NAFTA. Come, honourable senators, we have morality to gain.

The Leader of the Government earlier today referred to St. Augustine. I defer to his deeper knowledge and closer proximity to sainthood than I, but I do recall that St. Augustine divided all creation into two cities: One the city of God, *civitas dei*, and the other the city of man, *civitas terrena*. One destined to reign eternally, the other condemned to perpetual torment. Which city do you choose? For us the moral choice seems very clear. This, honourable senators, would not be a bad finale for this passion play.

Honourable senators, amend the preamble. I move as follows:

> THAT Bill C-115 be not now read the third time, but that it be amended in the preamble at page 2 thereof by striking out lines 12 to 14, inclusive, and substituting the following:
>
> tions,
>
> protect, enhance and enforce workers' rights, and
>
> enhance the multilateral development and enforcement of human rights and international treaties respecting human rights;

Senator Stanbury seconds the motion.

Senator Haidasz: You can't vote against that.

The Hon. the Speaker: Is it your pleasure, honourable senators, to adopt the motion in amendment?

Hon. Noël A. Kinsella: Honourable senators, I have a comment, and perhaps Senator Grafstein would permit a question. I have listened for the past few days to this debate and also attended the meetings of the Standing Senate Committee on Foreign Affairs. I have focused on the concerns that many witnesses and many of our colleagues have raised as to the question of human rights in Mexico. The question I would like to put to Senator Grafstein is this: Can he point out for honourable senators whether or not Mexico has ever been found wanting by the General Assembly of the United Nations for any violation of resolution 1503 of the General Assembly?

Senator Grafstein: Honourable senators, I do not know the answer to that question, but I relied to a large measure in my comments on the excellent remarks by a senator on the other side in dealing with Mexico's record of human rights, and that has been documented by senators on both sides. There seems to be a general consensus in human rights monitoring organizations such as Amnesty International, American Watch and a number of others, who, as objective third-party bodies, survey human rights. Apparently, all have recorded that Mexico has a spotty, difficult experience maintaining reasonable standards of human rights. I do not believe that there is a question or a contest on this issue, based on the evidence that we have heard in this chamber.

Senator Kinsella: Honourable senators, as those of you who follow these matters will know, resolution 1503 of the United Nations is the resolution that concerns the assessment of gross and consistent patterns of human rights violations. In the international human rights machinery it is the United Nations Human Rights Commission, on which our honourable colleague Senator Andreychuk served as Canadian ambassador for a number of years, and never has Mexico been found wanting by that commission of any violation of resolution 1503. I find it more than passing strange, a little disconcerting, that we in Canada sit in adjudication of Mexico and its human rights records with their blemishes, as we have our blemishes. That standard under that machinery is in place and has had a significant success in dealing with the struggle to improve human rights around the world. Over and above that, the machinery of the Organization of American States is present with its human rights implementation mechanisms.

• (2150)

I remind honourable senators that President Salinas himself was prepared to admit that the human rights situation in his country is in need of reform, just as I hope that we are prepared, in our country, to recognize that we must continue to take steps to enrich the human rights enjoyed by Canadians. Here we have the President of Mexico recognizing the need for improvement of human rights in his country, and —

Senator Frith: Only he does not have to do anything about it.

Senator Kinsella: — his government has tackled the problem head on.

Let us give our colleagues and friends in Mexico credit for the steps they have taken in recent months and years. Let us not forget that in 1970, the Mexican government created the National Human Rights Commission, which has been working — according to many observers, including non-governmental organizations in the human rights field — to enhance the human rights situation in Mexico.

The National Human Rights Commission in Mexico, if I have the data correct, has investigated over 15,000 cases in two-and-a-half years. On the one hand, that speaks to problems, but, on the other hand, it also speaks to a recognition that governments have a responsibility to improve their human rights records.

Honourable senators, the 16th preambular paragraph of Bill C-115 says that the parties to this undertaking are resolved to "protect, enhance and enforce basic workers' rights;" That is an achievement in and of itself, notwithstanding greater achievements that must lie ahead.

We also can point to the 13th and 11th preambular paragraphs that speak to the public welfare, and to improving working conditions and living standards, which of course are in the realm of the social, economic and cultural rights articulated and recognized by the world community in the International Covenant on Economic, Social and Cultural Rights.

Honourable senators, I encourage the rejection of this amendment, not because we do not recognize the need for ongoing improvement in the human rights field, but rather that there is the basis of the principle, not only in the bill before us, but in established machinery.

Some Hon. Senators: Hear, hear!

Senator Grafstein: The thrust of the honourable senator's comments, I take it, is that we should not be pointing the finger at Mexico, the United States or any state. That is not the purpose or the prose of my amendment.

Perhaps I could just repeat a portion of the amendment. It reads as follows:

> ...enhance the multilateral development and enforcement of human rights and international treaties respecting human rights.

That applies not just to Mexico. It applies to Canada. It applies to the United States.

I do not question the efforts made by the President of Mexico to enhance the demography of human rights in his country. As a matter of fact, I applaud those steps. Having said that, certainly there could be no objection from Canada to my amendment. I doubt if there could be any objection from the United States. Certainly, there cannot be any objection from Mexico to enter in an agreement which enhances the progress being made there. Who can object?

The amendment is not meant to point fingers at any state. I was referencing not my views but the comments made by other senators, particularly a senator on that side, about the Mexican record of human rights.

As was said by Canada at the United Nations conference in Vienna, we must change the culture of how we think about human rights. What we are doing with this amendment is not talking about human rights; we are attempting to change the culture by a simple preamble.

There is no strong muscle to this amendment. It is preambulatory; it is easy and slender; it is certainly not offensive.

I suspect that if one went to the President of Mexico and asked him if he disagreed with this amendment, he would say no. If Bill Clinton was listening and was awake and was asked the same question, I think he would say no. Certainly, the next Prime Minister of Canada, and the present Prime Minister, who have declared themselves in favour of a vigorous policy of international human rights, could not be against this amendment.

This is a motherhood proposition. The difference is that we are not talking about it; we are putting it in writing; we are putting it in law.

That is the thrust of my comments and my amendment.

Hon. John B. Stewart: Honourable senators, I had not intended to say anything, but Senator Kinsella has really confused me.

On June 14, 1993, at page 3488 of the *Debates of the Senate*, Senator Kinsella commented on a speech which had been given earlier that day by Senator Ghitter. He said:

> I share the sentiment expressed by the previous senator. It was an excellent presentation.

Senator Molgat: That was last week!

Senator Stewart: He went on to say:

> It is important that we underscore the human rights dimension of NAFTA.

I thought that was the intention of Senator Grafstein's amendment.

Senator Kinsella said:

> I was glad you drew our attention particularly to those paragraphs contained in the preamble of the bill. The one that is on page two of the bill speaks to a purpose. It states:
>
> "...having resolved to protect, enhance and enforce basic workers' rights;"

Honourable senators, when I heard Senator Grafstein, I said, "Have I not seen that style and that formulation somewhere before?" Lo and behold, it is precisely in the words that Senator Kinsella applauded last week — "...protect, enhance and enforce basic workers' rights;" — except in this case it is human rights. How is it that what was good last week is no good tonight?

Senator Kinsella: Honourable senators, there is nothing contradictory or obfuscating at all.

Senator Molgat: No, that was last week; this is this week.

Senator Kinsella: As we were pleased to point out to our honourable colleague last week, the bill itself contains a principle of recognition for the promotion of human rights. The argument made last week was that this has nothing to do with human rights. I disagree with that proposition because the plain language of the bill in preambular paragraph 16 speaks exactly to that.

What I say to my honourable colleague Senator Grafstein is about mechanism. He is looking for another mechanism. I am suggesting that another mechanism is not necessary at this time when we have in place the mechanism of Resolution 1503 of the United Nations General Assembly, the mechanisms of the two international covenants and, since a year or two ago, the mechanisms available through the Organization of American States.

Senator Stewart: Since these mechanisms are in place and are so effective, I take it that Senator Kinsella is rebutting what Senator Ghitter said here the other night?

Senator Kinsella: You just do not want to understand, do you?

Hon. Philippe Deane Gigantès: Honourable senators, Senator Kinsella seems to be contradicting himself. He said that the President of Mexico admits to violations of human rights in his country. He also said that, under Resolution 1503, Mexico has never been found guilty. That might suggest that the mechanism for finding violations of human rights did not operate very successfully in the case of Mexico if, under Resolution 1503, nothing was found against Mexico, when the President of Mexico admits that there is a lot to be repaired. It seems to suggest that, as so many other organisms of the United Nations, it is highly politicized.

There are trades. Friends back one another. You will not vote against Mexico on this issue because Mexico might vote against you on something else.

What Senator Grafstein is attempting to do is strengthen the bill for the sake of the poor people of Mexico. Let us think of other parts of the world.

The honourable members on the other side of the chamber do not sound very sincere. You are objecting to a protection of human rights, workers' rights, and the fate of the poorer Mexican, but yet earlier you were preaching to us about Africans and poor people around the world. When talking of these agreements, some of us here in this chamber object to what we see as an attempt to entrench in international treaties the multinational agenda. For instance, look at what Nike Shoes did. It had a factory in the United States and moved to Korea because it could pay lower wages to its workers. When the Korean workers felt their oats a bit, decided that they were a little better off in the world and wanted a little more, Nike was moved to Indonesia where children of 12 were paid $30 a month to work 12 hours a day, six days a week.

• (2200)

Wal-Mart in the United States boasted that all of its products were made in the United States, and then it was discovered to be using child labour in Thailand, and paying them tiny portions.

These are the sorts of things that make someone like me suspicious of free trade pacts that are dictated by the multinational agenda. They increase the profits of multinationals, which profits are not reinvested here. You are the party that in 1986 passed legislation which allows Canadian firms that invest abroad, and make losses abroad, to deduct those losses from their Canadian earnings. That does not do very much for Canadian workers, for the Canadian people and for the welfare of this country. Your colleagues in the other chamber were elected to look after the welfare of this country.

Senator Lynch-Staunton: Tell us about the research tax credits. Tell us about the 150 per cent write-offs.

Senator Gigantès: Senator Grafstein is also trying to help the people of Mexico.

Senator Lynch-Staunton: Selective memory.

Senator Gigantès: They are not prepared to do anything about that because their friends under Resolution 1503 in the United Nations did not find a single violation, even though the President of Mexico admits their existence.

Senator Lynch-Staunton: Tell us about Dome Petroleum. Remember Dome?

Some Hon. Senators: Question.

The Hon. the Speaker: Honourable Senators, it is moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon:

> THAT Bill C-115, to implement the North American Free Trade Agreement, be read the third time.

In amendment, it is moved by the Honourable Senator Grafstein, seconded by the Honourable Senator Stanbury:

> THAT Bill C-115 be not now read the third time, but that it be amended in the preamble at page 2 thereof by striking out lines 12 to 14, inclusive, and substituting the following:
>
> tions,
>
> protect, enhance and enforce workers' rights, and
>
> enhance the multilateral development and enforcement of human rights and international treaties respecting human rights;

Is it your pleasure, honourable senators, 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 the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "nays" have it.

And two honourable senators having risen:

Hon. William M. Kelly: I suggest a five-minute bell.

Senator Molgat: My honourable friend is getting over his fears.

The Hon. the Speaker: Honourable senators, it is agreed that the bell will ring for five minutes.

Call in the senators.

Motion in amendment of Senator Grafstein negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Austin	Lawson
Bonnell	MacEachen
Bosa	Marchand
Corbin	Molgat
Frith	Neiman
Gigantès	Petten
Grafstein	Robichaud
Haidasz	Sparrow
Hébert	Stanbury
Kenny	Stewart
Kirby	Thériault—22.

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	Marshall
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk
Johnson	Twinn
Kelleher	Angus—48.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil.

MOTION IN AMENDMENT—DEBATE ADJOURNED

• (2210)

Hon. Royce Frith (Leader of the Opposition): I intend to make a brief intervention on this bill, and I can make it brief for a very good reason. I have listened to the debate on NAFTA and all the amendments proposed over the last few days, and I think all senators will be proud of what the record shows with respect to the quality and articulateness of the debate, and the attention that the Senate has given to this very important and far-reaching bill.

I have listened very carefully, and I heard a lot of debate and a lot of differences of opinion on why we should or should not proceed with this bill, and why we should or should not amend it. In all cases, I found myself persuaded by the arguments in favour of the amendments. In fact, I was very impressed and proud of my colleagues and the work they did in support of those amendments.

After listening carefully, the one thing that I heard not a word about, at least not a word in support of in this debate, was: Why now? I heard a lot of very impressive, articulate, lucid arguments as to why it should not be adopted now, but I did not hear one word as to why it should be adopted now. There were strong interventions in support of the bill from Senator Buchanan and others, but not a word of why now.

I checked the debate in the other place and could not find any reason given there why the legislation should be adopted now, particularly in the context of the uncertainty in the United States. I watched for and checked the government hand-outs on the question. I have had some mail on the question. I have checked the speeches distributed by government ministers, some of them touching on the subject. I have listened to whatever the Prime Minister had to say. I have not heard one word as to why this legislation should be adopted now, before the legislative steps have been taken in the United States and before we know about the side agreements, which are the principal reasons for non-adoption in the United States.

What possible advantage is there to Canada in adopting it now, before everyone else, showing our hand and losing all our leverage?

If I take into account all the excellent debate that I have heard, I think we can find an amendment with which everyone can agree, or at least to which we have heard not one word in opposition. I therefore move:

> THAT the motion be amended by deleting all of the words after the word "That" and adding the following words: "the Bill be not now read the third time, but that it be read the third time this day three months hence."

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that the bill be read the third time.

In amendment, it is moved by the Honourable Senator Frith, seconded by the Honourable Senator Molgat:

> THAT the motion be amended by deleting all of the words after the word "That" and adding the following words: "the Bill be not now read the third time, but that it be read the third time this day three months hence."

Is it your pleasure, honourable senators, to adopt the motion?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I move the adjournment of the debate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Certainly my honourable friend is entitled to move the adjournment of the debate. I do not want to misinterpret what my honourable friend may or may not have told me, but I understood we were to dispose of all the amendments presented this evening. Of course we have an understanding that we need not dispose of the entire legislation until tomorrow morning, no later than eleven o'clock. However, having regard to the way in which we were proceeding, I thought that all the amendments would be disposed of tonight, with a chance of also disposing of the main motion. Since we have disposed of three amendments tonight, I am wondering why we should suddenly stop, and no longer proceed with this issue.

Senator Molgat: The issue is very important. Having reached this time of night, and considering that we have had a very thorough debate today, I thought that perhaps we could have a slight break and continue tomorrow. We have an understanding that all matters pertaining to this bill will be disposed of no later that eleven o'clock tomorrow, and we intend to follow that quite to the letter, so there will be no delay.

On motion of Senator Molgat, debate adjourned.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I intend to move that we reconvene tomorrow morning at nine o'clock, and that we proceed immediately with government business. I assume that then we will dispose of Senator Frith's amendment, proceed to the main motion, and then carry on with the rest of the orders. Is that in agreement?

I might add, however, before you reply, that obviously we cannot have Royal Assent today. We could have had, but it has been delayed until tomorrow. It has been fixed for more or less 1:30 p.m. tomorrow afternoon. This is an hour that has been fixed by other persons than the one who is speaking to you. It will be between 1:00 p.m. and 1:30 p.m., but probably closer to 1:30 p.m. Therefore, honourable senators, if we want to be out of here for the summer after Royal Assent, we should schedule our work tomorrow to start at nine o'clock and proceed with all the orders of business, starting with Bill C-115.

If that is agreeable, then on that basis, with leave of the Senate, and notwithstanding rule 59(1)(*h*), I move:

> THAT when the Senate adjourns today, it do stand adjourned until tomorrow, Wednesday, June 23, at nine o'clock in the morning.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Leave is granted. I have no objection to that timetable. I would assume, in view of the hour, that honourable senators might have hoped it would be later than 9:00 a.m., possibly 9:30 or 10:00 a.m., but I have no objections if we have that amount of work —

Senator Lynch-Staunton: I would have suggested later, but since some honourable senators are a little weary now,

from what I heard from the opposite side, it was my intention to move that all further orders, enquiries and motions be allowed to stand until tomorrow morning.

Hon. Royce Frith (Leader of the Opposition): Honourable senators may or may not be delighted to know that I intended to finish my series tonight on the disastrous record. However, I am prepared to give leave, as long as it is understood that I will do so tomorrow, after Royal Assent, if necessary. I think some of you may be happier tomorrow if I did it tonight, but then some of you may not.

Hon. Lowell Murray (Leader of the Government): Are we mentioned?

Senator Frith: Yes, in dispatches. I do not remember whether you are mentioned in this series or not. The other alternative is that I could do part of it now. I am prepared to wait until tomorrow, if that is the general feeling of the house.

Senator Lynch-Staunton: You could start after the adjournment. We will leave the lights on.

Senator Molgat: Honourable senators, I do not intend to oppose the proposition of my honourable friend. I just want to make it clear that if there are any honourable senators who want to speak on any item, they are free to do so. We are not foreclosing them.

Motion agreed to.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I ask that all remaining orders, inquiries and motions stand.

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

Hon. Senators: Agreed.

Hon. Jack Marshall: Honourable senators, I want to be assured that we will go through the Orders of the Day tomorrow and that everyone will have the opportunity to speak on any of the orders, even though we will be having Royal Assent.

Senator Lynch-Staunton: It is certainly the intention to call every item on the Orders of the Day tomorrow before we adjourn, whether it takes place before or after Royal Assent.

The Senate adjourned until tomorrow at 9 a.m.

THE SENATE

Wednesday, June 23, 1993

The Senate met at 9.00 a.m., the Speaker in the Chair.

Prayers.

[*Translation*]

SENATORS' STATEMENTS

GENERAL ELECTION

QUALITY OF TELEVISION COVERAGE—WARNING TO FUTURE CANDIDATES

Hon. Philippe Deane Gigantès: Honourable senators, this is something entirely non-partisan. Warn friends on both sides who are going to run in the next election not to trust TV producers. All things considered, TV producers are not journalists but makers of mosaics.

They see every tiny part of a film as a small tile. Mosaics are made of small tiles, arranged in a certain way to create a picture, but endless variations are possible.

TV producers do that all the time. They want to show people, not what you want to say but what they want to say. They take part of a sentence and put it next to what someone else said to produce the desired effect. That is not journalism. In any case, these people are not journalists. They have no journalistic ambitions. They want to make commercials — which pay a lot better than journalism — and maybe end up as film producers.

So, be careful. Television is the politician's enemy. They aren't there to help you. They are there to destroy you. Perhaps the only way to get around this is to agree to go live, which means that what you say is broadcast immediately to the viewers. This way, at least, any mistakes are strictly your own, and not the result of what producers do to convey a certain image of you.

If they insist on an interview and want to tape it, ask for a copy of the tape then and there. Ask them not to make any cuts. If they want to give you 20 seconds, be prepared to speak for 20 seconds, but no more. Get it in writing that they won't cut this message or fool around with it, otherwise you are in for some unpleasant surprises. They will do this to the Conservatives, to the Liberals and to the NDP. They are not professional journalists. They are just makers of mosaics who are not to be trusted.

[*English*]

ROUTINE PROCEEDINGS

FISHERIES

CURRENT CONDITIONS AND FUTURE PROSPECTS OF CANADA'S ATLANTIC COMMERCIAL INSHORE FISHERIES—REPORT OF COMMITTEE TABLED

Hon. Eileen Rossiter: Honourable senators, I have the honour to table the report of the Standing Senate Committee on Fisheries on its examination of the current conditions and future prospects of Canada's Atlantic commercial inshore fisheries and any related matters.

If you please, I should like to make a short comment.

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

Hon. Senators: Agreed.

Senator Rossiter: With the pressure on printing, one page, which I believe is in the appendix, was inserted in the wrong way. Honourable senators will see page 3 before they see page 2. They should not be too upset, however, because there has been a short, extra run to correct the problem. So the chances of getting a correct one are just as good as getting an incorrect one.

Hon. John B. Stewart: Honourable senators, before Senator Rossiter resumes her seat, I should like to say that the members of the committee enjoyed working under her leadership. She did a very good job. We have a report which should command the respect of all senators, a report which is of great importance to the North Atlantic fisheries.

Hon. Senators: Hear, hear!

[*Translation*]

GOODS AND SERVICES TAX

PRESENTATION OF PETITIONS

Hon. Jacques Hébert: Honourable senators, I have the honour to present petitions signed by 113 residents of British Columbia who object to the goods and services tax.

Most of these petitions are from Courtenay, Anahim Lake, Vancouver and Burnaby.

These are the last petitions I will have the honour to present until a new government is in place, a government that will be

more attentive than this one to the appeals of the public, which shouldn't be difficult!

[*English*]

ORDERS OF THE DAY

NORTHUMBERLAND STRAIT CROSSING BILL

THIRD READING

Hon. Orville H. Phillips moved the third reading of Bill C-110, respecting the Northumberland Strait Crossing.

Hon. John B. Stewart: Honourable senators, I wonder if the records of the important committee meeting held yesterday are available, even in the form of the blues. Certainly, I have not seen them. The minister and the officials provided us with a fair amount of technical information, and senators ought to have that information before they vote on this bill. Of course, if the government wants to press ahead, it has the majority to do so.

The Hon. the Speaker: Honourable senators, the motion before us is that the bill be now read the third time. Is it your pleasure to adopt the motion?

Senator Stewart: Honourable senators, I do have some remarks to make regarding this bill, but I cannot say that my figures will be sustained by the evidence because the proceedings of the committee hearing are not available to us.

What is happening in this case with regard to the third reading is, in miniature, exactly what is happening with regard to the fixed link itself: We are proceeding in ignorance.

We were told yesterday that some 44 piers are to be erected across Northumberland Strait, forming a great comb-like structure across the strait. That structure will be approximately eight miles long. The exact figure will be found in the committee record, which is unavailable to us today.

• (0910)

Senator Phillips: It will be 13.5 kilometres.

Senator Stewart: All right, it will be 13.5 kilometres. The piers will be based on rock. In some places, the sand and silt overburden is upwards of 65 feet deep. Then, if I recall correctly, at low water, ordinary spring tide, there will be approximately 65 feet of water. Then the piers will go up to — what is it, Senator Phillips, 165 feet in the air?

Senator Phillips: At the highest point.

Senator Stewart: Yes, and that is where a chain breaks, at the stress point.

We shall have these very tall piers, and on top of them there will be a deck 33 feet wide. On that there will be two roads, one going each direction, each 11 feet wide, and a service lane.

We had testimony that it will be impossible to move a prefabricated home across the bridge without closing off traffic.

There is a possibility that trailer trucks may jacknife. We are told that in certain weather conditions it will be necessary to arrange convoys. An escort vehicle will proceed the line of automobiles.

We were told that there are to be no lay-bys, no places where disabled automobiles can pull off the highway so as not to interrupt the flow of traffic.

One of the reasons I am interested in this project is that I was the Parliamentary Secretary to the Minister of Public Works back in the 1960s when the last attempt was made to construct a crossing. At that time, given the extraordinarily difficult circumstances in the strait, it was decided that a highly sophisticated structure involving causeway segments, tunnel segments and an artificial island, was necessary. Now we are told it can all be done by a bridge. The model mentioned in the committee was the Chesapeake Bay bridge.

Well, Senator Phillips has crossed the Chesapeake Bay structure and he knows that the weather conditions there are entirely different from what can be experienced in the Northumberland Strait.

I do not know whether this design is going to work, but I have serious doubts about it. I have no faith in group thinking; Certainly, I have no faith when the group thinking is done by engineers. There has to be an impartial evaluation on this kind of project, because, let us remember, engineers, like architects, have their own special motivation.

I remember when the National Arts Centre was being planned. We were told it was going to cost about $9 million. The final figure, if I recall correctly, was $43 million.

I asked, "How is it that the estimate was so wrong?" The answer was, "Oh, well, architects can never tell the thruth, because if they did, nobody would ever build anything."

One of the witnesses in committee yesterday, Mr. Wells, made mention of engineer-driven projects. Then we discussed lobbyist-driven projects. The Honourable Angus MacLean denounced lobbyist-driven projects.

Honourable senators, I do not know that this project is structurally sound. I have doubts.

Of course, this government's attitude is an old American attitude — damn the torpedoes, full speed ahead, regardless of the dangers. We saw that with the free trade agreement; we are seeing it with the NAFTA. "We don't care; we will vote for it." I suppose that is what will happen today with this bill.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to add a word to what Senator Stewart has said.

I do not have the necessary information to make an informed judgment on this project. Furthermore, I cannot get it in time to vote because we have not even the evidence that was before the committee. My inclination, of course, is to accept the representations, judgment and opinion of our Prince Edward Island colleagues.

Given that I cannot have access to the information that would enable me to make a thoughtful and considered decision in this matter — and perhaps I never could have enough information, because this is such a complex, frontier-breaking and record-breaking engineering project — I am left with no alternative but to be influenced exclusively by the senators from Prince Edward Island.

I must also join Senator Stewart on the question of the process. I am very uncomfortable with the speed of the Senate's process in dealing with this issue. I find it an inadequte fulfilment of the Senate's constitutional responsibilities to study legislation much more carefully than we have had an opportunity to do here.

As Senator Stewart says, the government seems determined to proceed. I suppose we must, as usual, say "So be it" under present voting circumstances, but I am not at all happy about it.

Hon. Mira Spivak: Honourable senators, in listening to the committee witnesses, particularly the Honourable Angus MacLean, I was most impressed by what they had to say. Mr. MacLean had a great deal of doubt about this project. He thought it was environmentally and economically risky, a project that, as he put it, placed at risk the future of his province.

It is important to note that the minister, Elmer MacKay, in testifying before the committee, admitted that not all steps or options available to him at his discretion under the EARP process have been exhausted. It is still possible to strike a panel to conduct public hearings. All of the current studies that have been conducted to date have been done by proponents of the project; various government departments and the developers of the bridge.

The main issues surrounding the fixed link appear to be the cost and the unique means of financing, the environmental impacts, in particular the possible effect of ice buildup on the bridge, and consequently on the Northumberland Strait fishery, which we are told is wonderful. I speak here with a bit of trepidation because I have never even been to Prince Edward Island.

Some Hon. Senators: Shame!

Senator Spivak: I admit that; it is true. I would love to visit P.E.I., but I would like to go by ferry.

I am concerned about the impact of a fixed link on the traditional Island way of life. I sincerely hope that in dealing with this massive megaproject, the minister will see fit, once all the evidence is in, and keeping in mind the court ruling, to look at this project carefully through instruments available to him under the EARP process.

• (0920)

Hon. Eymard G. Corbin: Honourable senators, I think that some of us or some of you may have been left with the impression that this project, as presently conceived, has the potential to adversely and seriously affect the ecology, the aquatic environment and the fishery, insomuch as it is important to Prince Edward Islanders. That is only half of the truth because those considerations are equally important for coastal New Brunswick populations, especially those who earn a substantial living out of the fishery resources in the Northumberland Strait. The sea bottom, the fishery, is very important to the people of Southeast New Brunswick.

The other day I raised concerns on the basis that I, for one, am not satisfied with the environmental-impact studies so far proceeded with. I am gravely concerned with the potential for ecological disaster. I take good note of Senator Stewart's concerns with respect to potential ice build-up damage. For that reason, I will not to support this piece of legislation at this time; I will abstain. The project as it now stands is not sufficiently mature, in my opinion, to be proceeded with.

In the committee yesterday we dealt mainly with the financial package. We did not have time to go into any great depth into some of the economic considerations. This area has only been skimmed. I pleaded the other day for sufficient time for this house and that committee to examine not only the bill, but the overall proposal. In committee yesterday we were not even given a kit that would have illustrated to us the sheer physical dimensions of this project. All we had was a bare bones financial bill.

Most senators — including those who have never visited either New Brunswick or Prince Edward Island and have never crossed the Northumberland Strait — have no idea what they are voting for here. I invite them to travel to the strait even in the high winds of the months of August so they could get a good impression of the devastating potential of the forces of nature when it decides to go wild.

Let the matter stand. I do not want to be associated with the legislation as it stands today; I will simply abstain. I wish Prince Edward Island the best. If, in their wisdom, they think that this is what is needed, it is fine with me, but I cannot support it.

Hon. Heath Macquarrie: Honourable senators, I am surprised that Order No. 2 came before Order No.1. I was out to get an important note and did not get back in time. In my excitement I spilled a glass of water, which is the first time in my many years here.

• (0930)

I have noted what senatorial colleagues have said and the anxiety they have about what to do and how to vote. Perhaps before I am through I may be able to offer an avenue whereby they can follow their consciences and help the project greatly.

I have never, since I came to the Senate, engaged in anything even slightly negative about the institution. I used to be pained and shocked to hear senator after senator say that "This place should be abolished; it is no good." Therefore, I am reluctant to comment, but I will bring myself to make a remark or two on the way the Senate has examined this important bill, a vital determinant of the future of Prince Edward Island.

We are told by the would-be builders, "It is the newest, it is the first, it is the greatest." How much time does the chamber of sober second thought give to it? One-half day! A project that will cost millions of dollars, we are up near a billion dollars, which, to poor Prince Edward Islanders like myself, is a phenomenal sum. It was given one-half day!

We heard from the Department of Public Works. It might look as if things were structured so that we would hear from the government and hear from those who are against it and those who are for it — a very fair division, like Gaul divided into three parts. However, in this matter that is not the case in reference to the Department of Public Works. Old Isaac said, you remember, "The voice of Jacob but the hand of Esau." However, there is not even that difference between what the company says and what the government says.

One may pick up the Charlottetown *Guardian* any day and read a report and easily transpose the lobbyist from SCI to an official from the government. Therefore, we had two points of view for it, and one for the side that is against the bill and is fearful of what it will do to Prince Edward Island.

I was also slightly amused, and slightly chagrined, when I recalled all the times that I had been called to go over to the Transport committee because it was short of members and there was the possibility that there would be a vote. But was I called yesterday? I looked at the list and I saw one name stricken out. Who was written in? Senator Phillips. I may remember those things when next I am called to make a quorum or be "voting fodder", which is what you are really wanted for, at times.

Senator Phillips: I was put on the night before. Were you here?

Senator Macquarrie: That does not make it any better senator, at all; some things are done at night that should not be done.

I cannot believe that we are satisfied, after hearing a splendid group of witnesses, including a former Premier of Prince Edward Island who will go down in history as the environment Premier, a man who was in this Parliament of Canada from 1951 on until he became Premier. We heard some expert testimony from the former president of APEC, a former official of ACOA. There were about 15 senators at that meeting; good attendance, good people. But there will be 80 or 90 people asked to vote today on this bill and not one of them will know what these people said, because it has not yet been printed.

Things were done in such haste that Mr. MacKay, the minister, came in with only English documentation and apologized for nothing being in French. Do we really, honourable senators, think that is sober second thought?

Some Hon. Senators: No.

Senator Macquarrie: Do we really know what we are voting on?

Some Hon. Senators: No.

Senator Macquarrie: Thank you. The answer is no.

I do not believe that the Senate, which, rightly, is so concerned about its image, should allow this to be charged against it. It has hurried this through in a rush at the last minute. I do not know what the rush is. We are at an interesting stage now, where there is to be a new Prime Minister, a new government, a new Minister of Public Works, a new Minister of the Environment — a minister we have not heard much from on this important matter.

I am not a suspicious type, but is perhaps the reason for the rush to structure some sort of fait accompli? If so, that is not a good reason. it is the opposite, surely. What distresses me is that we will be accused, not of sober second thought, but of callous disregard.

I was there at the committee. I could not vote, of course, so I had to declare that I was against it. There was not even time to go over the bill clause by clause. What was the hurry? There were some tremendous things said yesterday, and naturally there would be only one chance for questions with there being such a short period of time. The chairman, I may say, did an excellent job, being very courteous and thoughtful and on track. But so many things came up. I have heard senators from that committee say that they did not know that there was this or that problem. Let us spend a little more time and find out some other problems.

I think the solution here, and I tried it the other day, is to take that time, when the election will be held and the government will be changed, to do what should and must be done, and that is to have an independent study of the environmental problems — and they are grave. They were detailed yesterday.

Yesterday was not a great day for me, but this morning I have heard something that is very interesting. You might not know it from what you hear from me and Senator Phillips, but, believe it or not, there are people who are neutral about this. They do not know whether they want the bridge or want the ferries. One such group is the Island Nature Trust. Someone who heard from them received this document and passed it on to me. It is a public document.

The Island Nature Trust people say that the project absolutely must pass through the Environmental Assessment and Review Process in accordance with federal guidelines, and following the ruling of the Federal Court. That has been the problem all the way through, that the Federal Court reference — and I would call it an order — has not been complied with.

We are told about studies. An article that I have here is headed, "SCI report evaluates bridge proposal." Who is SCI? Strait Crossing Incorporated, a new company. Obviously, that "Strait" reference indicates it is not an old established company that has been building bridges. I do not know whether it has built a bridge. As I said in the committee yesterday, I would not be too reassured if my operating surgeon said, "This is the first one I have done." I am not sure Prince Edward Island is the place I would put forward for the experiment.

• (0940)

We did have some soothing syrup yesterday which, I said, reminded me of the old patent medicine, Dr. Comfort's Soothing Syrup. Everything is going to be rosy.

Has any consideration been given to cost overruns? Our beautiful National Arts Centre was supposed to cost $9 million, but it ended up costing $43 million. What will happen when you start with a figure of nearly $1 billion and you have a cost overrun? I would remind you that this might all be at the taxpayers' expense.

I mentioned the opinion expressed by the *Globe and Mail* financial expert, as well as the article in the *Financial Post* but it seems no one is taking those seriously. Should I be directing these business papers to other people who know much more about economics and finance, and making more money, than I do? I am alarmed by what these papers are saying.

If I had until next fall, I could not read you all the material that I have amassed. A bridge could almost be built with my files.

I was much moved by a statement made by Mr. Sidney Clay as reported in the *Globe and Mail*. He went directly to the heart of the question when he said:

> There is no comparable bridge in a similar situation in existence. This bridge will span an environmentally harsh strait —

I live close enough to know it can be mighty bloody harsh.

> — not a harbour — not a bay — not an estuary.

Honourable senators, we will not have the option of taking a detour if something goes wrong; we Islanders will be stranded there, victims of technology, faulty planning, or insecure financing. I am not going to apologize if I seem a little excited. This is the province to which I belong. I am deeply concerned.

The man Senator Spivak and I spoke of, Angus MacLean, our elder statesman, made the most important, the most impressive, and the most impassioned speech I ever heard him make. His anxiety was dramatic. It should have, and I hope it did, move the people who heard it.

Mr. Clay, who is quite a brilliant man in his own right, concludes his letter by saying how delighted his wife and he were that their son was able to come home to spend Christmas with them. He came across on the ferry in bad weather. Had the bridge been built, he would not have been able to cross.

As Angus MacLean said, we are not talking about keeping the ferry technology behind the times so people will criticize the ferry service more and, therefore, be easily persuaded to believe that we need a bridge. The main concern I have relates to heavy vehicle traffic, and I recognize their importance. However, ferries can be built, and they could have been built by now, that would expedite the movement of trucks for our important potato and lobster crops.

As I said the other day, and I am sure all my colleagues listened with close and acute attention, nothing has changed. Although no mention was made of scallops yesterday, they are still there, right in the very path of the proposed bridge. Our precious lobster fishery is still in danger. No study has been conducted of the bottom of the Northumberland Strait, and no serious recent study has been done of the ice situation, the extent of which surpassed memory of our oldest fishermen.

As for the soothing comments made by the experts, the engineers to whom Senator Stewart referred, I have one more anecdote which I think will speak for itself. About 25 years ago, a very smart-looking bridge was built in the fishing village of Covehead, where I like to go to fish mackerel — and I sometimes catch them too. The fishermen said, "That bridge is not going to last." I was told by the engineers, "No, no," and they gave me all sorts of elevation stresses and all that sort of thing. They said, "They are crazy." Well, it was good for that year and the next year. Finally, one morning, after the bridge had been standing for a year or two, I got a phone call from one of the oldest fishermen in the village. He told me, "Guess what, Mr. Macquarrie? We had a northeaster last night, and there is no bridge here now." In other words, those fishermen knew what would happen.

Of course they knew. Anyone familiar with the ice conditions in the Northumberland Strait knows that when it narrows, all sorts of things can happen that are quite clearly dangerous. Now they want to put up a great big bridge, and provide a chauffeur, if necessary, and that scares an old guy like me. Even some young fellow like Senator Prud'homme might be nervous about driving across it.

Yesterday in committee Angus MacLean mentioned what would happen if a truck jackknifed on the bridge. The response was, "Well, we will have it cleared in three or four days." The province of P.E.I. cannot wait three or four days. The hazards are enormous.

I suggest that we be sensible and look upon this period ahead of us as a time to have some research done. That strikes me as being prudent. It allows for time to do that which is needful and imperative for a project that will affect us so seriously.

I fear this greatly. I will not live to see the total ill effects, or if by chance I am wrong, the total good effects, but someone near and dear to me will. Like Sir John A. Macdonald, with my utmost strength and my latest breath, I will oppose it so long as opposition is not totally in vain.

Therefore, honourable senators, I move:

> THAT the motion be amended by deleting all of the words after the word "That" and adding the following words:
>
> > the Bill be not now read the third time, but that it be read the third time this day three months hence.

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Phillips, seconded by the Honourable Senator Beaudoin, that the bill be read the third time now.

In amendment, it was moved by the Honourable Senator Macquarrie, seconded by the Honourable Senator Stewart:

> THAT the motion be amended by deleting all of the words after the word "That" and adding the following words:
>
> > the Bill be not now read the third time, but that it be read the third time this day three months hence.

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 senators in favour of the motion, please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those senators who are against the motion please say "nay"?.

Some Hon. Senators: Nay.

The Hon. the Speaker: I think the "nays" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators. Is there agreement on the length of the bell?

Hon. William M. Kelly: Do we wish to hold the vote now?

Hon. Jacques Hébert: No, we need a bit of a bell.

Senator Kelly: Is a five-minute bell sufficient?

Senator Hébert: Yes.

• (0950)

Motion of Senator Macquarrie negatived on the following division:

YEAS

THE HONOURABLE SENATORS

Austin	Neiman
Corbin	Riel
Kenny	Sparrow
Lawson	Spivak
MacEachen	Stewart—11.
Macquarrie	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Johnson
Angus	Kelleher
Atkins	Kelly
Beaudoin	Keon
Beaulieu	Kinsella
Berntson	Kirby
Bolduc	Lavoie-Roux
Bonnell	LeBreton
Buchanan	Lynch-Staunton
Chaput-Rolland	MacDonald (*Halifax*)
Cochrane	Marchand
Cohen	Marshall
Comeau	Meighen
Davey	Molgat
Desmarais	Muir
DeWare	Murray
Di Nino	Nolin
Doyle	Oliver
Eyton	Petten
Forrestall	Phillips
Gigantès	Rivest
Graham	Roberge
Grimard	Robertson
Gustafson	Stratton
Hébert	Sylvain
Jessiman	Tkachuk—52.

ABSTENTIONS

THE HONOURABLE SENATORS

Bosa	Prud'homme
Frith	Rossiter
Grafstein	Stanbury—6.

[*Translation*]

Hon. Marcel Prud'homme: Honourable senators, I would like to explain why I abstained, but I realize we have a very busy schedule this morning. With your leave, I prefer to say a few words on third reading of this bill.

[*English*]

Hon. Royce Frith (Leader of the Opposition): I abstained from voting to verify or confirm that the vote on this side was not to be determined or influenced on party lines.

The Hon. the Speaker: Honourable senators, it has been moved by the Honourable Senator Phillips —

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, before we proceed any further on Bill C-110, in view of the fact that time is marching on and there may be further debate on the third reading motion, I wonder if we should not go to Bill C-115, which is a very important bill and which is coming up for a vote at no later than 11 a.m. By agreement, perhaps we could come back to Bill C-110 later this day.

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

Hon. M. Lorne Bonnell: Honourable senators, I suggest that, perhaps, Prince Edward Island is just as important as Mexico. Perhaps we should look after one of our 10 provinces rather than going abroad to another nation.

Some Hon. Senators: Hear, hear!

Senator Bonnell: Therefore, I think we should proceed with the third reading debate on Bill C-110 and get it off the agenda. Honourable senators could cut their speeches a little shorter on the next item, if they have to.

Hon. Orville H. Phillips: Honourable senators, I think I have to support my honourable friend in his suggestion.

Some Hon. Senators: Hear, hear!

Senator Phillips: I am not at all happy with the idea of dividing up this matter and bringing it back another time. Yesterday, the Deputy Leader of the Opposition was unwilling to proceed with third reading, which was his right and privilege. I did not object to that.

Parcelling up debate on third reading is not usual procedure. It is very improper, as he is well aware. Let us finish this matter first.

I agree that the speeches do not have to be an hour long. I could make one for three hours, if honourable senators want me to.

Some Hon. Senators: No, no!

Senator Phillips: Honourable senators, I will be brief and make one comment to those who have concerns about the fixed link. Ask any Cape Bretoner, including Senator Graham, if they want the Cape Breton causeway torn up and replaced by a car ferry. I will leave it at that, honourable senators.

Senator Molgat: One should know better than to try to tamper with P.E.I.

Since there is not agreement, I have another suggestion to make. Can we agree to defer the vote on the NAFTA bill until noon? Royal Assent is scheduled for 1:30 p.m.

Some Hon. Senators: No, no.

Senator Molgat: If there is no agreement, then that is fine. I shall remember when my agreement is sought. I have a long memory.

The Hon. the Speaker: Honourable senators, am I correct in thinking that the house wishes to proceed with the third reading debate on Bill C-110?

Some Hon. Senators: Agreed.

[Translation]

The Hon. the Speaker: It is moved by Honourable Senator Phillips, seconded by Honourable Senator Beaudoin, that Bill C-110 be now read the third time.

Is it your pleasure to adopt the motion, honourable senators?

Hon. Marcel Prud'homme: Honourable senators, I must say I have visited Prince Edward Island several times, and some day I hope to go there with my good friend Senator Spivak and several others to visit what I consider to be the cradle of Confederation.

I discovered the beauty of Prince Edward Island because the first person who spoke to me about the Island—

[English]

• (1000)

— was my excellent friend Senator Phillips. When I was a student, he became a senator, and I was a regular on the Hill even then. If my memory serves me well, he is the first one who ever spoke to me at great length, in his English and in my very broken understanding of English. My understanding of P.E.I. is from the Honourable Senator Phillips. Then my good friend joined the Senate, Senator Bonnell. Then my colleague in the house, the Honourable Senator Macquarrie, spoke to me about P.E.I.

I think Canadians should know about P.E.I. It is a fabulous place where they know hospitality and have an attachment to tradition. I am a traditionalist. I have no hesitation to say that. However, I am also extremely careful when I have to vote money for any kind of project. In all my long-time experience in the House of Commons, I have seen that all these projects, when they say it will only cost this, always cost immensely more; be it Mirabel, all kinds of projects in Alberta, Saskatchewan and even in Newfoundland.

[Translation]

Yesterday, I attended my first meeting of a Senate committee. I went in with a great deal of enthusiasm, and I was keen on getting all the answers to the questions I had. However, I came out profoundly troubled, because questions that should have been given clear and specific answers were not answered to my satisfaction.

[English]

The majority of people from P.E.I. want the Northumberland Strait crossing. The government wants the Northumberland Strait crossing. The majority of my colleagues want the Northumberland Strait crossing, and my elected friends in P.E.I. want the Northumberland Strait crossing. Therefore, who am I to come here at the last minute as a new senator to say that I vote against it? I thought, at least, it was my duty to stand up and reaffirm, first, my pride in P.E.I. where I learned so much of the meaning of attachment and tradition. Because of that, I have to be a little more careful in what I intend to do.

Second, I am a new senator. I believe that it is the sentiment of many new senators — I spoke with every one of them and I know every one of you — that they have a role to play. It is kind of a future warning. I do not like the word "warning" but I lack the vocabulary.

[Translation]

It is a warning for the future that senators are determined to play a definite role.

[English]

Canadians will decide what to do with the Senate. However, as I say to the press, "in the meantime, would you mind if we do something?" One of the things we can do is scrutinize more attentively what is being said by the other chamber.

That is why I abstain, because I am a new senator. Who am I to arrive at the last minute and say, I will teach you, you are wrong. I am in doubt, as are many of the witnesses we have heard. We are in doubt, as has been expressed by the Honourable Senator Stewart, by Honourable Senator Macquarrie, by a very vivacious ex-colleague of the House, the honourable ex-premier of the province, the Honourable Angus MacLean.

I do not want to show any partishanship, the new premier versus the old premier. However, when you are in doubt, you at least abstain. That is what I did this morning. I would not like to delay this bill but I must say that I am extremely concerned.

My last hope is that the people responsible will read what we said this morning. We will probably give Royal Assent to this bill, but it will have to be proclaimed some day. That is where I hang my hat. I will say the same later on this morning on another bill. Before it is proclaimed, at least those of us who have doubts, those like Honourable Senator Spivak who have doubts on certain issues, and others, that at least their concerns will be re-examined before we finally go ahead with what may become one of the greatest projects to make the people of the Island happy.

However, I am always suspicious when these kinds of Madison Avenue people descend on us with money, with a lobby and tell us that what we are about to do is the greatest thing on earth. I think everyone in this chamber has had that kind of experience. I do not like to be lobbied that extensively. We all have a mind of our own to reflect on whether this is the best thing to do. It seems that the majority of this chamber thinks it is the best thing to do, to go ahead with it. I abstain because I am in doubt. I am too new to arrive here and say, categorically, I am sure of what I am saying.

I thank those who impressed me with the beauty of the island. I want to be on record that the first one who ever spoke to me, as I said earlier, was the Honourable Senator Phillips, followed by the Honourable Senators Bonnell and Macquarrie. Now there is a new addition in that province. I look forward to returning there this summer with all of you who have never visited the island. You will have a much better feeling of what we are accomplishing here today if you know exactly what the island is all about.

Hon. Heath Macquarrie: Honourable senators, I have a question for my honourable friend whom I welcome to this chamber. Impressed as I am by his traditional eloquence, but surprised by his unassuming and unusual modesty, would he be satisfied if I offered my services as a guide and chaperon when he and Senator Spivak come to visit Prince Edward Island?

Senator Prud'homme: It is done. I just saw the acknowledgment of Senator Spivak. I would be delighted on the condition that our friends Senators Bonnell, Phillips and Rossiter accompany us. In this way we will be non-partisan and we may start a new era of cooperation between the two sides of the Senate.

Hon. Herbert O. Sparrow: Honourable senators, I want to express my appreciation to Senators Macquarrie and Stewart for bringing to this chamber what I think is probably one of the most enlightened aspects on this subject and perhaps on many subjects which come before us.

I will oppose the bill. I had hoped that the motion to set it aside for three months would have passed. That would have given us all an opportunity to be better informed on this issue. I am very sorry that that did not happen. I certainly have not talked to everyone in this chamber, but to those of whom I have talked about the issue, no one has enough information, I find, to really say that the project is good.

In the past few years, we have had these major projects which were the greatest thing for the Canadian people. When the issues came up, we said that the province of Newfoundland wants it, or the province of Saskatchewan wants it, the members of Parliament from those provinces want it, so we should not really defy that. We should accept that.

We made a number of mistakes by accepting that. We just blindly accepted the Hibernia project which will cost millions more than was estimated. It always happens. Senator Macquarrie mentioned the National Arts Centre. Yes, it will only be $9 million and it ends up as $40 million. It happens all the time.

In Saskatchewan, we said that because the rest of the country is getting mega-projects, we need the heavy-oil tar sands plant in Lloydminster, Alberta-Saskatchewan. We need that. The costs are unbearable, and the costs are nowhere near what the estimates were. The Canadian people are having to pay for that project which will not be efficiently operated and will not pay its own way for years.

• (1020)

Millions of dollars were poured into the Alameda-Rafferty Dam megaproject in Saskatchewan. There is no power being produced by that dam at the moment.

One of the senators mentioned Mirabel Airport. That was supposed to be a great project. We bought 85,000 acres of the best farm land in the country for this megaproject. Billions of dollars were spent on it without studies being done to find out if it was feasible. The province of Quebec wanted it and members wanted it because it was to be a great thing.

The rest of the country, including this chamber, went along with those projects, knowing in our hearts that they were not feasible projects.

I might not be opposed to this project if I had the information that Senator Stewart, Senator Macquarrie and others have asked for. If it were proven to be a viable project, environmentally and economically, I would have another look at it. However, in all conscience I cannot blindly vote, on behalf of the people I represent and all Canadians, for this project.

If we had the opportunity to shelve this project for a time and study it further, I might not be forced to vote against it. However, I have to vote against this bill.

The Hon. the Speaker: Honourable senators, it is moved by the Honourable Senator Phillips, seconded by the Honourable Senator Beaudoin, that Bill C-110 be read the third time now.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker: Will those honourable senators who are against the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker: In my opinion, the "yeas" have it.

And two honourable senators having risen:

The Hon. the Speaker: Please call in the senators.

Motion agreed to and bill read third time on the following division:

YEAS

THE HONOURABLE SENATORS

Andreychuk	Jessiman
Angus	Kelleher
Atkins	Kelly
Balfour	Keon
Beaudoin	Kinsella
Beaulieu	Kirby
Berntson	Lavoie-Roux
Bolduc	LeBreton
Bonnell	Lynch-Staunton
Buchanan	MacDonald (*Halifax*)
Chaput-Rolland	Marchand
Cochrane	Marshall
Cogger	Meighen
Cohen	Molgat
Comeau	Muir
Davey	Murray
Desmarais	Nolin
DeWare	Oliver
Di Nino	Petten
Doyle	Phillips
Eyton	Rivest
Forrestall	Rizzuto
Gigantès	Roberge
Graham	Robertson
Grimard	Stanbury
Gustafson	Sylvain
Haidasz	Tkachuk—55.
Hébert	

NAYS

THE HONOURABLE SENATORS

Austin	Sparrow
Kenny	Spivak
Macquarrie	Stewart—6.

ABSTENTIONS

THE HONOURABLE SENATORS

Corbin	Neiman
Frith	Prud'homme
Grafstein	Riel
Lawson	Rossiter—9.
MacEachen	

• (1030)

NORTH AMERICAN FREE TRADE AGREEMENT IMPLEMENTATION BILL

THIRD READING—MOTION IN AMENDMENT—DEBATE CONTINUED

On the Order:

Resuming the debate on the motion of the Honourable Senator Stratton, seconded by the Honourable Senator Keon, for the third reading of Bill C-115, to implement the North American Free Trade Agreement.

And on the motion in amendment of the Honourable Senator Frith, seconded by the Honourable Senator Molgat, that the motion be amended by deleting all the words after the word "That" and adding the following words: "the Bill be not now read the third time, but that it be read the third time this day three months hence."

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, despite the fact that last night it was not this side that adjourned the debate on this matter, but the other side at 10:10 p.m., when we had time to proceed on the amendment and further debate, we must recognize that the fixed link legislation took longer to deal with than certainly I had anticipated. If agreed, perhaps we could move the vote on Bill C-115 back by half an hour and have it no later than 11:30 a.m.

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

Hon. Senators: Agreed

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I had adjourned this debate last night, but I understand the Leader of the Government wishes to participate in the debate. I would be prepared to let him proceed, because it is important that he have the opportunity to speak and we have the opportunity to hear him.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I had undertaken yesterday that before this bill came to a final vote I would make a brief statement about the side agreements. I can just as well make it now on Senator Frith's amendment, if it is the wish of honourable senators. I will try not to be too long.

I do not recall whether it was in the oral Question Period or in the course of exchanges we had in debate on one of the amendments, but I said yesterday that I thought Senator Stewart greatly exaggerated the exposure of Canada in these negotiations. Indeed, he built a great deal of his case in opposing the NAFTA on what I believe is a mistaken judgment as to the extent of Canada's exposure.

As I indicated yesterday with regard to the content of these agreements, Senator Stewart seems to take it as a given that the initial demands put forward by the United States administration, under the pressure of labour unions, environmental groups and other interest groups in that country, will form the outcome of the side agreements. That is an unrealistic proposition in any step of international trade negotiations.

In any case, as I indicated yesterday, it is evident just by reading the lines and reading between the lines, even in the popular media, that some second thoughts are being had in the U.S. administration and in the congress about some of the more extreme demands put forward by these groups in respect to the side agreements. A great many interests are represented in the Congress of the United States; a great many interests always make their presence felt there, and a great many interests other than the interests of trade unions and environmental groups. Political realism and experience would suggest very strongly to me that the initial demands of the U.S. administration with regard to these side agreements will be very considerably diluted in the course of negotiations.

Honourable senators, the second assumption on which Senator Stewart has built his case for our extreme vulnerability is that Canada is "desperate" to get the NAFTA. Nothing could be further from the truth. We are there to protect our own interests. We are there, as has been said many times, to protect against the United States' hub-and-spoke approach to hemispheric trade — the United States as the hub, concluding a bilateral agreement with us, a bilateral agreement with Mexico and a bilateral agreement with any other country. We believed it to be in our interest to avoid that, to protect against it, and to be part of any hemispheric free trade arrangement. This arrangement provides for the accession of other countries to the NAFTA in the future.

We are also at the negotiating table because this agreement will open up to Canada one of the fastest growing markets and economies in the world. It is a great opportunity for Canada.

Further to that, if I am not mistaken, approximately 80 per cent of Mexican imports to Canada come in to our country free of duty, whereas I think an amount of the same order of magnitude going from Canada to Mexico is subject to duty as we speak. So we have free trade with the Mexicans in one direction — coming in our direction. The NAFTA will provide for free trade in both directions. To us, therefore, the NAFTA makes eminent good sense in every way.

But Senator Stewart also suggests that Canada is "desperate" for the NAFTA because Chapter 19 of the Canada-U.S. Free Trade Agreement is made permanent under the NAFTA.

Senator Stewart: As Mr. Wilson told us.

Senator Murray: "As Mr. Wilson told us," adds Senator Stewart.

Otherwise, Senator Stewart says, the Chapter 19 provision of the Canada-U.S. Free Trade Agreement would disappear, vanish and evaporate in a few years.

If the NAFTA did not pass, why is Senator Stewart so sure that bilateral negotiations to improve upon, build upon and make permanent the dispute-settlement provisions of these bilateral negotiations would necessarily fail?

Senator Stewart seems to believe, or assume, that there is some incentive for the United States to get rid of the dispute-settlement mechanism. But what is that incentive? Why would they want to get rid of it?

Senator Stewart: Especially if it is composed of judges who make decisions that they want.

Senator Murray: They have invoked it as we have, sometimes successfully and sometimes unsuccessfully. It is an element of stability in a trading relationship that the United States values as much as we do.

Senator Stewart cannot have it both ways. In one breath, during one part of the debate, he is heaping scorn and ridicule on the dispute-settlement mechanism —

Senator Stewart: Never!

Senator Frith: No, he did not!

Senator Murray: Oh, yes.

Senator Stewart: I quoted again and again the evidence we had received.

Senator Murray: At every opportunity Senator Stewart has had in Question Period or elsewhere, he has heaped scorn and ridicule on the dispute-settlement mechanism.

Senator Stewart: That is bad mythology.

Senator Murray: He is now telling us how important it is to make it permanent. He cannot have it both ways.

Senator Frith: Nor does he want it both ways.

Senator Murray: Honourable senators, let me say a few words about the side agreements.

We believe that the NAFTA agreement is a good agreement in its own right. We think it is a good agreement for all three countries, and we think that constructive side agreements can be achieved to increase cooperation on environment and labour matters across North America.

We are putting forward, at the bargaining table, concrete proposals for the side agreements. We will work with the United States and Mexico to ensure that these are effective.

Hon. Jerahmiel S. Grafstein: What does "effective" mean? No sanctions?

Senator Murray: I am coming to that, senator. Please have patience. Do not let your visceral anti-Americanism and your inward looking nationalism carry you away.

• (1040)

Senator Grafstein: For the purposes of the record, my first grandson was born in the United States. I have no visceral animosity towards America or any other state.

Hon. Royce Frith (Leader of the Opposition): You better try someone else. I think you picked the wrong person.

Senator Murray: If your grandson was born in the United States, he showed better judgment than you have.

Senator Grafstein: Each generation improves upon the former. That is true in your case as well.

Senator Austin: Does that mean that you wish you were born in the United States?

Senator Murray: Let me talk about the so-called trade sanctions, why we oppose them and believe they would have serious drawbacks.

We believe that a primary objective of the environmental and labour agreements should be to improve environmental and labour standards in North America. Trade sanctions that penalize the nonenforcement of domestic, environmental and labour laws would, we believe, favour the maintenance of easy to enforce low standards, not the development of high standards.

Second, Canada does not believe that the environmental and labour agreements should favour protectionist interests. It seems to us that trade sanctions would encourage harassment from well-financed protectionist interests in all countries.

Third, Canada does not believe that the agreements should discourage North American investment in jobs. We are absolutely convinced that the impact of trade sanctions among the NAFTA partners would encourage investors to locate outside North America.

Fourth, we believe that the agreements should promote greater environmental and labour cooperation in North America. We are convinced that trade sanctions would produce, not cooperation, but confrontation.

Senator Stewart sees enormous advantages for the United States as the largest of the three partners. He sees enormous advantages for the United States to pursue and put in place a regime of trade sanctions related to side agreements. The potential advantages that Senator Stewart sees for the United States in such a regime are illusory and will be seen to be so by the Americans. They are illusory when they are seen in light of the disadvantages to all three partners and to the North American economy from accepting trade sanctions related to these side agreements.

Some observers believe that trade sanctions are the only way to enforce the agreements. We want to make sure that there are active but accountable secretariats and strong dispute-settlement mechanisms. Let me outline, and this gives me an opportunity to sketch out, as much as I can under these circumstances, what our proposal is.

We have proposed that independent inquiry and evaluation committees could investigate complaints that a party is consistently failing to respect its obligations. The glare of the public spotlight would be a powerful tool in encouraging governments to respect their domestic and international obligations.

Canada has also proposed that the three countries work towards ensuring that their citizens have the right to take legal action in each others' courts in the event of transboundary damage. We are prepared to be creative, as we have told our partners at the table. We think the parties should explore ways to encourage the governments to fix problems identified by the environmental and labour commissions, rather than face penalties.

Beyond that, I do not think honourable senators can expect me to discuss details about what is still being considered at the negotiating table.

Hon. John B. Stewart: Do we proceed on faith?

Senator Murray: Finally, honourable senators, I intend to say a word about the amendment proposed by the Honourable Senator Frith. I shall do so because the amendment would give the third reading a three-month hoist.

The Leader of the Opposition asked why we must go ahead now. I suggest to him and to the Senate that no good reason has been suggested for not going ahead now. After all, the suggestion is made that we should wait for the side agreements and see what these negotiations produce. But, honourable senators, as I pointed out in this house on many occasions, the United States, Canada and Mexico have said that the NAFTA will not be re-opened. The NAFTA will be passed as is.

Senator Stanbury: We have heard that before.

Senator Frith: In other words, just fill in the blanks!

Senator Stanbury: A seamless web!

Senator Murray: Further to that, we have added a saving provision to the bill, as the honourable senator knows. It is to be found in clause 242, Part III of the bill under the heading "Coming Into Force", which reads that the bill would not come into force:

> ...unless the Governor in Council is satisfied that the Government of the United Mexican States and the Government of the United States of America have taken satisfactory steps to implement the Agreement.

Senator Frith: That is totally subjective though, is it not, senator? Parliament has no rule.

Senator Murray: We are fully protected in this matter. I do not know if the Honourable Senator Stewart still thinks that it is somehow an abuse of our executive authority to hold that decision for the cabinet, after all the debate on this matter that we have had, but I should hope not. Nevertheless, we are fully protected.

Honourable senators, we heard it said last night from Senator Graham that pressing ahead with this bill was an indication of a Canadian inferiority complex vis-à-vis the United States. Honourable senators, attempting to block, obstruct and defeat this bill is an indication of an inferiority complex vis-à-vis the United States. It is inward looking, defensive, insular, protectionist and ultimately reactionary to suggest that we can turn our backs on the world in this way.

Honourable senators, the world would think that we had taken leave of our senses if we turned away from a hemispheric free trade agreement.

An Hon. Senator: You have!

Senator Murray: We belong in this hemisphere. There are great economic opportunities for Canada in the NAFTA and great economic opportunities for all the people of this hemisphere.

• (1050)

Open markets, freer trade have never failed to improve living standards and increased prosperity, wherever they have been tried.

Honourable senators let's get on with it, let's pass this bill and seize the opportunities of tomorrow.

Hon. Allan J. MacEachen: Honourable senators, one thing I can say for certain is that this is my last speech on NAFTA and I will spare you and myself the pain of making further comments.

Honourable senators, in a sense we are at the end of this process and we are on the threshold of making a final decision on the North American Free Trade Agreement.

In the course of the debate, we on this side moved three amendments affecting what I might call the institutional framework of the NAFTA. The first was to seek the extension of working groups established under the free trade agreement for the purpose of developing new trade rules that would deal with subsidies and antidumping. The second was intended to oppose efforts of the United States to frustrate the panel system, by unduly legalistic interpretations and their refusal to accept the precedent-setting impact of the panel decisions. Third, we put forward an amendment asking that parliamentary approval be sought for the side agreements before the Governor in Council would proclaim the North American Free Trade Agreement.

We also moved two amendments on two critical resource and industrial sectors, automobiles and energy; and we moved three amendments with the broad purpose of strengthening the protection for important social groups, namely the aboriginals and workers.

All our amendments were defeated by the government majority as a matter of rote, with machine gun precision and regularity. Very little concern was expressed by government members on the content of the amendments. There was little debate, very little effort to refute the argumentation, no acknowledgement of the precarious situation in which the government finds itself at the moment with a Prime Minister leaving because he has lost the confidence of the people and a new Prime Minister yet to be sworn with no mandate from the people of Canada to do anything.

In this circumstance, there might have been some recognition that there were ideas and thoughts that at least ought to be dealt with, if not accepted. But with very minor exceptions, the amendments and the debate on this side washed over members of the government as if they were indifferent to what was going on around them. They did not seem to care. I am delighted that Senator Murray this morning broke his silence —

Senator Murray: I was on my feet half of yesterday.

Senator MacEachen: — and dealt with some of the substance of the NAFTA.

Honourable senators, we had good reason to move these amendments, and we had good reason to draw these questions to the attention of the Senate. Although they have been defeated, the issues raised still have to be dealt with.

The Government of Canada, in espousing the free trade agreement, said that a principal objective to be achieved in the agreement was the establishment of working groups which

would devise new trading rules for Canada and the United States, so that Canada would be spared the capricious impact on their exporters of American trade rules. That was held up as a principal objective of the free trade agreement. That objective has been abandoned by the government in NAFTA.

When we used those words in the committee and confronted the officials with the abandonment of that purpose, they got their hackles up, they bristled, suffering, no doubt vicariously, for their minister, the Minister for International Trade. But they gave it up in exchange for what is described as permanent panels. "Permanent?", said the deputy negotiator of the FTA. "Permanent my eye!" says Mr. Ritchie. They can be terminated by six month's notice by terminating the agreement, and he raised that as a possibility. Senator Stewart placed the conundrum clearly before the Senate in saying that if NAFTA is not passed, then the panels will disappear in 1996 in any event, the main achievement, so we are told, of the free trade agreement.

I thought the response of the Leader of the Government was particularly feeble because, he says, who is to say that bilateral negotiations will fail? We know they failed. That is why they were abandoned, because the Americans would not move. They are not going to move on that. We raised this in the form of an amendment to see whether we could put some backbone into the government to go back and say that we want new trade rules, that we want to negotiate them and that we want a time period. But no.

Then we observed that the Americans again scored victory after victory against Canada and its negotiators. First of all in FTA, by disregarding the Canadian reluctance to have lawyers on these panels, and now in NAFTA, by disregarding Canadian reluctance to have judges and retired judges. It is not a question of the profession. It is because the Americans understand that it is more likely that juridically minded people will pay greater obeisance to the literal law of the American trade rules than they will to the wider economic context. They have their heads screwed on, they knew what they were doing and they succeeded in doing it.

In accepting the American demand, Canada did not get its own agenda satisfied, which was to have the precedential impact of panel decisions acknowledged in the NAFTA. Mr. Ritchie told us that Canada had backed off and did not have its agenda accepted.

That is a concern and we moved an amendment to that effect. That was turned down. The American view was accepted because we collapsed in the negotiation. Then we moved another amendment which would have enabled us to be a little prudent and give Parliament a chance to pass upon the side agreements to see what is in them before the Governor in Council proclaims the bill.

• (1100)

That seemed reasonable, but Senator Murray said, "Why shouldn't we press ahead?" Our law will be passed and will get Royal Assent presumably today, and we do not even know what is in the American law. We have not seen it yet. We have not seen it. We do not know what is in it.

The deputy negotiator of the FTA told us that it was wise that we had not passed the FTA bill in Canada before the Americans tabled their bill, otherwise we would have lost all leverage in having removed from the American FTA certain features which they put forward in their Congress. That is the testimony from the deputy negotiator. He said it is madness for Canada to pass the law before the Americans at least disclose their bill. Once it is disclosed, where is our leverage? There may be passages in there that are against Canadian interests. That was the experience under the FTA.

Senator Murray: That is why clause 242 is in the bill, senator.

Senator MacEachen: Of course, but the government is pressed in that circumstance not to proclaim the whole bill. It is all or nothing. Surely there is a more prudent middle course to take. We could say, "Well, let's see what the Americans do, and if there is something there that is bad, then we can say we have not passed our law yet and we can change ours to accommodate their changes." That possibility has been removed.

Honourable senators, we put forward an amendment dealing with the automobile industry, and that was defeated. We argued that the FTA had weakened the safeguards for the protection of the Canadian automobile industry. We argued that NAFTA added to that weakening trend. We believed that we had not yet examined, to anybody's satisfaction, the impact on the Canadian automobile industry of this combined FTA and NAFTA. That amendment was rejected.

We are asked to take a leap of faith. We are asked to believe the generalities of Senator Murray that trade itself is a glorious thing and it is bound to lead to a new Jerusalem.

I hate to bring up energy again. It is a painful memory for me to think of how the FTA gutted the independence of the National Energy Board, which had been created by Mr. Diefenbaker, of how we lost control of our energy resources, and how we gave the American consumers the same rights as Canadians in the use of Canadian energy resources. That is what we did.

Canada is an industrial power. It is a member of the G-7. Mexico is not. However, Mexico showed us in these negotiations how to stand up to the Americans. Dr. Campbell Watkins, a man from the West immersed in oil problems, says the Americans created a distinct society for themselves in energy through NAFTA, yet they reaped all the other benefits of NAFTA. How is it that they could be so successful and we were pushed back? I ask that question again, and it will be asked in the future, and it will be dealt with in the future.

We tried to project a human dimension to this bill through amendments by Senators Graham, Grafstein, and Marchand. Behind the shrubbery of legalese, there were people who wanted jobs, who wanted self-expression, but that too was put aside.

It was interesting that, in the committee, the officials religiously reflected the view of ministers that the NAFTA should have nothing to do with the human dimension of life; it all had to be the parameters of trade. Senator Ghitter made this comment:

> I am somewhat disappointed to see no reference whatsoever in the legislation respecting human rights. The environment made the preamble, but human rights did not even make the preamble of the documentation ...

The deputy negotiator Mr. Clark, said:

> The NAFTA is not a panacea for the societal problems of all the participants.

He brushed Senator Ghitter off.

Equally interesting was an effort by Senator Lawson to tell us that there were people behind all of this. He asked:

> Working conditions, or health and welfare for the workers, or the wages that were being paid were not a concern for our negotiators? You had no concerns about these matters?

Mr. Clark says:

> I do not understand what you are saying.

Senator Bolduc: Read the rest of what he said.

Senator MacEachen: If you want me to read it, I can. I am trying to respect the time frame. I do not think reading the rest mitigates the sting of, "I do not understand what you are saying."

It is clear that there was not much attention paid to the human dimension of this problem. That is what came through from the ministers of the government and the government side.

I want to end in a moment, but I cannot end without referring to Senator Murray's assertion yesterday, and repeated today, that, "Believe me, there are benefits there. This is for prosperity, and this is for growth, and this is for a better life for all." Senator Murray will forgive me if I am —

The Hon. the Speaker *pro tempore*: Honourable senators, if I may, at the request of both government and opposition whips, I draw the attention of honourable senators to rule 67(3). The effect of that rule is that, there being the house Order that the vote take place at 11:30 a.m., the Speaker would interrupt at 11:15 a.m. and cause the bells to be rung for 15 minutes. It is at the request of the whips on both sides that I am pointing that out to honourable members. Senator MacEachen?

Senator Murray: Do not stop now.

Senator MacEachen: Honourable senators, I was unaware of that loss of 15 minutes. I wanted to conclude in order to give another person who may want to speak 10 or 15 minutes. Because of that loss of 15 minutes from 11:15 a.m. onward, I think I should stop now, although this is really the best part of my speech.

Senator Murray: Come on. Don't leave us hanging like that.

Senator MacEachen: Honourable senators, Senator Bolduc has mentioned in one of his speeches that I should know better, that I was well trained as an economist. He said I attended great universities, which I did, the University of Chicago and Cambridge, Massachusetts.

• (1110)

I studied under two professors who, at that time, were among the leading international trade theorists. One was Professor Domar at the University of Chicago and the other was Professor Kindelberger at MIT. They were leaders in their field. They put us through our paces. I absorbed all the belief about prosperity, that trade brings prosperity and begets prosperity.

I cannot say that I am totally an agnostic on the subject, because I cannot abandon my faith that easily. However, I am wavering in my belief. I am getting somewhat sceptical. The arguments made by Senator Murray are so reminiscent of the arguments made for the free trade agreement.

Honourable senators will remember that the Prime Minister said that the agreement would allow Canada to improve its welfare programs. He rashly promised that it would create 250,000 new jobs for young Canadians over and above current predictions. Surely, the Prime Minister would like to retract those words now. The opposite happened.

There was a professor in the U.S. who was a consultant to the Economic Council of Canada. He was asked to give a deep probe into all the studies that had been made on the impact of the free trade agreement. He made his probe. He came up with a worst- case scenario. He said the worst-case scenario for Canada would be "a minuscule 0.2 per cent of Canadian manufacturing employment".

People believed that. Then, we are confronted with the fact that in this recession, more than half the job losses in Ontario have been due to plant closings. Compare that with the figures for the 1982 recession, when less than 25 per cent of the layoffs were due to plant closings — plants gone forever.

If we look at the manufacturing industry in the United States and Canada, we will see that from 1989 to 1992, the volume of total manufacturing in the U.S. increased by

1.6 per cent. In Canada, it decreased by almost 12 per cent. That is why I get a bit sceptical about these claims.

I agree that, theoretically, free trade can lead to a more efficient allocation of resources and, on the principle of comparative advantage, greater total production. That would apply throughout the whole of the integrated North American market. Wealth would increase.

Then one talks about the gains from trade, which would be economic growth and more wealth. One then talks about the trade adjustments, a euphemistic term used in books. What the hell does it mean? It means job losses. It means salary cuts. It means all those bad effects that are gently passed over.

The big question for me is not the broad question Senator Murray poses but this: Who are the losers and who are the winners in the North American integrated market where, generally, wealth will increase? Will the investment shift from Canada to Mexico? Will Mexico become the export platform for automobile production rather than Canada? These are the questions. Who are the winners and who are the losers?

I want to end by quoting one item which, in a sense, establishes my point. In the United States in the 1980s, according to government statistics, the growth of manufacturing productivity and of the economy as a whole was higher than it had been in the 1970s. However, 44 per cent to 70 per cent of the increase in income went to the richest 1 per cent of all the families and lower middle income families, while the poor lost ground. Critics are saying that NAFTA will produce more of the same.

Economics leaves the debate at this impasse — a prediction of gains from overall growth but adjustments, potentially harming large groups, because its most basic premises have to do only with gross incomes. In economic equations, a dollar is a dollar, as long as it is adjusted for inflation, whether it accrues to the homeless person or to the millionaire.

That brings up the question raised by Dr. Keon when he asked, are we not ready to open our markets to build up the incomes of those poor Mexicans. Yes, of course, that is what free trade would do in a free society with free markets. But we know that in Mexico, Senator Keon, despite the fact that productivity in certain industries is equal to that in the United States and in Canada, the wages are one-tenth of ours. Why? Because trade unions are suppressed. Recently, there was a case where a trade union negotiated a wage increase which was nullified by the government in the interests of anti-inflation policy.

If I thought all these benefits would flow in this way, then it would be worth it. But I do know, honourable senators, one certain thing. The passage of the NAFTA will put downward pressure on the standards of living of workers in Canada and downward pressure on their incomes. No longer will the industrial towns of Ontario, based upon the automobile industry, be able to face ever-rising increases in real incomes because every operator will be looking down to Mexico in this new globalized economy. They will be saying, "Surely, I can do better down there with my plant than facing these tough negotiators in the CAW."

Those are the questions that I ask. They have not been answered yet. I think they have not been answered for the Canadian people.

We are again taking that leap of faith. Good luck.

Some Hon. Senators: Hear, hear!

Hon. Wilbert J. Keon: Senator MacEachen, I always thoroughly enjoy listening to you with your years of experience and so forth. When I sat closer to the Speaker's chair, I used to come to sit opposite you so that I could hear what you had to say. I enjoyed your speech this morning.

It seems to me there is a false premise in the arguments against free trade. I do not profess to understand the theories of global economy. However, it seems to me that the reason the Germans and the Japanese were so enormously successful during the last quarter century was because of their ability to trade and because their products were better than anyone else's. That was because they had better educated technologists, scientists and engineers than anyone else.

You use the automotive industry as an example. I do not believe that lack of protectionism was the problem with our automotive industry in Canada. The problem with the industry was that they were not building very good cars for a long time. When they had to start to compete with the Germans and Japanese, they pulled up their socks and came up with better products. Now they can compete with them.

• (1120)

Also I do not understand, if protectionism is a formula, why Russia has been such a disaster. I have been in eastern Europe many times. These are very well-educated people. They could not function because they could not interface with the rest of the world. I do not believe that free trade between Canada, the U.S. and Mexico is much of a threat, provided we emphasize the promotion of our educational, training, engineering and business systems. I would like the honourable senator to comment on why eastern Europe has been such a disaster compared to western Europe in the past 25 years.

The Hon. the Speaker: Honourable senators, according to rule 67(1) and the order of this house, I must stop the proceedings to allow a 15-minute bell for the vote.

Senator Molgat: We would agree to a five-minute bell if that would permit another 10 minutes of debate.

Senator Kelly: No, honourable senators, we would like to stick to the rules.

Senator Hébert: Why? Give us the reason once in a while!

Senator Stewart: What has gone on here is transparent. There has been a deliberate effort by the government to eat up the time on the NAFTA bill.

Senator Lynch-Staunton: Then why did you adjourn the debate last night?

Senator Corbin: Question.

The Hon. the Speaker: Call in the senators. We will ring the bell then put the question.

Senator Corbin: You can't ring the bell without putting the question.

The Hon. the Speaker: I will not put the question because the question has been deferred, as agreed earlier. We will have a 15-minute bell, then I will put the question and we will vote.

Senator Corbin: Have we changed the rules again?

Senator Molgat: Honourable senators, I believe the question before us is on the amendment.

Senator Lynch-Staunton: We greed that the legislation will be disposed of as of 11:30 a.m. The rules provide for a 15-minute bell unless there is agreement to shorten or lengthen it.

Senator Molgat: There need be no more reading of the question by the Speaker, I gather.

Senator Lynch-Staunton: Not at this time.

The Hon. the Speaker: Call in the senators.

Motion in amendment of Senator Frith negatived on the following division.

YEA

THE HONOURABLE SENATORS

Austin	Lawson
Bonnell	MacEachen
Bosa	Macquarrie
Corbin	Marchand
Davey	Molgat
De Bané	Neiman
Frith	Petten
Gigantès	Riel
Grafstein	Sparrow
Graham	Stanbury
Haidasz	Stewart
Hèbert	Thériault
Kenny	Watt—27.
Kirby	

NAYS

THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Keon
Balfour	Kinsella
Beaudoin	Lavoie-Roux
Beaulieu	LeBreton
Berntson	Lynch-Staunton
Bolduc	MacDonald (*Halifax*)
Buchanan	Marshall
Chaput-Rolland	Meighen
Cochrane	Muir
Cogger	Murray
Cohen	Nolin
Comeau	Oliver
Desmarais	Phillips
DeWare	Rivest
Di Nino	Roberge
Doyle	Robertson
Eyton	Rossiter
Forrestall	Spivak
Grimard	Stratton
Gustafson	Sylvain
Jessiman	Tkachuk
Johnson	Twinn—48.

ABSTENTIONS

THE HOUNOURABLE SENATORS

Nil.

• (1130)

THIRD READING

The Hon. the Speaker: Honourable senators, it was moved by the Honourable Senator Stratton, seconded by the Honourable Senator Keon, that Bill C-115 be read the third time now.

Motion agreed to and bill read third time and passed on the following division:

YEAS

THE HONOURABLE SENATORS

Andreychuk
Angus
Atkins
Balfour
Beaudoin
Beaulieu
Berntson
Bolduc
Buchanan
Chaput-Rolland
Cochrane
Cogger
Cohen
Comeau
Desmarais
DeWare
DiNino
Doyle
Eyton
Forrestall
Grimard
Gustafson
Jessiman
Johnson
Kelleher
Kelly
Keon
Kinsella
Lavoie-Roux
LeBreton
Lynch-Staunton
MacDonald (*Halifax*)
Marshall
Meighen
Muir
Murray
Nolin
Oliver
Phillips
Rivest
Roberge
Robertson
Rossiter
Stratton
Sylvain
Tkachuk
Twinn—47.

NAYS

THE HONOURABLE SENATORS

Austin
Bonnell
Bosa
Corbin
Davey
De Bané
Frith
Gigantès
Grafstein
Graham
Haidasz
Hébert
Kenny
Kirby
Lawson
MacEachen
Macquarrie
Marchand
Molgat
Neiman
Petten
Prud'homme
Riel
Robichaud
Sparrow
Spivak
Stanbury
Stewart
Thériault
Watt—30.

ABSTENTIONS

THE HONOURABLE SENATORS

Nil.

CRIMINAL CODE
YOUNG OFFENDERS ACT

BILL TO AMEND—THIRD READING

Hon. Erminie Cohen moved the third reading of Bill C-126, to amend the Criminal Code and the Young Offenders Act.

Hon. Richard J. Stanbury: Honourable senators, Bill C-126 and Bill C-128 were dealt with in tandem in the Standing Senate Committee on Legal and Constitutional Affairs. We had the same witnesses on each of the bills and questioned them all, including the minister. I will speak to both bills at the time of this motion, and suggest that these remarks be taken as read at the time of the motion on third reading of Bill C-128.

Honourable senators, my preliminary remarks apply to each of Bills C-126 and C-128. These are bills which have the distinction of dealing with the stalking of individuals, child abuse, child pornography, and other such unhappy subjects, all subjects worthy of our careful attention. Unfortunately, the bills also share the same history, which may be described as follows: The subject matter was suddenly recognized as being important to pre-election strategy. Second, the bills were hurriedly drafted and tabled in the other place with no

consultation with those knowledgeable of the issues. Third, they were rushed through the other place with almost no discussion and in rapid order because of the support of the law-and-order groups in all parties. Four, they landed in the Senate with almost no time left before the end of the session. Five, all of the witnesses, all of them, opposed the bills and complained bitterly of no consultation and no time to study the bills and prepare their evidence.

The complaints concerning both bills were that their terms were vague, their language undefined, the field covered unnecessarily broad, inconsistency as to objective and result, and highly vulnerable to attack under the Charter of Rights and Freedoms. It is true that the minister and his associates assured us that all is well, but they were alone in their assurances.

Bill C-126 leaves tremendous discretion in the judiciary because important items are not defined. It opens up substantial opportunities for mischievous charges to be laid with severe effects on reputations. It empowers a judge to banish even a first-time offender from society for life. Some witnesses believe that it covers picketing in a labour dispute. The Attorney General of Ontario says that the act will be unenforceable.

Bill C-128 is admitted to restrict the freedom of expression guaranteed by the Charter. The hope of the drafters is that the restriction is justified under Section 1 of our Charter. However, the Supreme Court of Canada has established some criteria for laws before they can be justified under the Charter.

• (1140)

While an expert from the Department of Justice assured us that he had applied these criteria to Bill C-128, it is hard to see any relationship between the tests established by the *Oakes* case and the provisions of this bill. There is no clarity of objective of the bill. There is no proven causal relationship between the proposed remedy and the harm identified. The bill goes much further than necessary to address the problem. The terms are vague and general, not in the pattern of the Criminal Code, and introduce a fundamental change in the law. The bill makes no distinction between explicit sex acts involving a seven-year-old and those involving a 17-year-old.

The bill creates a chill which will be felt by producers of television and movies and authors and producers of printed material. No creator of such products will even begin an artistic project without deep concern if children are to be involved.

Each librarian, film distributor, TV store owner, et cetera, will have to take inventory and examine each item. Simple possession of certain material without intent to commit any wrong could send you to jail.

Honourable senators, the government, faced with an opportunity to deal seriously with some of the most hurtful human behavioral aberrations, acted hastily and carelessly, without due consideration or consultation. The result is bad legislation which will cost heavily in dollars and pain while the social diseases they intend to attack continue unabated.

The committee voted, on division, to recommend that the bills be reported without amendment, but some of my colleagues believe that these bills should now be withdrawn so they can be redrawn after consultation and careful drafting. They should be reintroduced as soon as possible, that is, as soon as they have been properly redrafted.

If the government refuses to withdraw these bills, I recommend to honourable senators that both Bill C-126 and Bill C-128 be defeated in the Senate by rejecting motions for third reading .

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Cohen, seconded by the Honourable Senator Di Nino, that the bill be read the third time now.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Agreed.

Some Hon. Senators: No.

Senator Molgat: On division.

Motion agreed to and bill read third time and passed, on division.

CRIMINAL CODE
CUSTOMS TARIFF

BILL TO AMEND—THIRD READING

Hon. Duncan Jessiman moved the third reading of Bill C-128, to amend the Criminal Code and the Customs Tariff (child pornography and corrupting morals).

He said: Honourable senators, I listened to the Honourable Senator Stanbury, and, as you might guess, I came to a much different conclusion as to what we should do with this bill.

As I said at second reading of the bill, this matter was before the public and before two commissions as long ago as 1984. The first commission, in 1984, was chaired by Mr. Robin F. Badgley. That commission included the following outstanding citizens of Canada: Herbert Allard, B.A., B.S.W., Senior Judge, Family Division, Provincial Court of Alberta; Norma McCormick, B.A., Director, Day Nursery, Health Sciences Centre in Winnipeg; Patricia Proudfoot,B.A., LL.B., LL.D., Judge of the Supreme Court of British Columbia; Denyse Fortin, B.A., L.L.L., Director of Continuing Legal Education at the Quebec Board of Notaries; Doris Ogilvie, B.A.,LL.B.,LL.D., Former Deputy Judge of the Juvenile Court of New Brunswick; Quentin Rae-Grant, M.B.Ch.B., D.P.M., F.R.C.Psych., F.R.C.P.(C)., Psychiatrist-in-Chief at the Hospital for Sick Children; Paul-Marcel Gélinas, B.A., M.S.W., Director General of the Quebec Division of the Canadian Mental Health Association;

Lucie Pépin, R.N., President of the Canadian Advisory Council on the Status of Women, and Sylvia Sutherland, B.A., Commentator, CHEX Radio, Peterborough.

In 1984 they said:

> Despite the widespread purchase of pornography, there is also an urgent public concern about the open display of these materials and about their ready accessibility to young persons. There is considerable agreement in Canada that an age limit should be established in relation to the purchase of pornography and that pornographic materials should not be displayed in a manner which makes them accessible to children.

They went on to say:

> The prohibition against access by children to pornographic materials which the Committee recommends would apply to any *visual* materials which depict sexually explicit conduct...

The Fraser Commission of 1986 was chaired by Paul Fraser, Q.C., B.A., LL.B. Also on the commission were Susan Clark, a sociologist and Dean of Human and Professional Development; Mary Eberts, B.A., LL.B., LL.M, and a partner in the Toronto law firm of Tory, Tory; Jean-Paul Gilbert, B.A., M.A. (Criminology) and senior board member (Quebec Region) National Parole Board; John McLaren, a professor of law at the University of Calgary; Andrée Ruffo, B.A., B.Ed., LL.B., M.Ed; Joan Wallace, B.A., former chairperson, Commission of Inquiry into Part-time Work, Labour Canada.

These people said:

> In our view, it is necessary to provide direct criminal sanctions which would deter the use of children in the production of pornography. Sanctions against possession of pornography involving children are also, in our opinion, important because they attack the market for such materials and arguably will thereby reduce the incentive to produce it.

As I explained the other day when speaking on second reading of this bill, there was a case heard in the Supreme Court in June of 1991. Reasons for Judgment were rendered on February 27, 1992. I am referring to the case of *Donald Victor Butler vs Her Majesty the Queen and the Attorney General of Canada, the Attorney General for Ontario, the Attorney General of Quebec, the Attorney General of British Columbia, the Attorney General for Alberta, the Canadian Civil Liberties Association, Manitoba Association for Rights and Liberties, the British Columbia Civil Liberties Association, Women's Legal Education and Action Fund and GAP, (Group Against Pornography) Inc.*

• (1150)

[Senator Jessiman]

This was a unanimous judgment. Although the case dealt only with the law as it is today, Mr. Justice Sopinka and Mr. Justice Gauthier said that children were in a different position than adults. This judgment gave the government the opening and the conviction that the Supreme Court presently sitting in Ottawa would favour the legislation we have before us today.

There is a concern, as there was in the Butler case, that this legislation may infringe on the freedom of the press and the freedom of expression. In the Butler case, the court said that you have those freedoms, but there are certain limitations. Those limitations are set out in section 1 of the Charter of Rights and Freedoms. The Butler case is an example of how section 1 of the Charter limits the freedoms given in another section of the Charter.Therefore, I suggest that this legislation will definitely, to my mind, stand up to any court challenge.

Honourable senators, it is true that all of the witnesses who appeared before us at our last committee meeting were opposed to this bill. My understanding, however, is that the government side could have called several witnesses, but in fairness to those opposing the bill, the government allowed them, and them alone, to speak.

The witnesses — the CBC, for example — tried to convince our committee, and through the committee the Senate, that in passing this legislation it would be incumbent upon the CBC and others to prove that they fell within the exceptions of the bill. There are exceptions. Clause 163.1(4) reads:

> Every person who possesses any child pornography is guilty of...

But there is a saving section for a defence. Clause 163.1(6) reads:

> Where the accused is charged with an offence under subsection (2), (3) or (4), the court shall find the accused not guilty if the representation or written material that is alleged to constitute child pornography has artistic merit or an educational, scientific or medical purpose.

Counsel for the CBC indicated to us that this clause, by expressly saying the clause is a defence, puts the onus on the defence to prove artistic merit. They said, "How do we prove artistic merit?"

Honourable senators, I do not agree with that. The Attorney General did not agree with it. The Minister of Justice did not agree with it. The onus is not on those who say there is artistic merit; the onus is on the Crown. If a charge is laid, the Crown must prove beyond a reasonable doubt, as in any criminal case, that there is no artistic merit. If there is the least bit of doubt about artistic merit, the accused would be acquitted.

The minister and his staff indicated that they have much experience in dealing with cases involving the Charter, and in particular have been involved in the 200 Charter cases that

have been considered to date. In only two of them has the Crown been wrong as far as the Charter is concerned. In the majority of cases, the legislation was held to be valid.

In one of those cases, a partner in the law firm with which I am associated took one of those two successful cases to the Supreme Court of Canada, having first lost in every other court in the land.

I am satisfied that this legislation is important for Canada. It is important for the children of Canada.

This legislation is not carved in stone. If improved legislation can be suggested, I am sure the government of the day — whichever government is in power — will listen.

Honourable senators, we must decide today: Do we do nothing and stay with the status quo? We have had this problem since 1984. We have had two commissions. I say the time is now. We must support this legislation, get it on the books, and enforce it.

Honourable senators, I urge you to vote in favour of this bill.

Some Hon. Senators: Hear, hear!

Hon. Richard J. Stanbury: Honourable senators, as I indicated when I spoke on Bill C-126, it is not my intention to repeat the speech in connection with Bill C-128. Anyone who is looking in Hansard for my comments on Bill C-128, should look at the debate on third reading of Bill C-126.

However, I wish to take a moment to say that, excepting Senator Jessiman's premise that there has been discussion of these matters for at least 10 years, I suspect he would agree that there was adequate time during that period for consultation with people who are knowledgeable of these issues. I also suspect he might agree that these bills should have been presented much earlier than six weeks before the end of the session.

Honourable senator, the shame of this legislation is that it was not tackled earlier and was not tackled seriously. As a result, we have two bills before us which should not be inscribed in the laws of Canada in their present form.

Honourable senators, I agree with Senator Jessiman that these bills are not carved in stone, but his former partner may very well earn a lot of money defending someone else, given the flaws in this legislation.

Senator Frith: Good objective; badly done.

Senator Molgat: It is window dressing.

Motion agreed to and bill read third time and passed, on division.

• (1200)

A BILL TO AMEND CERTAIN PETROLEUM-RELATED ACTS IN RESPECT OF CANADIAN OWNERSHIP REQUIREMENTS AND TO CONFIRM THE VALIDITY OF A CERTAIN REGULATION

THIRD READING

Hon. John Lynch-Staunton moved the third reading of Bill C-106, to amend certain petroleum-related Acts in respect of Canadian ownership requirements and to confirm the validity of a certain regulation.

Hon. Allan J. MacEachen: Honourable senators, I should like to make a brief comment on this bill to indicate my opposition to the bill.

Senator Comeau, in his second reading speech, urged all senators to lend their support to the passage of this bill. I certainly cannot do that because I find it regrettable that a measure is now being proposed to remove the necessity of any Canadian ownership whatsoever of Canada's frontier lands.

We have already had a discussion on the bill that passed just recently in which I argued the importance of maintaining some Canadian control over the resources of Canada. The bills that are being repealed provide that there be at least 50-per-cent Canadian ownership of Canada's vast frontier lands. Now, in the last moments of the government's nine-year mandate, it is repealing this particular provision and saying that it is appropriate in the future that all of Canada's frontier lands and their development be open for foreign ownership. We know what the result will be.

I have never been a passionate Canadian nationalist, as have others in both my party and in the party sitting opposite. They have been more vigilant than I have ever been in asserting Canadian sovereignty in every conceivable situation. Though I was never as passionate as they were, I was always conscious of the necessity of maintaining some Canadian identity and some Canadian ownership. I always thought that it was appropriate for Canada to maintain this level of Canadian ownership in the frontier lands.

This is all being removed now. I do not like it. It reverses a policy that was approved and effected by myself and the House of Commons. Very little defense has been given for it except to say that there is no activity now on the frontier lands. That is true, because the system of support that was provided for the development of the frontier lands has been eliminated entirely.

I will not repeat the arguments I made several years ago in which I described the gradual decrease of offshore activity because of the removal of the incentive program.

It was understood that development of the frontier lands would not be easy; that it may not always attract total private investment; and that therefore, in the interest of Canadian identity and Canadian control, it was appropriate for public participation in the form of incentives. That happened on the East Coast of Canada when we had considerable drilling activity. But it is now gone. Senator Comeau gives this as an argument why we should pass the bill.

I regret that the bill has been introduced. It is a backward step. I echo the nervousness that Senator Molgat expressed on his second reading intervention in which he said this was a second-best solution. I agree with that and I should like to say that I cannot support the bill.

Motion agreed to and bill read third time and passed, on division.

ROUTINE PROCEEDINGS

ROYAL ASSENT

NOTICE

The Hon. the Speaker *pro tempore*: informed the Senate that the following communication had been received:

RIDEAU HALL

June 23, 1993

Mr. Speaker,

I have the honour to inform you that the Honourable Beverley McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy Governor General, will proceed to the Senate Chamber today, the 23rd day of June, 1993, at 1:15 p.m., for the purpose of giving Royal Assent to certain bills.

Yours sincerely,

Judith A. LaRocque
Secretary to the Governor General

The Honourable
The Speaker of the Senate
Ottawa

BUSINESS OF THE SENATE

ADJOURNMENT

Leave having been given to revert to Government Notices of Motions:

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before proceeding to make the adjournment motion, and because we are adjourning today until much later this year, unless we are convened during the summer, the next time we meet formally will be with a new government and as part of a new Parliament. It is appropriate, therefore, to make a few remarks and to express words of appreciation to the personnel of the Senate, who have been so supportive and cooperative since we started this session last September. I am referring to the Clerk and Table Officers and their staff; the Black Rod and his staff; the translators; the Law Clerk and his associates; the Debates and Journals Branches; the committee clerks and their staff; the staff of senators; and the security staff and messengers.

• (1200)

[*Translation*]

Honourable senators, I would like to thank all those whom we see only from time to time or even not at all. Unfortunately, there are many people we do not know as well as our staff, but we realize that each and every one of them is personally and enthusiastically dedicated to making our life easier. Therefore, on behalf of all my colleagues, I want to say thank you to the entire Senate staff and wish them a good summer.

[*English*]

I have left mention of the Pages for last, only because four of them are leaving us today and I would like to recognize them individually. They are Steve Bevington from Ottawa, Tyson Dahlem from Saskatoon, and Sonya Han and Pat McIntyre who are both from Alberta.

Steve is entering his third year at Carleton University in the School of Public Administration, and I understand he hopes to run for political office. I trust that he has not been too discouraged by some of the scenes he has witnessed here.

Tyson is entering his third year at the University of Ottawa. In the past year, he has been very involved in counselling students at his residence.

Sonya is also entering third year at Ottawa University. After she completes her B.A. she intends to attend law school.

Finally, Pat has just graduated from Carleton with a bachelor's degree and, like too many graduates, is in search of employment.

To all of them in particular, and to all the Pages in general, thank you and all best wishes.

I want to thank all colleagues on both sides for their patience and understanding as government legislation has moved through the various stages to Royal Assent. I particularly want to thank Senator Molgat with whom I feel I have an excellent working relationship.

Senator Gigantès: He is a saint.

Senator Lynch-Staunton: He is not a St. Augustine, however.

Senator Gigantès: St. Augustine was a Tory.

Senator Lynch-Staunton: In the past few months the Senate has functioned reasonably smoothly, and that would not have been possible without his excellent cooperation. At the same time he defended his colleagues' and his party's position. I would thank him personally, and wish him and his colleagues all the very best during the summer. Hopefully we will all be here together in the fall.

[*Translation*]

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, it is a pleasure, both for me and my colleagues, to reiterate what was said by the Deputy Leader of the Government. We often forget all the people working behind the scenes, the people we don't see, who often work at odd hours, since we do not necessarily work from 9 to 5. I don't want to enumerate all the people my colleague has already mentioned, but I want them to realize that we really appreciate what they do. Of course, it is easier in the case of people we see every day, because we can talk to them, and I think they realize how much we appreciate them. However, I am thinking particularly of our invisible helpers.

[*English*]

My colleague mentioned the Pages who are leaving us and discussed some of their particular accomplishments. I would like to touch on somewhat different accomplishments that I was surprised to find out about them. Senators may be interested in knowing some of the activities they engage in outside their academic lives.

Steve Bevington, whom my honourable friend indicates is looking forward to a political career, has already had a substantial political career as a young political activist with positions in the party he has chosen. I think he has made an error in his choice, but apart from that, he has chosen a party, and I commend him for it. More people should belong to a political party.

Tyson Dahlem is from Saskatoon and, as a westerner, I have a special interest in other westerners. His record indicates he has enjoyed many interesting pursuits such as having been a hockey referee and, to my surprise, a glider pilot.

Sonya Han is another westerner from Edmonton. Apart from being a very good student, Sonya is an accomplished cellist who plays in an orchestra in Edmonton.

Pat McIntyre, who is also a westerner from Grande Cache, Alberta could qualify as a conservationist. Prior to coming here, among other jobs, he had one which involved cleaning up old mine sites, reseeding them and planting trees.

To these young people, I want to say how much we appreciate the work they do. I hope that their period here has not disillusioned them about politics, but, rather, will encourage them to participate more in the future.

My honourable friend opposite was very kind in his comments about me and I must reciprocate. In our dealings, although we have not always agreed, honourable senators will have observed that, on all occasions, our relationship has been very cordial and direct. We have to operate in this system on the basis of understandings, and he and I have had that.

I do not necessarily tell him everything. However, there is a clear understanding I try to adhere to, and that is, never to tell him anything which is not correct, and he does the same. That is the only way it can work. I have appreciated the relationship we have had.

I wish all my colleagues on both sides a very pleasant summer. As my honourable friend has said, when we return there will be a new government and a new Parliament. I would like to tell my friends opposite that we have taken good care of all the furniture. We have kept these seats warm and they will be here for them when we return. I am sure they will feel very comfortable sitting over on this side.

Hon. Allan J. MacEachen: Honourable senators, I do not rise to compete in this session of unexpected conviviality. I would like to remind myself and others that the Senate committees can still meet even though there is an adjournment. I mention that because I hope it will be possible for the Foreign Affairs committee to meet at least once or twice during the summer months to hear ongoing reports from the chief negotiator, Mr. Weekes, who is still working on the side agreements in connection with the free trade agreement. He appeared once before the committee and I believe it would be appropriate for the Chairman and the Deputy Chairman to take the responsibility of ensuring that the committee is convened to hear Mr. Weekes at an appropriate time.

Hon. Eymard G. Corbin: Honourable senators, I would like to add my two bits of thanks to the people who make our task easier.

I am sure that it was not deliberate, but when Senator Lynch-Staunton referred to the translators, rightfully so, he did not include the interpreters.

Senator Lynch-Staunton: I meant both.

Senator Corbin: I was sure that was the case. I think special thanks are owed to the interpreters. They are so important that, in their absence, everything stops dead in its tracks around this place. Interpreters are discreet people. They attend our caucus meetings. Never have I heard that any one of them has ever spilled the beans with regard to caucus secrets. They are very important people. I tip my hat to them, and thank them for their excellent work.

• (1220)

QUESTION PERIOD

THE SENATE

APPOINTMENT OF NEW SENATOR FROM BRITISH COLUMBIA

Hon. Jack Austin: Honourable senators, as we end the session, and as a senator from British Columbia, I ask whether we will have a colleague from British Columbia appointed sometime today, later this week, or not at all.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think my friend can exclude the possibility of not at all. That is the only assurance I can give him for the moment. I had hoped and expected there might be an appointment from British Columbia before we rose for the summer months. If this has not happened, I trust it will happen within a very short time.

FOREIGN AFFAIRS

CONTINUATION OF COMMITTEE STUDY OF LAMONT-SPENCER CASE DURING SENATE ADJOURNMENT

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): If I may, on the point that Senator MacEachen raised regarding committee meetings during the adjournment, the Standing Senate Committee on Foreign Affairs has before it the Lamont-Spencer question. I realize that, with the recent publicity regarding the passports found in Nicaragua, there may be some hesitation in the minds of certain Canadians. However, I think it is important that the study continue, and that we find out exactly what the situation is. Part of this family has roots in Manitoba, so I have a particular interest in the matter. I do hope the committee will be able to continue its work.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government), with leave of the Senate and notwithstanding rule 59(1)(*h*), moved:

THAT when the Senate adjourns today, it do stand adjourned until Tuesday, September 28, 1993, at two o'clock in the afternoon.

Motion agreed to.

ORDERS OF THE DAY

EXCISE TAX ACT

BILL TO AMEND——MOTION FOR SECOND READING NEGATIVED

On the Order:

Resuming the debate on the motion of the Honourable Senator Frith, seconded by the Honourable Senator Hébert, for the second reading of Bill S-14, An Act to amend the Excise Tax Act.— (*Honourable Senator Kelly*)

The Hon. the Speaker *pro tempore*: It was moved by the Honourable Senator Frith, seconded by the Honourable Senator Hébert, that this bill be read the second time now. Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): On division.

Motion negatived, on division.

BUSINESS OF THE SENATE

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, before calling committee reports, I suggest that we start with Items 4 and 5 under that heading, which have to do with the Senate policy on harassment in the workplace. These reports have been on our Order Paper for some time. They are extremely important as an issue, and I think it would be appropriate at this time to start discussion on these matters so that we can dispose of them one way or the other.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FORTY-NINTH AND FIFTIETH REPORTS OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Beaudoin, for the adoption of the Forty-Ninth Report of the Standing Committee on Internal Economy, Budgets and Administration (policy on harassment in the workplace), presented in the Senate on June 15, 1993.

And resuming the debate on the motion of the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Beaudoin, for the adoption of the Fiftieth Report of the Standing Committee on Internal Economy, Budgets and Administration (schedules to the policy on harassment), tabled in the Senate on June 15, 1993.

Hon. Colin Kenny: Honourable senators, I have a few words to say about these reports, if I may. I have to acknowledge that a great deal of work has gone into developing these policies, and progress has been made. However, I do not believe that the policies as they stand now are appropriate for the Senate to adopt.

My first concern relates to the fact that, under the rubric of harassment, we have harassment, sexual harassment, discrimination, abuse of authority, and malicious complaint. I accept that all of these are related issues and that people can find connections between one and the other, but that is also my concern. Simply put, by lumping all of these policies together under one, people are likely to see a complaint under discrimination or under harassment or under abuse of authority as one of sexual harassment.

We would be better served if we had not necessarily different, but separate, policies on these rather than lumping them together. We have already seen situations where actions have taken place that relate to harassment, and immediately the assumption is that it is an issue of sexual harassment.

Second, I am concerned about the abuse of authority section that we have here. The difficulty with the abuse of authority section is the need to differentiate between the abuse of authority and routine grievances. There are, again, situations that have arisen where, on the face of it, there would appear to be a routine grievance. Someone has a problem with their supervisor; they do not agree with a decision that has been made, and they see a remedy under the harassment policy. I think this might become a significant club, or a large weapon, if you will, that can be misdirected.

I am also concerned with the policy, inasmuch as when honourable senators review it, they will notice that there is no schedule of remedies anywhere in the policy.

I am very concerned about the definitions. For those of you who have the policy in front of you, I would encourage you to take a look at some of the definitions. In a nutshell, one definition is used to define another definition. Harassment is used to define abuse of authority, and abuse of authority is used to define harassment.

The definition for abuse of authority is:

> improper conduct that meets the definition of harassment and that is an abuse of power and authority inherent in a position held.

If you go back to harassment, the definition given is that harassment is:

> improper conduct that intimidates, threatens, blackmails, or coerces a person, or demeans or belittles a person towards whom it is directed and might reasonably be expected to offend or humiliate and to be unwelcome by that person. The conduct may be done on a one-time basis or in a continuing series of incidents, by word or by act, including a communication, a gesture, a display, a behaviour or a touch. Sexual harassment, discrimination, abuse of authority and making a malicious complaint can be considered forms of harassment.

If we go down through each of the definitions, we find that one defines the other, in each case.

Thus, you are left at the end of the day without a clear definition as to what the policy relates to.

• (1220)

Honourable senators, the committee has made real progress. This is a worthwhile policy to develop although its development has been rushed. There has been a sincere effort to come forward with a policy. There is a sincere concern by some senators that, for the next six months, we will go without a policy; and that it would be better to put this policy into effect. If we lend our support to this policy today, it will come into effect immediately.

I would argue that we already have a staff policy. As any complaint may relate to senators, they have recourse to the Human Rights Commission. It would be preferable for us to spend another few hours in committee trying to clean up these problems, in particular those to do with the definitions, before we put it into effect; otherwise we will go ahead for six months with a policy that I believe is clearly flawed.

I believe many who read the definitions will come away scratching their heads and saying, "Have we really put that into effect? Do we really want to leave it in place for six months until we can come back to tidy it up?"

I know there are some members of the committee who believe, and they hold their beliefs sincerely, that it is important that the Senate be on record as having a new policy.

I argue that we will be better served staying with the policy we have today, even if it takes a long period of time to develop a new one. However, I do not think it will take long to straighten this matter out. If we go ahead with these definitions, we may well find ourselves, over the course of the summer, having people use these definitions, or try to use these definitions, which could result in a serious miscarriage.

Consequently, honourable senators, I move that these reports be returned to the committee.

The Hon. the Speaker *pro tempore*: It is moved by the Honourable Senator Kenny, seconded by the Honourable Senator Gigantès, that the reports be returned to the committee.

[*Translation*]

Hon. Thérèse Lavoie-Roux: Honourable senators, I don't mean that certain comments by Senator Kenny are unfounded. When we tabled the two reports, the first one, which constitutes the policy as such, was tabled for adoption. The second report was tabled as a background paper on how the policy would be applied, in the knowledge that throughout the process — and I hope there will not be many instances where we will have to apply the policy — some adjustments will be necessary. That is why the policy was tabled in two parts: The policy as such, plus the definitions, procedures and background information. It was tabled in this House for the guidance of honourable senators and in order to provide some flexibility for any adjustments that may be necessary.

I would like to thank all senators who contributed to this debate by putting many hours of their time at a number of meetings on many occasions during the past two years. Senator Kenny tells us there is a policy for staff and employees and that it includes a possible recourse to the Human Rights Commission. Senator Kenny, you know, and this was explained to us in great detail, it is extremely difficult for an employee who is strictly dependent on her employer, the senator, to complain to the Human Rights Commission. According to the Commission, only very few such cases are brought before it. We wanted an in-house procedure that would make it easier to deal with the occasional case of harassment. I believe this point was made several times.

Furthermore, we should not forget that the policy not only protects employees and senators' staff but also the senators themselves. There have been a few, fortunately rare, instances where employees complained of harassment and were unable to substantiate their claims. Since there was no policy at the time, the result was that rumours were rife, without any protection for the person concerned — in this case, the senator.

Honourable senators, we could go on, but we have already spent quite a lot of time on the subject. As an institution of the Parliament of Canada, I think we should adopt this policy, in the knowledge that any policy may, at some point, have to be adjusted and reviewed, if necessary. I think this is urgent. I would point out to Senator Kenny that this policy was adopted unanimously. We agreed to stand the debate, to let you express your position. I am sorry, but I would ask my colleagues to reject your motion and to adopt this policy.

Hon. Philippe Deane Gigantès: Honourable senators, one of the points raised by Senator Lavoie-Roux, and it is an important one, was not addressed at all in these reports. It is this: If an employee who works for a senator, and thus depends on the senator's good will, files a complaint, the employee is in a very delicate situation, because if the senator decides to get rid of the him or her, what happens then? He or she runs a risk by filing a complaint.

At one of our committee meetings it was explained that if she went to the Human Rights Commission, where the case might drag on for years, the employee would be in a very uncomfortable and stressful situation and perhaps be without a job for some time.

We must deal with this problem, but the report fails to address it. It was suggested at one of the meetings that perhaps arrangements should be made to put the employee on indefinite leave of absence with pay, so that he or she is no longer working for the senator against whom the complaint was filed. That is the problem, and that is the solution. This was not really addressed. We are simply making rules for their own sake, not to deal with the real problem. That is why I support Senator Kenny, when he says that this report should be sent back to committee — back to the drawing board. This particular problem has not been addressed. We must have a policy that says what is to be done with this person until the matter is settled.

Senator Lavoie-Roux: Honourable senators, the point raised by Senator Gigantès was discussed several times. I agree this is a real problem, and I will tell you why it exists. The main reason is that senators' secretaries are not public servants but are employed by the senators, so that the senators, as you said, are free to hire or fire a secretary as they wish. This is a problem in itself. Even without a policy on harassment, there are many people who wonder whether senators' secretaries should, for the purposes of employment, come under the sole authority of the senator. I think we have a serious problem here, but it seems it is a rather delicate matter. However, we shall see what happens, and in any case secretaries will be better protected. They will not feel vulnerable with the Human Rights Commission as their only recourse. The problem you raised is real, but it is related to the fact that senators say: We hire our secretaries and we fire them. Personally, I think this should be changed, although honourable senators may not agree, and I don't want to discuss this today, to ensure that they are protected and that, if they are between jobs for one or two years, they are not in limbo.

[*English*]

• (1230)

Senator Gigantès: That is precisely the point. Why are we not addressing this point? It is not necessary to address it by saying senators can no longer hire their staff as they wish. We are only addressing the problem of a member of the staff that has alleged such behaviour on the part of her employer, a senator. What happens to that member of the staff until the issue is cleared up? That is the problem. We can take

care of that problem without putting an end to the practice of personal suitability, which applies to deputy ministers and ministers. You do not ask either ministers or deputy ministers to hire a secretary they do not find personally suitable.

If a secretary or other employee feels they have been ill-treated by the senator, we should provide for them a kind of side line with pay until the allegations are settled. That is the main problem. Otherwise, if that problem did not exist, we could go to the Human Rights Commission and not have this stuff at all. Senator Lavoie-Roux is not on the right road when she says that the problem is that these are employees of senators themselves. They can continue to be employees of the senators themselves, but they can be given a protective niche, another status until the allegations are settled. That is what we must address.

Hon. Consiglio Di Nino: Honourable senators, I think we should recognize that a lot of people have done a lot of work on this policy, not only staff but, in particular, Senator Kenny and Senator Doyle, who spent many hours reviewing this policy. Many hours have been spent by the committee on this policy. Senator Lavoie-Roux has suggested that this is the seventh draft. It is probably the seventh published draft, as there were others that were not published.

The issue is whether we are on a quest for a perfect policy or whether we should show leadership by, at least, putting into place an adequate harassment policy, which the majority of the committee believes we now have, so that not only employees but also senators will have some direction on how to remedy the situation if an accusation is raised. I do not want to abdicate that leadership necessary to make decisions. We have a good document, although it is not perfect. I do not think perfection can be achieved in this world. I urge my colleagues to vote for this policy, put it on the books and show some leadership.

Hon. A. Raynell Andreychuk: Honourable senators, I simply want to support this policy and support the committee that has worked on this matter for a considerable time. We can use the Canadian Human Rights Commission as a policy, but I also believe, as Senator Di Nino has said, that we have to have some leadership here and to put a policy in place. I am a new senator, but have already had four opportunities to comment on this draft. I believe the time has come to institute a policy.

We have the summer to reflect. When we come back we can introduce any amendment we deem necessary. The best policies usually start at some point and are perfected as they go along. We do not get the perfect policy from the start. That is the kind of leadership that is necessary from this body. I urge even those who support the amendment to withdraw it at this time so that the Senate can be seen to be supporting this policy. I urge honourable senators to bring forward their amendments to the committee at a later date, where I think all of us would be pleased to deal with the concerns in written form.

Hon. Joan Neiman: Honourable senators, I am not and have never been a member of this committee, but I have understood from conversations within our caucus and with senators on the other side that this matter has been under discussion for a long time. I know how long the committee has struggled with it. Unfortunately, I think this is a case where, despite how hard and conscientiously members have worked, the document is simply not adequate as a foundation for putting this policy in place. I say that after reviewing the definitions themselves.

I agree absolutely with Senator Kenny that the definitions are simply not definitive. They are confusing. I am sorry to say that they are dreadful as definitions go and this represents the foundation of the policy we want to put in place. I think it would be totally wrong to start with a foundation that is absolutely inadequate. None of the sections can be construed by any one in any logical way, if complaints were brought under any one of them. It is difficult to understand how they differentiate from each other.

I am sorry to say that I think these two reports should be withdrawn. We should start the work again with a new Parliament and new committee in place. I would support any effort to see that the work goes on as quickly as possible and that the policy is put in place as quickly as possible. I agree with the chairman, Senator Andreychuk and Senator Di Nino that we need this kind of leadership and this kind of policy. I am sorry, I cannot support these two reports.

Senator Gigantès: Honourable senators, there is another point which should be considered: Any of these cases might end up in court. We have lawyers in this chamber, good lawyers. Let them look at these definitions. They will tell you that the way they are phrased, they are likely to help a miscarriage of justice. They are likely to make the eventual role of the court much more difficult. They are likely to be a mess.

Hon. Lowell Murray (Leader of the Government): We are not writing criminal law.

Senator Gigantès: If it ends up in court, as it might, the antecedents —

Senator Murray: Honourable senators, if there is any suggestion of an infraction of the law, you call the cops. We are talking about a proper policy to govern the relations between senators and their employees.

There are various steps before calling the cops. The steps as described are amateur and they would not stand up to a lawyer's examination.

Hon. Eymard G. Corbin: Honourable senators, it seems that the hangup with respect to the policy surrounds the definitions. As someone has just said, we do have some pretty good legal and drafting expertise in our midst. I am not

suggesting that the members of the committee on internal economy do not have the capacity to do a proper job, not at all. However, these are matters that bind eventually. If the policy is flawed, I would think that the whole matter, particularly the section dealing with definitions, should be sent to the committee on legal and constitutional affairs. They are our in-house experts on these matters.

Therefore, I would like to move, in amendment to Senator Kenny's proposal:

> THAT we strike out the word "committee", and replace it with "to the Standing Senate Committee on Legal and Constitutional Affairs".

Hon. Richard J. Doyle: Honourable senators, you will recall that we are dealing with two matters. We are dealing with a policy which is set out and which is terribly important. We are dealing with a second report which deals with definitions that are there as guidelines, for the use of the policy. They are not written as law, nor is the policy written as law. The only reference to law is that, if we reach a certain point, the thing falls out of the hands of the Senate and goes to the police. Then we have no role to play whatsoever.

Also, at any time, the matter can go from here to the Human Rights Commission. The lawyers who drafted this law consulted with the Human Rights Commission about both the policy and the definitions. It was with their advice that the language about which you are now complaining was obtained.

Much was made of the fact we already have a policy. Yes, we have a policy for our employees. We do not have a policy for senators. While the senators can say, yes, we can go to the commission, so can any citizen of this country go to the commission; so can our employees. However, we find it necessary to have rules of our own for dealing with them. If we do not, and when I take cases to the commission, I would vouch that the first thing the commissioner will say is, "Why have you not drafted a policy of your own? You have been trying long enough."

Senator Gigantès: Senators, surely this should not be a partisan matter. It should not be regarded as something that was done by a committee in which the Tories have a majority. It should not be regarded as something that deserves to be passed simply because so many hours were spent on it. It is like going in a restaurant and finding that the food is not good. The waiter says, "We worked for hours on this. How can you say it is not good?"

If you think it is so good, what is the objection to sending it to the legal and constitutional affairs committee which has expertise about drafting and will ensure that what we put in this policy and definitions is not likely to cause a legal mess at any later stage? What is wrong with that?

Senator Di Nino: Obviously we do not agree.

[Senator Corbin]

Senator Murray: Honourable senators, I want to take a few minutes on this subject. I appreciate the first point that Senator Gigantès has made. It is a matter that affects every senator and every senator is naturally sensitive and concerned about the drafting and the implementation of such a policy. In that sense it is not a government or a partisan matter. I appreciate that.

Having said that, it is a matter which has been worked on for two years by our colleagues on this committee.

More than that, I want to remind honourable senators that most enlightened private sector corporations have a policy dealing with harassment in the workplace. The House of Commons has a policy dealing with harassment in the workplace relating to its employees. There is also a well-understood procedure for dealing with a matter when a member of the House of Commons is affected or complained against.

We have a policy here relating to our employees only. There is no policy, there is no process, in this place to govern a situation in which the conduct of a senator is complained of. That is what we lack.

This is not a matter of alleged criminal conduct. As I said in an exchange with Senator Gigantès a few moments ago, whenever there is a case of alleged criminal conduct, you call the cops. It is not a matter where the policy is applicable. It is a matter where the criminal law is applicable. Nothing in the policy can be seen, as Senator Gigantès suggested, as steps preliminary to a criminal charge being laid. These are two separate matters. This is harassment of various kinds and abuse of authority in the workplace, which would not be covered by the criminal law.

My appeal to honourable senators is the following. We do not have a policy as it relates to complaints against honourable senators. You need the policy to protect your employees. You need the policy for the guidance and the protection of your senior staff. You need the policy to protect yourselves. We need the policy to protect ourselves. There is no process. There is no policy as it affects us at the moment.

If an employee of this place comes to the administration of this place with a complaint that he or she is being harassed in one way or another by an honourable senator, what steps is the administrator to take? Does anybody know? Does anybody know what the management of this place is to do when confronted with such a situation?

What happens when an employee comes to the administration and says, "Do not tell anybody. Do not tell my senator, but I am being harassed. Get me out of there. Get me another job. Put me on another track." Fine. Administrators are sympathetic people. They will want to accommodate that kind of situation. However, is that not doing an injustice to the senator, not to inform that senator that he or she has been complained against?

What is the responsibility of the administrator, who, as we stand here, has no role, responsibility or right to investigate? What is the responsibility of that administrator in terms of sending a new person into that senator's office? Is the administrator bound to whisper in the ear of the new person that his or her predecessor had complained about the senator?

There is a blank page facing our senior staff, and there is a blank page facing the leadership of our parties on this matter.

The policy that is suggested here is not all that radical or different from policies that exist in other places, private and public. Senator Doyle tells me that some of the definitions have come from the documents of the Human Rights Commission.

It may not be perfect, but we need to have a policy. We need a process for the good of this institution, for the protection of our employees, for the protection of our senior staff, and finally, I assure you, for the protection of honourable senators.

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I agree that we should not approach this in a partisan or nastily argumentative context — trying to prove that some are right and others wrong. However, I believe the various positions should be clear on the record. These positions have been clarified by the interventions made, including the one just made by the Leader of the Government in the Senate. Nevertheless, I hope honourable senators will understand why I think it is important, in the context of what has just been said, that our position be clear.

We have no quarrel with the fact that we need a policy. Every reason put forward by Senator Murray as a reason for a policy is a good one. However, some of the argument seems to be that we need a policy so badly that we should accept this one; that we should accept any policy. We have been told, "Don't wait for perfection, don't ask for improvement, take this policy just because we need a policy".

It is difficult to answer part of that argument. In fact, there is no answer to that part, namely, we do need a policy, but do we need any policy, no matter how bad?

In the context that we agree we should have a policy, our position is not that we are looking for perfection in draftsmanship. We agree that the committee has worked hard, but to agree that we need a policy and that the committee has worked hard does not lead to the conclusion that, therefore, we must accept any policy that was produced by such long, hard work.

As I said, we are not looking for perfection in draftsmanship. We are not looking for draftsmanship that meets some alleged standards of the criminal law, or even of the civil statutory law.

All we are suggesting — and we are not suggesting it in an attempt to disprove anything or to prove anyone wrong — is that, on a plain reading of it, it meets what I think should be our standard, and that is, very simply, a policy that is so worded as to be capable of sensible and practicable implementation.

We do not think that this policy is so worded. I think we will regret passing it if — and I hope this does not happen — there is ever a case put forward to which this policy has to be applied. We should all hope, for every good reason, that there are no complaints. However, having read this policy many times, we should all hope that we do not receive any complaints under this policy because I believe there is a very good chance that any senators who are the subject of a complaint under the policy as it is now written will be very sorry that we passed it and, indeed, will not know what hit them.

The Hon. the Speaker *pro tempore*: Honourable senators, I should point out that there are two amendments, the second one by Senator Corbin and the first one by Senator Kenny. We will deal with the second amendment first.

It was moved by the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Beaudoin, that these reports be adopted.

In amendment, it is moved by the Honourable Senator Corbin, seconded by the Honourable Senator Haidasz:

> THAT we strike out the word "committee", and replace it with "to the Standing Senate Committee on Legal and Constitutional Affairs".

Is it your pleasure, honourable senators, to adopt the motion in amendent?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion the "nays" have it.

Senator Molgat: On division.

Motion in amendment of Senator Corbin negatived, on division.

The Hon. the Speaker *pro tempore*: It was moved by the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Beaudoin, that these reports be adopted.

In amendment it is moved by the Honourable Senator Kenny, seconded by the Honourable Senator Gigantès, that these reports be returned to the committee.

Is it your pleasure, honourable senators, to adopt the motion in amendment?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion in amendment please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion in amendment please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Senator Molgat: On division.

Motion in amendment of Senator Kenny negatived, on division.

The Hon. the Speaker *pro tempore*: It was moved by the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Beaudoin, that reports Nos. 49 and 50 of the Standing Committee on Internal Economy, Budgets and Administration be adopted.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay"?

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "yeas" have it.

Senator Molgat: On division.

Motion agreed to and report adopted, on division.

The Hon. the Speaker *pro tempore*: Honourable senators, pursuant to rule 136(8) I would inform honourable senators that the Deputy to his Excellency the Governor General has arrived.

ROYAL ASSENT

The Honourable Beverley McLachlin, Puisne Judge of the Supreme Court of Canada, in her capacity as Deputy 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 Deputy Speaker, the Honourable the Deputy of His Excellency the Governor General was pleased to give Royal Assent to the following bills:

An Act to establish the National Round Table on the Environment and the Economy (*Bill C-72, Chapter 31, 1993*)

An Act to amend the Explosives Act (*Bill C-107, Chapter 32, 1993*)

An Act to amend the Currency Act (*Bill C-124, Chapter 33, 1993*)

An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect (*Bill C-125, Chapter 34, 1993*)

An Act to amend the Investment Canada Act (*Bill C-89, Chapter 35, 1993*)

An Act to amend the Canada Shipping Act and to amend another Act in consequence thereof (*Bill C-121, Chapter 36, 1993*)

An Act respecting the management of certain property seized or restrained in connection with certain offenses, the disposition of certain property on the forfeiture thereof and the sharing of the proceeds of disposition therefrom in certain circumstances (*Bill C-123, Chapter 37, 1993*)

An Act respecting telecommunications (*Bill C-62, Chapter 38, 1993*)

An Act to amend the Customs Tariff (textile tariff reduction) (*Bill C-122, Chapter 39, 1993*)

An Act to amend the Criminal Code, the Crown Liability and Proceedings Act and the

Radiocommunication Act (*Bill C-109, Chapter 40, 1993*).

An Act to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto (*Bill C-103, Chapter 41, 1993*)

An Act to amend the Canada Labour Code and the Public Service Staff Relations Act (Bill C-101, Chapter 42, 1993)

An Act respecting the Northumberland Strait Crossing (*Bill C-110, Chapter 43, 1993*)

An Act to implement the North American Free Trade Agreement (*Bill C-115, Chapter 44, 1993*)

An Act to amend the Criminal Code and the Young Offenders Act (*Bill C-126, Chapter 45, 1993*)

An Act to amend the Criminal Code and the Customs Tariff (child pornography and corrupting morals). (*Bill C-128, Chapter 46, 1993*)

An Act to amend certain petroleum-related Acts in respect of Canadian ownership requirements and to confirm the validity of a certain regulation (*Bill C-106, Chapter 47, 1993*)

An Act to change the name of The Canadian Medical Association (*Bill S-20, 1993*)

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.

[*Translation*]

BANKING, TRADE AND COMMERCE

SPECIAL STUDY ON DRAFT REGULATIONS—REPORT ADOPTED

The Senate proceeded to consideration of the thirty-fourth report of the Standing Senate Committee on Banking, Trade and Commerce (special study on draft regulations), tabled in the Senate on June 21, 1993. — *(Honourable Senator Sylvain).*

Hon. John Sylvain: Honourable senators, I move the adoption of this report.

The Hon. the Speaker *pro tempore*: Honourable senators, is it your pleasure to adopt the motion?

Motion agreed to and report adopted.

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTY-FIRST REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the fifty-first report of the Standing Senate Committee on Internal Economy, Budgets and Administration (policy on Senators' travel expenses), presented in the Senate on June 21, 1993. — *(Honourable Senator Lavoie-Roux).*

Hon. Thérèse-Lavoie-Roux moved the adoption of the report?

[*English*]

Hon. Royce Frith (Leader of the Opposition): Honourable senators, this, it is true, is a report of a government-dominated committee, but it has its supporters, opponents and doubters among the senators, and they are not grouped on party lines. Opinion in our caucus reflects this heterogeneity and our members are free to take individual stands, free of any party line. However, I am bound to say that our party, as a party, does not support it.

Accordingly, speaking for myself, I am supportive of the principle but a doubter on the detail and timing because I am — and have been for 15 years — a supporter of House of Commons and Senate parity on the flat expense allowance, including, if appropriate, as some have often suggested, any adjustments for non-attendance.

I am told that the allowance, which is now some $10,000 for senators and better than $20,000 for members of the House of Commons, was at one time the same for senators and members but it was doubled for members of the House of Commons on the basis that members of the House of Commons have constituency obligations that members of the Senate do not. That reasoning, of course, no longer exists because members of the House of Commons are paid separately to support their constituency operations.

Still speaking for myself, I do not think senators should have less than 50 per cent of the allowance given to members of the House of Commons. Hotels and restaurants, as far as I have seen, do not give senators a 50-per-cent discount on accommodation and meals.

This initiative on the part of the committee attempts to remedy this. That is the principle I support. It is the right to claim actual expenses with receipts up to a fixed ceiling. Of course, it will be perceived and described as an increase in the allowance, which it is not. I would invite fair-minded Canadians to ask themselves whether the last time they claimed for actual expenses incurred and received payment for them they thought they were getting a raise.

Because of my circumstances, I do not and should not qualify for the expense compensation provided for here. I say "I should not qualify", because I do not have the expenses many of my colleagues have, they not living in Ottawa as I do with my designated area less than 80 kilometres from here.

However, I understand why they feel entitled to payment for their expenses.

If there is to be a standing vote, I will abstain.

Hon. John Lynch-Staunton (Deputy Leader of the Government): That is leadership.

Senator Frith: Yes, and it is precisely for that reason I would abstain. I do not want to give anyone on our side the impression that they must follow my position. I am not making this intervention as the leader of my party in this place, but it is because of my position that I will abstain.

I would treat it, then, as a less-than-satisfactory, interim and temporary step, but I will abstain because of my role here, and because I continue to hope for full expense allowance parity with the House of Commons.

If the present Leader of the Government in the Senate is correctly reported by the Canadian press, he thinks that should be attended to right after the next election, when his support as Leader of the Opposition will be most welcome.

Hon. Consiglio Di Nino: Honourable senators, I, too, should like to take a moment to intervene in this debate. First, I should like to correct some of the reported misconception about this issue.

I have a couple of articles from local newspapers. One, in particular, calls this a "$6,000 Tax-free Bonus". Another newspaper "lists the facts about senatorial compensation". They are certainly correct about the allowance of $64,000 and change, and the tax-free allowance of some $10,000 but they also include — if not specifically then by suggestion — a comment suggesting that the research and office expense is "another grab by senators". They also talk about a "modern gym and instructor". I still do not know where it is and I have not met one of my colleagues yet who knows where it is. They talked about $6 hair cuts and $3 for shampoos and things of this nature. I have yet to get a haircut, shampoo or have a massage in Ottawa, even at these special rates.

Hon. Philippe Deane Gigantès: At what rates do you give massages?

Senator Di Nino: I do not give massages, thank you. I cannot afford them either.

The press also talked about "new offices with private bathrooms". Will someone please lead me there, because I neither have a new office nor a private bathroom. They also talk about cellular phones, "faxes for their homes", and so on. This is total nonsense. They also talk about a $1.5-million budget for foreign travel. In the three years that I have been here I have not been out of the country at the expense of the Senate.

The last point they mention is a $15,000 trip anywhere in the world upon retirement. I wish someone would inform me of that so that, perhaps, when and if I retire I will be eligible for that. I will decide whether or not I want to take it then. One of the articles also talks about going back to sleep for 70 days a year.

Honourable senators, I am bringing these comments to your attention because they are insulting. I have come here, hopefully at public service, to try to do a job for Canadian taxpayers and, particularly, for the constituents of the Province of Ontario. I am offended by these insinuations.

I, like most of my colleagues, attend most of the sittings, which would be approximately 70 days a year; and I, like most of my colleagues, come to Ottawa to attend Senate committee meetings. I also have an office with a staff member and I come here on a regular basis to conduct business as usual. The office does not close when the Senate is not sitting.

• (1320)

There are many public issues and public interests which bring me back to Ottawa on a regular basis when the Senate is not sitting. I suggest that the 70 days a year is certainly misinformation, if not worse than that.

This issue is not at all complex. The policy change on Senate travel expenses deals with the basic, necessary living expenses for senators working on behalf of the Senate and on Senate business.

For some of us, the need for additional expenses may not be as great. Let me give you one example. It would be easy for me to be self-righteous and oppose this measure, but I will not. I live in Toronto, an easy commuting distance from Ottawa. Most of my colleagues on both sides of the house do not have the option of flying home at 10 p.m. after a sitting is concluded, necessitating an additional day of expenses for accommodation and meals. I have done some calculations and the $10,000 allowance that I presently receive is not quite, but nearly, adequate to cover my out-of-pocket expenses for accommodation, meals, taxis and incidentals. For many of my colleagues, particularly those who have to be here those extra days when I can go home at night, this is not the case.

Contrary to public opinion, most senators are not wealthy. Let us be clear that this issue is not a partisan one. The media has painted it as a $6,000 grab by senators. That is absolutely false. All senators will not be claiming this allowance or any part of it. We are dealing here with fair and proper expense reimbursement for members of this chamber while working on behalf of the Senate. The expense is not automatic; it must be applied for with appropriate receipts and is subject to maximums. Some senators may submit a request for reimbursement, some will not. I gather many would not.

Honourable senators, for these reasons I have decided not to oppose this measure. If a vote is called, I will abstain from voting as at this time I will not be affected either way by the passage or defeat of this report.

Hon. John Sylvain: Honourable senators, I would like to add a few words to the debate. The principle here is whether senators, like all other salaried employees in either the private or the public sector, are entitled to be fully reimbursed for their travelling expenses to Ottawa or wherever they have to travel to in their jobs.

It has been apparent for a number of years that the present allowance no longer fully reimburses all senators, particularly those who attend sittings regularly, those who travel to attend committee hearings at times when the Senate does not sit, or those who live in areas where the travel connections add days to their trips to Ottawa.

The committee report seeks to correct this imbalance. It makes available a maximum amount of up to $6,000 that can be drawn upon, upon submission of receipts, and then only for accommodation and only in Ottawa. This is not a bonus; it is not an increase in salary; it is a remedy for an unfair condition.

I do not feel at all embarrassed by this committee report which seeks to obtain for senators fair and equitable treatment, to place senators on the same basis as other Canadians whose jobs oblige them to travel.

When it was first discussed, it received very strong support from both sides of this chamber. Now that the media is making its usual comments, the resolve here may be weakening.

I would urge senators to vote for this report, if they feel it is just to be reimbursed for their out-of-pocket expenses. If senators feel that many senators should simply accept being out of pocket, then by all means they vote against it. That is what we should be voting on, not media reports.

If we do not have the courage of our convictions, how then can we expect any respect either from the media or from Canadians?

Hon. John B. Stewart: Honourable senators, I should like to congratulate Senator Lavoie-Roux for bringing this report to the Senate and asking for debate here today. I feared at one point that an effort would be made to carry this proposal to fruition without a proper discussion by the whole Senate.

For a long time I have objected to this particular approach to the problem of expenses. Here I differ from Senator Sylvain. We already receive a tax-free allowance for expenses. That allowance is not accountable. Now we are taking a second, a different approach to the problem of expenses: Up to $6,000 for certain expenses, with receipts.

The effect of that $6,000 is that senators will be reimbursed twice, in so far as the $6,000 overlaps the $10,000. It may be that the total is correct, or it may be that the total is inadequate. However, I object to the notion that we are to use two different approaches to the problem of senatorial expenses. Combining these two techniques may be acceptable to the members of the House of Commons. I do not think it is acceptable in the Senate. The proposal now before us is indefensible. Let me state why.

There are a fair number of senators who attend here only infrequently for various reasons, many of them good reasons, I am sure. Those senators are eligible for their ordinary indemnity. They are eligible also for the $10,000 non-taxable expense allowance. It is true that they will be docked if their attendance falls below a certain level. Let us say a senator who is being docked because of low attendance decides to come here for two or three days. Is it defensible that, in that case, the public should pay for the accommodation in Ottawa of that particular senator? I think not. So much for the substance of the proposal. I could say much more, but obviously this is not the occasion for a long harangue.

• (1340)

Quite aside from the substance, I think this proposal is untimely. Let me tell you why: We have here in the chamber today a fair number of new senators. It is invidious to ask new senators to vote, either yes or no, on this proposal. Moreover, we are now at the end of the session. What is the urgency? We are to be away throughout July, August, and September. What is the urgency?

I find it difficult to contrive a refutation for the accusation that this is a money grab. Consequently, I will vote against the proposal.

Hon. Alasdair B. Graham: Honourable senators, I had not intended to participate in this debate until just a few moments ago. The fact of the matter is that the whole system is wrong. I came here in 1972. I also educated ten children. Why did I come here when my income was cut in half? I was persuaded by the challenge.

I do not think we should get a tax-free allowance, any more than anyone else in the country should get a tax-free allowance. I think that somebody finally has to decide — this goes as well for people in the other place — what a fair salary is for a member of the House of Commons or a Senator — in truth, as Senator Olson has always said, a Member of Parliament.

We should be paid a fair wage and reimbursed on expenses that are properly vouchered. If I am on government business and I come from Sydney every week and go home to Sydney every week, I should be treated as the employee of any business, any corporation, whether it be for a public corporation or a private corporations. I should be reimbursed for proper expenses no matter where I travel in a province, the country, or the world.

The press says that we sit an average of less than 100 days. That is a great statement. They really do not understand about the committee system, and the fact that many of us do the same work as a member of the House of Commons. We get the same mail.

Senator Muir: Constituency work.

Senator Graham: Look at Senator Muir and Senator Molgat.

I really believe that we should put this on a proper footing and a proper scale. The people should understand the kind of work we do. I would challenge anyone who says that I do not do the same work as a member of the House of Commons. However, they get twice or two-and-a-half times the tax-free allowance that we get here.

I just called my office to ask my secretary how many days I spent in Ottawa last year, and the answer was 209. I do not have a tooth fairy or anyone else who is ready to put money under my pillow every night. I appreciate the challenge, I appreciate the opportunity, and I am honoured to serve the people of my province and my country in this chamber, but until Parliament decides to change this terrible system, I would defer in favour of my banker.

Hon. Eymard G. Corbin: Honourable senators, I will not support the proposal, and I want to be very straightforward and level as to why I do not support it.

First, I do not think the patient should be prescribing his own medicine, and that is what is being done here and now. That is what Commoners have done in their own interests, in spite of the fact that they already enjoy substantial compensation packages for their parliamentary and riding needs.

As chairman of the National Liberal Caucus in the early 1970s, I was instrumental in convincing the Prime Minister, the Right Honourable Pierre Trudeau, that members' pay and compensation ought to be reviewed and a mechanism established for the future periodical revision of the pay and benefits of members of Parliament. The Prime Minister of the day bought that idea.

We then established a committee in our own caucus, and asked members of other caucuses to also set up study committees to examine the problem and the parameters of a possible solution. The then leader of the opposition, the Right Honourable Robert Stanfield, played ball in the sense that he had identified the need. He justified in a very understanding way the complaints and the requirements of the people who sat with him. The New Democratic Party and the Créditiste party also complied.

A package was brought down, and a formula for periodical revision of the salary and compensation of members of Parliament was also brought down. The formula basically said that, after every general election, the government will name a commission to review, on behalf of members of Parliament, the whole gamut of salary and compensation. They would examine the whole horizon of our needs.

It worked well for a period, but I must say that the last two commissions established by the current government failed parliamentarians miserably. In fact, the opportunity was used by one of the commissions to denigrate members of the Senate in particular, so much so that the government, for all practical purposes, never accepted the reports of those commissions, but put them aside.

Members in the other place thought that there were some elements in those reports that they should pick up for their benefit on their side of Parliament, leaving the senators hanging. Goodness knows, we have tried in recent years to come up with a formula that would bring some sense of equilibrium to the compensation package for senators, only to be told by members of the other place or by the government, "No."

• (1350)

As I said initially, I do not think it is right for the patient to prescribe his own medicine. I think what the House of Commons did was not right in light of the mechanisms that were put in place in the mid-1970s. That formula should have been respected. Rather than appoint defeated members of Parliament to such commissions, the government should have appointed people widely representative of Canadian society.

When my government, my Prime Minister, appointed a commission, he named a former member of Parliament, long retired, from the Progressive Conservative Party. Also named to that commission was someone from private enterprise who was in a position to compare pay scales. I forget who the other one was, since it is not all that fresh in my memory.

In any case, this gave a certain assurance to the public that this was a straightforward and objective approach to resolving the perennial problem of what a member of Parliament is worth. What are his needs? What is a senator worth?

Senator Thériault: Ask the media.

Senator Corbin: I am not criticizing the media. They can write all the funny stories they want. For one thing, I do not have to read the media. I do not waste much time reading the media. I have more important things to do in life.

Senator Murray: Is this a former journalist speaking?

Senator Lynch-Staunton: And broadcaster.

Senator Corbin: What is a senator worth? I am not saying there is not any merit to the claim that we are underpaid, or whatever you want to call it. My purchasing power, like that of most citizens in this country, has been decreasing

consistently. My municipal taxes have not decreased, I can tell you that; nor have my water or electric bills decreased. They have gone up, just like everyone else's. I am beginning to feel the pinch. I also have children who want an education. I am sorry I could not outperform you, Senator Graham. Nevertheless, I can play ping-pong, while you have a baseball team.

I want to be serious, honourable senators. I honestly believe that it is incumbent upon the government of the day to ascertain that the people who leave their families and travel great distances to give the best of themselves to the democratic process have their needs met, and to ensure that they receive proper pay and compensation.

I take the view that this matter should stand. I am not basically opposed to improvement; I do not think the process is right. However, there is a mechanism in place, and it should be respected. Credible people should be named to a commission after the next general election to study the problem in full public view, and in a critical way. Let the press blabber all it wants. They are entitled to do so, just like anyone else in the country.

Ultimately, it is the government's responsibility, from whichever party they come, to come to Parliament and to table in both houses a proposal, and then let the members decide. I think that would be a more just, objective and democratic way of going about it.

Some Hon. Senators: Hear, hear!

Hon. L. Norbert Thériault: Honourable senators, I want to say that if this matter comes to a vote, I will vote in favour of it. I base my decision not on what I read in the press but on the fact that for 33 years — since 1960 — I have been in public life. I spent some 20 years in the provincial legislature, and I have been here for 13 years.

The same problem has always existed: Those in Parliament have to vote on their own salaries. It is not a pleasant situation, but that is the way it is.

I can tell honourable senators that the improvement that has now been accorded to the pay and expense accounts of the people who sit in the Legislature of New Brunswick has occurred to a much greater degree than has my own situation sitting here in the Senate. I have often thought since my appointment to this place that perhaps this place should not exist. As a Canadian, I would not lose any sleep if it were decided that the Senate were to be abolished. I operated in a legislature where there was no Senate, and we got along. If a Royal Commission, or any kind of commission, were to ask the people of Canada if senators should be paid, 90 per cent of Canadians would say, "Pay them $1 a year." We know they will say that.

Had I been wealthy, I probably would have gone home the year after I was appointed. Nevertheless, I am here. The members of the Internal Economy committee have laboured with this problem for years. We came forward two or three years ago with a suggestion. I have sat for years in the national Liberal caucus and have very seldom heard an elected MP state that he or she has any use for the Senate or what it is doing. It was only after they arrived here that they changed their minds. That is true, in my humble opinion, and applies to members on both sides of the house.

I have tried to work at my job as a senator to the best of my ability. I believe that the expenses which I must incur for my coming to Ottawa should be paid. Someone just mentioned July, August and September. Do they close down their apartments then? Do their landlords tell them that they do not have to pay their rent?

I am sure that, for those who stay at the Chateau or the Westin, $6,000 does not go very far. Honestly, do honourable senators expect the general public, the elected members of the House of Commons or the press, to support anything that we do that will help our financial situation? If you do, you will have to wait a heck of a long time.

I think we should pass this thing, and forget about it.

Some Hon. Senators: Hear, hear!

[*Translation*]

Hon. Pietro Rizzuto: Honourable senators, I think we may have overlooked an essential aspect of the decision we are being asked to make today. We do represent the people, even if we are not elected, and we must consider the message we are sending to Canadians. Today, governments at all levels are asking Canadians to tighten their belts. People are being asked to accept a wage freeze. They are being asked to do their bit to help the economy. Canadians are being asked to make sacrifices.

Personally, I agree with many of my colleagues who argued in favour of this proposal. In the circumstances, however, it would be a serious mistake. We have a duty to send a message to Canadians that we are aware of the problems, that we realize that there are hundreds of thousands of people who are looking for work, and that there are people in need, people on welfare.

Despite all the reasons for which some of our colleagues may be in favour, I do feel it would be a mistake to support this motion today, because we have a duty to send a message to Canadians that we realize we too must tighten our belts. That is the message we should be sending.

I realize that all things considered, there may be times when it may be more expensive for some senators, and many senators may spend more than they receive to cover travel and accommodation expenses. However, the day before "La Saint-Jean" is hardly the right time to adopt this report. It would give the impression that we want to sneak through something which, after all, is a legitimate concern for senators.

Honourable senators, I think it would a mistake to adopt this report. We would be sending the wrong kind of message. We would give the impression that we are not aware of the problems that exist in this country. I want Canadians to get the right message, and this is not the right time to vote for any increases whatsoever. We must show Canadians that we are prepared to make sacrifices. I will therefore vote against this report.

Hon. Marcel Prud'homme: Honourable senators, the salary issue has always been extremely controversial. Whenever we talk about raising our salaries or our expense accounts, a storm of protest goes up across the country. I want to try and express, as briefly as possible, what my feelings are on this very important issue. There is a lot of confusion. First of all, there are people who constantly attack the press.

• (1350)

[English]

I am not one of those who ever attack the press. I read the press. I have had to swallow my pride at times when I thought they were misquoting me. The next day I have made the effort to be more clear in my remarks. If we are to gain any respect in this country there is no doubt that we must make an alliance with the press because they are the ones who ultimately explain what we do: what we do well; and what we do badly. Therefore, I would like to be in another role when talking about this important issue.

Because of changes in society people at the moment are very unhappy. I will not be partisan by saying that some are unhappy, as some Liberals would say, because of the GST. Others will say that it is because of the breakdown of the family, drugs or unemployment. All of this is to say that people look for something or someone to blame. That is where the danger starts. They attack their parliamentarians because we are fair game, that is not fair because it destroys respect for the institution, and this is what I have tried to point out in the lower house many times. It fosters anarchy because people will not want to represent the country as a whole. We are the ones who represent the country.

I am not one to say that I will oppose this measure and then run to the bank to cash my cheque, as I have seen others in the lower house do. Some members would oppose a certain raise in salary, would speak out against it, but be the first to take advantage of it. I will not be like that. When I came here there was no talk of $6,000. I knew that my expenses were going from $22,000 to $10,000 and I said so to the public. I came here for other reasons.

I know that it would be proper to have the $6,000 because, as has been pointed out by many senators, it is not income but money for expenses. I understand how it would affect the lives of senators from as far away as British Columbia and not so much those from Ottawa, Montreal or Toronto. We have to explain this and we have to take the press into consideration. This morning Senator Gigantès said that, when you appear on television you should not volunteer to do a clip, but that you should try to get on a program where you will not be cut off and be able to express yourself directly to the Canadian people. Then, if you are stupid, Canadians will say so, but they will not say that you are unintelligent or greedy as a result of a clip of two or three minutes duration. You prove to them that what you say makes sense or you prove to them that what you say does not make sense.

Personally, I will vote against the measure for the time being, not because I am afraid, I am backing off, or worried about blackmail by some Canadians, but because I think we will be dealing with something more concrete this summer. If the measure should pass, until we come up with something Canadians can understand — and there are ways to make them understand — I shall not use this $6,000 even though it may become law. In my conscience I believe in this institution and that we can convince Canadians that what we are doing is as good as what Mr. Daoust, who is the great leader of a union in Quebec and for whom I have a great deal of affection, is doing.

[Translation]

Honourable senators, I would like to ask the press if those people have expense accounts too. When the presidents of the CEQ, the FTQ and the CSN travel throughout Canada for the benefit of those they represent, are they afraid to say that they receive something for the expenses to which they are entitled? Members of Parliament have often been received by union leaders. I am well aware that they did not pay. We summoned them here to Ottawa. We see them at conventions across the country. I am well aware that the workers in those unions understand very well that the expenses are paid. We should make the public understand that. It is a question not of salary but of justice.

I pay nearly $9,000 rent in Ottawa. I live in Montreal.

[English]

If I am paid $6,000, do I have to give my life to the press? I see some distinguished members of the press in the gallery with whom I have a good rapport. They have a job to do and I have a job to do. My job is to try to convince them that what we are doing is the right thing. Their job is — and I believe some of them are conscientious — to represent the views expressed here in a conscientious way.

[Translation]

Honourable senators, I am sure of that, but if we attack each other, we will get nowhere. So I am convinced that some of them will realize that distinctions must be made.

Now what is the Senate?

[*English*]

Someone talked about sitting for a few days. I am glad to inform you that I am not the spokesperson yet, but the press will be surprised to learn that many new senators will together sit this summer to see what can be done. It is not the press and it is not we who will decide the future of the Senate.

• (1420)

Only the Canadian public can decide about the future of the Senate. When Canadians decide that the Senate should be abolished, should be elected, or should be transformed, then we shall abide. In the meantime, I do not see why anyone should have any objection if we do something concrete.

I am a senator, and now if the Senate is attacked, I feel personally attacked and I shall defend until I decide to be something other than a senator. I am proud to be a senator. I will not duck. I think there are many things the Senate has done well. There are many more things the Senate can do very well. We shall see that in the months to come. The press should take notice that many more senators are ready now to stand up and say, "Here are the things that can be done."

Some members of the Lortie Commission called me. They were very upset that I said the Lortie Commission cost $20 million. How many Canadians know that $20 million represents 40 per cent of the Senate budget in one year? We could have done what the Lortie Commission did. How many other commissions could we have conducted? Within a year, you can spend less money than what the Senate costs, just by the work that can be done.

That is what Madam LeBreton spoke to me about. That is what Madam Cohen said. That is what my new companion said, Mr. Nolin, and Mr. Angus, Dr. Demarais and Madam Thérèse Lavoie-Roux. I am only talking about those who have already come forward and said we want to do that. Madam Andreychuk, Mr. Rivest, Mr. Beaudoin. I can name many. We are looking for volunteers for the summer.

Do not worry, Senator Frith, we may consider inviting you. You have expertise to offer. If you want to do so, you shall do so in your own way.

[*Translation*]

Honourable senators, what I mean is that it is very obvious now that we have lost the battle for public opinion.

[*English*]

I am not backing off because I am afraid of public opinion, but I think we have time this summer. We will not sit. There will be an election. There will be time before the Senate meets again in many months from now.

[*Translation*]

Honourable senators, I am sorry, I may not have your eloquence, but when you speak, I listen to you with great dignity and respect. That is what I hope to bring here to the Senate. I must say that whether we are friends or not, I am very serious in what I want to do here together. I think that we have a unique opportunity to make a collective sacrifice. Yes, it is a sacrifice for many of you, I know. I think that we could make this sacrifice with the firm idea of starting to show the Canadian people what the Senate can be, what the Senate is, what the Senate can become. I think such a gesture would go a long way to explaining that.

I still believe that it is a mistake to continually attack the press because the press is always attacking us. At some point, when we belong to an institution as noble and worthy as the Senate, it is up to us perhaps to act with more dignity than those who accuse us of being a useless institution.

[*English*]

Hon. Philippe Deane Gigantès: Honourable senators, I rise in support of the press, the poor people. We must leave them their easy prejudices, and the Senate is one of those, something they can always write against. They have cultivated this since 1867. They can always get a nice headline. The headline writers have them in their drawers there, they pull them out.

These are hard-working people. They have to contend with the fact that they went to unsatisfactory secondary schools; that they are therefore not very good at using language; that they are working for newspapers whose editors do not particularly care about the truth; that they are edited by sub-editors who never leave the inside of a newspaper except to go into a bar.

They need a rest. Life is difficult. We must not ask them to come here and listen to us during serious debates such as the one we have just had on NAFTA. They were not here. Now they are. Look at them, like a row of carrion crows, sitting up there, coming because this is an easy, easy issue.

Senator Murray: They were here for NAFTA.

Senator Gigantès: They are going to vote. They will write about something which is a cliche. It has been a cliché since 1867. Deservedly so. It was invented by Sir John A. Macdonald and Sir George-Etienne Cartier. Sir George-Étienne Cartier said that since they were imitating the ancient Athenian constitution, they should have a scapegoat.

The ancient Athenians had a scapegoat at which they threw stones when things were going badly. Sir John A. MacDonald said they cannot possibly think of that because Queen Victoria was president of the Royal Society for the Prevention of Cruelty to Animals. So instead of a scapegoat, they established the Senate.

Hon. Lowell Murray (Leader of the Government): Honourable senators, there is one matter concerning the media coverage to which I reluctantly will refer because it relates to the understanding of Canadians about the process here.

I refer to the impression created in much of the media coverage in the last day or two that this issue, indeed that the recommendation and the report of the Internal Economy committee would never have come to light but for the vigilance of the Parliamentary Press Gallery.

I should state for the record that, in this place, unlike the House of Commons, the Standing Committee on Internal Economy, Budgets and Administration meets in public. Its meetings are open to the public and the media. I also must point out that this issue has been around now for at least two years that I am aware of. It was discussed as long ago as last December at meetings of the Internal Economy committee.

Before our friends in the Parliamentary Press Gallery nominate themselves for Pulitzer Prizes for investigative reporting on this issue, the question they should ask themselves is how they managed to miss such a big story for six months.

The other thing that I observed as recently as this morning in the media was our old friend, the Honourable Jean Chrétien, doing an open-line broadcast from some radio station, saying that he objected to the timing of all this. He could not understand why the government was bringing it forward.

There was somewhat of an echo of that this afternoon when the Leader of the Opposition here, Senator Frith, referred to the report as coming from a Conservative-dominated committee. However, he did have the grace to add that it was a matter for supporters and opponents in both of our parties and on both sides of the chamber and that is correct. It is, of course, not a government initiative, and my colleagues in this caucus are, as they know, free to vote on the matter as they wish, as Senator Frith has indicated that his are.

This issue has been pursued tenaciously for almost three years by Liberal and Conservative senators on the Internal Economy committee. When it passed the Internal Economy committee, it passed, not unanimously, but on a majority vote across party lines, or so I am told.

We have heard some very good speeches this afternoon on this matter, and I thank honourable senators for the candour of their presentations, and for dealing with the matter so directly.

Two of our colleagues in this place have taken leadership roles on this matter and have not been heard from this afternoon. Senator Doody has been the liaison on this issue between the Internal Economy Committee and our caucus. Senator Doody is, as you know, chairman of the Commonwealth Parliamentary Committee and is overseas. I am sure that if he were here, he would be speaking in support of the recommendation of the committee. Senator Kenny has been the liaison for that committee with his caucus and has been one of the most active proponents of this measure, and I must confess that I am astonished not to have heard from him this afternoon on this issue.

This is a matter that was canvassed endlessly at the committee. It has been through more drafts and redrafts, iterations and reiterations, than almost any document I have ever seen coming before the Senate, right up until the moment of tabling the other day.

I want to place on the record, because it has not been done, the authority under which the committee came to its decision and made its recommendation, because this is relevant to the discussion. The authority exists in the Parliament of Canada Act as follows:

> For each session of Parliament, there shall be allowed to every member of each House of Parliament such actual moving, transportation, travel and telecommunication expenses as that House may, by order, prescribe.

I personally think that it is stretching it a bit to use that section of the Parliament of Canada Act to provide for annual accommodation expenses in Ottawa. Nevertheless, this was the authority under which the House of Commons, two years ago, made essentially the same change in its arrangements as is being proposed by the Internal Economy Committee here. I agree with Senator Corbin and Senator Stewart who say that it is stretching it a bit to use that authority, but that is the precedent.

In the case of the House of Commons, as in the case of the Senate, there is a travel expenses budget within which the Senate and the House of Commons have the right to make certain regulations. That budget, in the case of the Senate, is there from year to year and approved in our Estimates.

I should point out, again for the record, that in terms of the overall budget of the Senate, the Internal Economy committee has done an excellent job in keeping our expenses down. In recent years, they have slowed down the rate of increase in our budget very considerably, and latterly — that is to say, within the last two years — year over year they have brought in an Estimate at dollar amounts which were less than the previous year. They did that in 1992-93. The Estimate for 1992-93 is for less expenses than in 1991-92, and for 1993-94 again, year over year, there is a smaller budget for the Senate, in actual dollars, than there was in the previous year.

The Internal Economy Committee and the management of this place deserve our congratulations for that effort, because you will find, if you examine the budgets and estimates of our friends down the hall in the other place, that, year over year, there has never been a year in living memory when they have managed to come in at an amount less than they did in the previous year.

My view on this process, and on the substance of pay, allowances and expenses for senators and members of Parliament, is well known to my colleagues in the Conservative Party, and I think it is pretty well known to honourable colleagues opposite. Indeed, I have recently been the subject — or is it the object? Perhaps both — of a letter-writing campaign from some honourable senators on both sides to protest against changes that I had been proposing in some of the travel arrangements.

Further to that, as I have said outside the house, there is in the law a provision that, after every election, the government is obliged to appoint a commission to look into all the pay and allowances provisions of senators and members of Parliament. I believe that that is the way to study a question like this. I do not believe that we should take a particular item of our expenses, namely the lodging in Ottawa for those who come from 100 kilometres or more outside the city, and deal with it in isolation. The job of the committee which will be appointed after the election is to look into all the pay, allowance and pension provisions for members of the House of Commons and the Senate.

In the case of this year, in anticipation of that committee being appointed and of its report, Mr. Loiselle, the President of the Treasury Board, has appointed some outside advisors to do a special study focusing, in particular, on the pensions that are available to parliamentarians. This, in my view, is the way it should be done. This is the way it will be done within a matter of months. I believe that we can wait for it. I am sure that we can wait for it.

In reply, advocates of the Internal Economy Committee majority report point, as Senator Frith and a number of other honourable senators did, to the growing disparity in the tax-free expenses for members of the House of Commons and the Senate. They point to the precedent set by the members of the House of Commons when they voted, to a maximum of $6,000, certain expenses for their lodging in Ottawa. They point out, as several senators have this morning, that landlords, hoteliers and so forth, do not charge senators any less than they do members of the House of Commons.

They also point out that the present situation rewards senators who stay home rather than give full attendance here. There is, as some honourable senators have pointed out, a real disincentive for senators to come here for committee work when the Senate is not sitting.

All these factors are valid, honourable senators, but I believe that as a matter of process, substance, and timing, we should not take this decision. This recommendation is unwise. I agree with Senator Rizzuto that it sends the wrong signal to the people of Canada when we are at the end, not just of a parliamentary session, but of a Parliament after five years. When the country is in the midst of a painful economic restructuring affecting thousands of Canadians, I believe it would send the wrong signal. Therefore, I would oppose the adoption of the report.

Some Hon. Senators: Hear, hear!

Hon. Colin Kenny: Honourable senators, Senator Murray raised my name a moment ago, I think it is appropriate that I should say a few words.

I did not think my views in this chamber were in doubt to anyone. I am in favour of this proposal; I support it. You should know I will not get a nickel of the proposed increase to the allowance. I live in Ottawa, and the proposal is not designed to benefit me in the least.

Having said that, I see senators on both sides of this chamber who are not having their expenses covered and who deserve to have their expenses covered. This proposal is a reasonable step in that direction.

The Honourable Senator Murray mentioned Senator Doody. You did not mention Senator Kelly, who was also on the steering committee and has been silent. You did not mention Senator Hébert, who was also on the steering committee. The four of us composed the steering committee that looked into this matter.

Senator Doody is not here. It would be interesting to hear from him as to why he stepped down from the Internal Economy Committee — whether he stepped down because he was unhappy with the way your side was dealing with this proposal.

It is also damned interesting to know that this proposal was moving forward until your whip announced to the committee that there had been a discussion in the government caucus and all proposals were off. He then came back a couple of months later and said, "Whoops, boys, the proposal is on again." "We will put it through." "The government caucus has decided." "The proposal is on." That is what happened. Everyone in this chamber knows what happened. We all heard it.

Honourable senators, as for the process that has gone on here today, it is complete nonsense. You say it is crazy to wait until the end of the session to go ahead with the proposal. Well, when a new session begins, people will say, "Good Lord, what are you doing? It would be inappropriate to start the increased allowance at the beginning of a session." Now is the time to do it. The session is at an end, and the proposal is for the next session. That makes a lot more sense.

As for your comment about the proper way to proceed with commissions, we have heard from senators who have told us clearly that commissions set up afterwards did not work. The Loiselle approach is clearly different. It is an effort by the government to move the issue of pensions off the agenda until after the election. It is simply an effort to sidestep the entire process.

As for the appropriateness of proceeding under the Parliament of Canada Act, it worked perfectly well in the House of Commons. They thought it was appropriate. I did not hear you objecting at the time. The proposal on this side calls for receipts for actual expenditures. In the House of Commons, they do not need to present any receipts; they receive a lump sum payment. On this side, we are talking about producing receipts for every nickel spent.

Some Hon. Senators: Hear, hear!

Senator Kenny: People can move back and forth on this matter all they like, but senators in this room are penalized when they come here. Their expenses are not covered. They should be covered. The system we have set up has been a combined effort of all parties.

Senator Murray: What system?

Senator Kenny: The system being discussed today. It is an improvement over the system used in the House of Commons, which you did not object to. In our proposal, we insisted on providing receipts.

There will be grief on this issue no matter what we do. Folks, when you go to deal with it, the grief has happened. You can wait as long as you want for the Parliament of Canada Act to be amended. I do not think it will happen.

Honourable senators, this proposal will not increase anyone's pay. Those of us, like myself, I suspect Senator Frith, even Senator Murray, do not benefit from this proposal because they are within the radius. Senators who live in Ottawa will not benefit from this proposal. Those who own property here will not benefit from this proposal.

Honourable senators, this proposal is a sensible step forward. I am pleased to support it, and I will vote for it if it comes to a vote.

Some Hon. Senators: Hear, hear!

Hon. Duncan J. Jessiman: Honourable senators, I am a novice senator. I will abstain if this matter comes to a vote.

Honourable senators, I suggest we simply amend the motion to say that all amounts in excess of $10,000, up to a maximum of $16,000, will be paid. Those senators who receive the $10,000 and do not have any expenses if they live in Ottawa, they get their $10,000. If those senators outside the area have expenses in excess of $10,000, they will be paid up to the $16,000 figure. Surely that is reasonable.

Senator Thériault: Question!

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, after 40 years in politics, I know that getting involved in this type of debate is a no-win situation. Nevertheless, my colleague and my leader, Senator Frith, has stated that the position of our party is that this will be a free vote. In view of the fact that my vote is somewhat different from his, I want to state my position very clearly on this matter.

The problem that I see with payments to legislators, be they here, in the other place, in provincial legislatures or wherever, is the public perception that we are receiving preferential treatment. The real issue is the tax-free allowance. We must do away with the tax-free allowance. It is perceived by the public as something very special to politicians, which the public cannot receive. I do not blame them for being annoyed at that.

On the other hand, Canadians are reasonable people. They believe that individuals should be paid a fair wage for the work they do. Where Canadians disagree is when they think individuals are receiving extras.

What we are discussing today is a move towards payment for receipted expenses. Some honourable senators have pointed out that we currently receive $10,000. We have asked in the past that the members in the House of Commons change that situation because they are the only ones who can do it. They would not do it. So what are we to do?

The facts are that costs now outstrip that $10,000 amount. Therefore, I believe that the solution we are now proposing, while not perfect, is a step in the right direction.

My hope is that we will move totally away from the tax-free structure. In this regard, I am on a par with Senator Graham. That is the normal, standard operation in whatever employment you have. If you are a carpenter and are sent on a job to Churchill, Manitoba, your expenses are paid. If you are a member of the media and do a news story away from your base, your expenses are paid. That is what we are talking about today.

Senator Rizzuto speaks about this as being a salary increase. It is not a salary increase. The fact is that our salaries have been frozen for the past three years. Indeed, there was a roll-back in our salaries this year. So let us not deal in illusions.

Honourable senators, I intend to support this proposal, as we move in the right direction to have our expenses paid on receipts, so that when we legitimately spend money for our responsibilities as senators, we can collect for it.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker *pro tempore*: Honourable senators, it is moved by the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Kelly, that this report be adopted now.

Is it your pleasure, honourable senators, to adopt the motion?

Some Hon. Senators: Yes.

Some Hon. Senators: No.

The Hon. the Speaker *pro tempore*: Will those honourable senators in favour of the motion please say "yea"?

Some Hon. Senators: Yea.

The Hon. the Speaker *pro tempore*: Will those honourable senators opposed to the motion please say "nay".

Some Hon. Senators: Nay.

The Hon. the Speaker *pro tempore*: In my opinion, the "nays" have it.

Hon. William M. Kelly: I would request a five-minute bell, please.

The Hon. the Speaker *pro tempore*: Honourable senators, the bells will ring for five minutes.

Call in the senators.

Motion agreed to and report adopted on the following division:

YEAS

THE HONOURABLE SENATORS

Adams	Kelleher
Austin	Kelly
Bonnell	Kenny
Bosa	Lawson
Buchanan	Marchand
Comeau	Marshall
Davey	Molgat
Desmarais	Muir
Forrestall	Neiman
Graham	Petten
Grimard	Sylvain
Haidasz	Thériault
Hébert	Watt—26.

NAYS

THE HONOURABLE SENATORS

Andreychuk	Lavoie-Roux
Beaudoin	LeBreton
Bolduc	Lynch-Staunton
Chaput-Rolland	MacEachen
Cogger	Murray
Cohen	Nolin
Corbin	Phillips
DeWare	Prud'homme
Doyle	Rivest
Gigantès	Rizzuto
Keon	Robertson
Kirby	Stewart—24.

ABSTENTIONS

THE HONOURABLE SENATORS

Atkins	Grafstein
Balfour	MacDonald (*Halifax*)
Di Nino	Oliver
Frith	Jessiman—8.

BANKING, TRADE AND COMMERCE

THIRTY-FIFTH REPORT OF COMMITTEE ADOPTED

The Senate proceeded to consideration of the thirty-fifth report of the Standing Senate Committee on Banking, Trade and Commerce (special study on the structure, the powers and the operations of Canadian financial institutions), tabled in the Senate on 21st June, 1993.

Hon. John Sylvain: Honourable senators, I move that this report be adopted.

Motion agreed to and report adopted.

SOCIAL AFFAIRS, SCIENCE AND TECHNOLOGY

REPORT ON SPECIAL STUDY ON CANADIAN CITIZENSHIP—DEBATE CONCLUDED

On the Order:

Resuming the debate on the consideration of the Seventeenth Report of the Standing Senate Committee on Social Affairs, Science and Technology (*citizenship*), presented in the Senate on May 6, 1993. — (*Honourable Senator Di Nino*).

Hon. Consiglio Di Nino: Honourable senators, I have a prepared speech that I was to deliver on this issue. However, having respect for the time and the day that this is, I will postpone it and reintroduce this matter as an inquiry when we get back. If someone else wishes to speak on this matter, they are more than welcome to do so.

Debate concluded.

PRIVILEGES, STANDING RULES AND ORDERS

THIRD REPORT OF COMMITTEE ADOPTED

On the Order:

Resuming the debate on the motion of the Honourable Senator Grimard, seconded by the Honourable Senator Beaulieu for the adoption of the Third Report of the Standing Committee on Privileges, Standing Rules and Orders (amendments to the *Rules of the Senate*), presented in the Senate on 4th March, 1993. — (*Honourable Senator Corbin*).

Hon. Eymard G. Corbin: Honourable senators, I know I will make a lot of people happy over there by saying that I went over this third report with a fine toothcomb.

I find the proposal quite acceptable. I am sorry that it took me so much time to do it. Nevertheless, I take this opportunity once again to say how offensive I thought the whole process of the so-called reform of the rules was to me and my colleagues.

This is probably the last opportunity I will have to say so. I look forward to the next Parliament when I hope that an atmosphere of cooperation and collaboration will be in place. I do not think the members of the government should hold any grudge against us for feeling the way we have felt since the introduction of the rules, especially the way they were imposed on us and, I still say, for no good reason or excuse.

This house has to go back to basics. It should operate in the best parliamentary tradition. I do not think we need rules that limit senators to 15-minute speeches. If a senator has something to say, he or she ought to be given the opportunity to say all he or she has to say on an issue. I do not think we should ever again invoke one incident to attempt to quash the freedom of speech of members of this place.

Honourable senators can count on my cooperation in the future.

Motion agreed to and report adopted.

THE GOVERNMENT

RECORD OF ADMINISTRATION FROM 1984 TO 1993—INQUIRY—DEBATE CONTINUED

On the Order:

Resuming the debate on the inquiry of the Honourable Senator Frith calling the attention of the Senate to the disastrous record of the Mulroney administration from 1984, when it first broke faith with the Canadian people, to 1993, when the Prime Minister announced his resignation. — (*Honourable Senator Frith*).

Hon. Royce Frith (Leader of the Opposition): Honourable senators, like Senator Di Nino, I have some prepared notes. Unlike Senator Di Nino, I intend to read them.

Senator Di Nino: We look forward to hearing them.

Senator Frith: There is good news for some, which is that this is Part 14, the last part of the series, the object of which was to put on the record, the record.

We are now at 1988, an election year, and everything the Mulroneyites did that year was done with a view to the anticipated election.

The first and overriding priority was to induce a collective state of amnesia across the country. Canadians had to forget that the performance of the team bore absolutely no relationship to what had been promised. They had to forget about all the broken promises and lies. That was the strategy. The tactics were simple: First, say whatever it takes to win the election, even if it means showing a total disregard for the truth; and, second, tar and smear the opposition as liars, especially when they are telling what you know is the truth. Just as in 1984, it was to be a campaign constructed on a foundation of lies. If successful, the foundation would not collapse until the Mulroneyites were safely in office.

For the Mulroney team, the 1988 election campaign began with Michael Wilson's budget of February 10.

As we have described, the deficit in 1984 was not a major concern. In 1985, it became a priority. In 1986, a call to arms. In 1987, just before the election, it was suddenly under control, and in 1988, Mr. Wilson announced that it had been caged and tamed. In fact, the deficit was not even mentioned by Finance Minister Wilson until the second page of his budget speech, when he said: "We have restored fiscal responsibility by reducing the deficit and cutting the growth of the national debt."

Mr. Wilson's tough-love deficit talk had disappeared. John Ferguson of the Montreal *Gazette* of February 11, 1988, began his column:

> The Chinese have an expression which best sums up Michael Wilson's budget: "Big noise at top of stairs, no one comes down."

Although the deficit still stood at approximately $29 billion, only $3.5 billion less than in the last complete liberal fiscal year 1983-84, the battle was suddenly over and victory was declared. A headline in the *Globe and Mail* of February 11 had it right: "Attack on deficit takes back seat to Tory programs."

Things were said to be going so splendidly that there were new program announcements months before the election call. In June 1988, Mulroney's friend and confidant from Laval University days, Lucien Bouchard, now head of the Bloc Québécois Demolition of Canada Team, was seeking entry into the House of Commons via a by-election in the riding of Lac-Saint-Jean. Never one to deny help to a friend in need, Mr. Mulroney showed the people of Lac-Saint-Jean the meaning of federal largesse.

The *Gazette* of June 14, 1988, described how Mulroney suggested there might be $40 million in federal funds to help construct a highway between Lac-Saint-Jean and James Bay. He said:

> These aren't presents I'm talking about. A road for a remote region isn't a present. It's an investment... It's an investment for the future.

The *Gazette* of June 16 reported how Mr. Mulroney personally approved a $1.5 million grant to a job creation centre in Lucien Bouchard's riding. Honourable senators will remember that every day there was more spending in that riding to guarantee the election of Mr. Bouchard who, right now, is the head of the demolition team.

This grant was approved within days of the request, as opposed to the six to eight weeks it normally takes to even process such a grant.

There was more: $500 million in federal money for regional development in the province.

Mr. Bouchard won the by-election, and a few years later showed how he spelt the word "loyalty".

In addition to these specific promises to a Quebec nationalist friend he wanted elected, there were promises designed to appeal much more widely. The *Globe and Mail* of August 15 reported on Mr. Mulroney's suggestion that there might be federal money for the construction of a $1.4 billion aluminum smelter in Sept Iles.

There were also promises of $1 billion to develop Hibernia, with another $1.6 billion in loan guarantees. There was $420 million for all-terrain vehicles for the Armed Forces. You must remember that two years before this the deficit had been made into the biggest problem imaginable and an excuse for not spending money, especially on social programs.

Continuing, $150 million was promised for a natural gas pipeline to Vancouver Island; $400 million was promised for the Husky heavy oil upgrader in Lloydminster; $110 million was promised to fight illiteracy; and $88 million was promised to grape growers. There was even $1 billion for the OSLO oil sands project and $250 million for the Canadian film industry.

With that kind of piling on, it is not hard to understand why the government took the trouble to stop worrying about the deficit. Let us not stop, however, because there is more, much more, as the advertisement said.

There was $39 million to combat family violence; $12 million for western drought relief; $129 million for AIDS research; and an extra $1 billion for child care. As the *Globe and Mail* of June 11, 1988 reported:

> With military-like precision, government corporate jets carrying cabinet ministers have been dispatched daily on missions from coast to coast, distributing money to often unsuspecting citizens.

The election had not even been called. According to an October 5, 1988 edition of the *Toronto Star*, it amounted to "a $16 billion pre-election spending spree."

When the election was finally called, Mr. Mulroney showed the true depths of his cynicism. As everyone knows, he had long been making promises about a national child care program. His government finally acted in 1988.

• (1510)

This next part is important in light of the position the Prime Minister later falsely took. On Tuesday, September 27, 1988, Bill C-144, the child care legislation, arrived in the Senate and was given first reading. Under the rules of the Senate, debate on second reading could not start until two days later. Liberal senators, however, agreed to waive the rule, and debate began the same afternoon. The next day, on Wednesday, September 28, the bill was given second reading and referred to committee.

What was the Prime Minister's response? Was he grateful that his precious legislation was advancing so rapidly in the Senate? Was he happy the Liberals were waiving the normal rules in order to get his bill into committee within 24 hours of receipt? The answer is no.

In a CBC interview aired on September 28, Mr. Mulroney said:

> what the Senate has done is already obstructive.

He claimed that:

working women need these spaces tomorrow...

and that they were

...suffering substantially...

because of the Senate's actions, namely getting it from first reading into committee in approximately 24 hours.

The hypocrisy was breathtaking.

The committee quickly started its work and began holding hearings. It was interesting that virtually the entire day care community opposed the bill, believing that more federal funding would be available under existing Canada Assistance Plan provisions. Nevertheless, as the rhetoric from the Prime Minister escalated, Senator MacEachen, on Friday, September 30, countered with the following statement found at page 4550 of the *Debates of the Senate:*

> We are prepared to have the committee continue its work tomorrow, with a view to affording the committee enough time to report the bill tomorrow. We are prepared to have the consideration of that report completed in the Senate and, indeed, have Royal Assent tomorrow at some point, depending upon the progress that is made in committee.

There was the offer: Passage and Royal Assent of the bill before the end of the following day.

No one on the government benches said a word in reply: Not a word from the government leader, Senator Murray; not a word from the deputy government leader, Senator Doody; and not a word from the government whip, Senator Phillips. You will soon see why.

The following morning, Saturday, October 1, the committee was meeting to hear the final witnesses and prepare its report. I was there.

In the middle of the hearings, Senator Phillips stormed into the committee room and declared that the committee had no right to meet any longer because Parliament had just been dissolved by the Governor General at the request of the Prime Minister. There was to be an election. All legislation still before Parliament, including the child care bill, died with the election call. That is what actually happened.

I want to pause for a moment to again compliment the very spunky response of Senator Spivak who was in the chair. She told Senator Phillips she was the chairman of the committee and she decided when the committee hearings would be interrupted and stopped. She proceeded with the committee's work.

Could Mr. Mulroney not have accepted Senator MacEachen's offer and delayed the dissolution of Parliament until later that day? We are not talking about days, just later that same day. If he had done so, he would have ensured passage of the legislation that, to use his own words, working women who were —

...suffering substantially...

so badly needed. The answer is no, he could not wait. He did not want to wait. Clearly he did not want his bill.

With more of his stunning hypocrisy, after yanking the rug out from under his own bill, he started his attacks on the Senate. The *London Free Press* of Tuesday, October 4, 1988 reported:

> The prime minister said Senate Liberal leader Allan MacEachen and his fellow Liberals "killed" his child-care legislation by stalling it in the Senate last month.

Senator Molgat: Does he ever tell the truth?

Senator Frith: Well, we will see.

Is there some kind of penance Mr. Mulroney does after making statements like this? I guess not, because he makes them constantly about the bill he could have had but clearly did not want, including as recently as April 27 of this year. The facts have no influence whatever on the Prime Minister and his spree of false statements. At page 18530-1 of Hansard, Mr. Mulroney is shown responding to a charge that he broke his promise of a national day care program, as we now know he did. He said:

> Mr. Speaker, my hon. friend is indulging in revisionism. This House passed a national child care program in 1988 and it was killed in the Senate by the Liberal Party.

Senator Molgat: He has a sense of humour.

Senator Frith: Yes. It could be funny if it did not have these consequences. He went on to say:

> ... the House of Commons voted for a national child care program in 1988 and it was killed by the Liberals led by the Hon. Allan MacEachen in the Senate. The Liberal Party of Canada killed a national child care program and you will pay for it forever.

He was 50-per-cent right, because he killed his own program, but when the truth caught up to him, as it always does, he started paying for it, and he will pay for it forever. History will catch up to him.

After pulling the plug on his own daycare legislation, he then promised it all over again during the election campaign and again promptly broke that promise as soon as he was safely tucked into 24 Sussex.

During the campaign, Mr. Mulroney carefully followed the tactics of deceive and smear. The *Globe and Mail* of October 10, 1988 reports how he told North Shore residents:

...we have kept our promises.

From the same newspaper, dated October 17, 1988 there is a report of another Mulroney promise in Prince Edward Island:

"Let me say a special word to senior citizens:"

Knowing what actually happened, you will not believe these words. He said:

"...in the future Canada will be doing more, not less for all of you," he told about 100 seniors at the Parkview Senior Citizens Club in Summerside on Saturday morning.

As long as I am Prime Minister of Canada, social benefits — especially those for the elderly — will be improved, not diminished by the government, which is committed to social justice and fairness for all Canadians.

During the leaders' debate in that election, he repeated these assurances.

How did he keep his promise of improving, not diminishing, social benefits for seniors? Right after the election, he introduced the claw-back, and tens of thousands of seniors saw their old age pensions vanish.

Back to the 1988 election front, as the race became closer, the Mulroneyites turned more and more to smear tactics. Mulroney accused Turner and Broadbent of being —

...shameful and dishonest...

— about their statements on the free trade deal, according to the *Toronto Star* of October 28.

Michael Wilson also joined the fray. According to the *Toronto Star* of November 1, 1988 Mr. Wilson, in an Ottawa speech, said:

...to sow fear and peddle lies is much easier than to build a country.

A lot of people would have agreed with him, but he did not mean, as they understood eventually, who it was that was sowing the fear and peddling the lies. Responding to Turner's charge that free trade imperilled our social programs, he said:

I say to Mr. Turner that that is a lie.

Now we know it is happening. History is going to prove who was right. It is worth while remembering the position that Mr. Turner took in the debates and in that campaign and what he said about the free trade agreement, supported by the judge who wrote the very careful analysis of the free trade agreement. It must be ironic and difficult for Mr. Turner to think back and realize he was called a liar and everything he said turned out to be right.

The Ottawa *Citizen* of November 2, 1988 described how Mr. Mulroney took up the chant of his Finance Minister.

...they should tell the truth, not sow fear among the elderly, not sow fear among the poor.

We have seen the fruits of the promise he himself sowed in Prince Edward Island and elsewhere. As soon the election was over, he turned around and cancelled and changed the very things he promised.

Next it was the turn of Deputy Prime Minister Mr. Mazankowski, who favoured us with his presence here today. The first paragraph of a November 2 *Toronto Star* article reads:

It's time for a government truth squad to expose the "big lie" being told by opposition parties on free trade, Deputy Prime Minister Don Mazankowski says.

Look at that now in the light of reality and how things have really turned out. It should be an "Opposition" truth squad to expose the big lie being told by the government on free trade.

• (1500)

According to the *Toronto Star* of November 3, 1988, Mr. Mulroney charged that the lies of his opponents had become so outrageous that:

They owe Canadians, especially senior citizens, an immediate and genuine retraction and apology...

...The Opposition party thought they could get through an election campaign propagating deception and distortion and deceit.

You might say, "And they were wrong." He is the one. He had the monopoly on getting through an election campaign propagating deception, distortion and deceit.

He continued:

I think that the opposition parties believed that a lie that goes unchallenged for 24 hours would automatically become the truth.

He sure understood how to work that. Did he know then what he intended to do? I wonder.

The *Globe and Mail* of November 3 reported that John Crosbie also charged Liberals of spreading "deliberate lies and untruths". The line was out and the team members were fanning out across the country delivering it.

The Ottawa *Citizen* of the same day, however, reported how Mr. Crosbie claimed that the Economic Council of Canada believed that rejection of the FTA would lead to a flight of

capital out of Canada. The article continued with the observation that the council had said no such thing. So what Mr. Crosbie said had been a lie; but it was Mr. Turner he was accusing of lying. How typical.

The *Toronto Star* of November 4 described a visit Mr. Mulroney paid to a senior citizens' home in Edmonton:

> In a grave voice, Mulroney gave them his best prime ministerial assurance: "No one is going to take away your pensions or medical services."

What was that? Again, it was a lie.

When retired Supreme Court Justice Emmett Hall was wheeled out to say he did not think free trade endangered medicare, Mr. Mulroney reached the pinnacle of his campaign against John Turner. As the *Citizen* reported:

> The 89-year-old Hall came forward "to nail the lies down and to pin them right on John Turner's forehead," Mulroney said.

He was right about the lies, although he had the wrong forehead.

Conservative TV ads repeated the same message. Let me read a short portion from Charles Gordon's column which appeared in the *Citizen* of November 7:

> "John Turner says there's something in the free-trade agreement that threatens Canada's sovereignty," says an announcer's voice, as the map of North America shows on the screen.
>
> "That' a lie," the voice continues...

On November 15, still a bit desperate, having heard the people of Canada were going to throw them out because of the agreement, Simon Reisman was brought in as the clean-up hitter. The Ottawa *Citizen* of November 16, reported Mr. Reisman as saying:

> I think the man who is selling out Canada is John Turner because he's reckless, he's betraying the country and he's playing with the future of our children and grandchildren...I challenge him, I accuse him of being a traitor to Canada for saying the things he is saying.

A civil servant, wades in on behalf of the Mulroneyites, and accuses the former Prime Minister of Canada of being a traitor. Imagine a public servant accusing Diefenbaker or Pearson of being a traitor? It is unimaginable. But labelling the Right Honourable John Turner a traitor was just a part of the campaign because of the desperation caused by the reading of the polls. It showed how far that Mulroney team was prepared to go, while knowing all along that theirs were the lies. I do not recall any member of Mulroney's cabinet saying that perhaps Mr. Reisman had gone too far. Knowing some of them, I would have thought that some of them would, but they did not.

Lyin' Brian became Honest John, and Turner, unwilling to join Mulroney in the gutter, paid the electoral price.

That was the smear portion of the campaign. The other part was to say anything so long as it led to electoral success. We have already seen some good examples from the team leader himself, including promises to seniors and working mothers. But the master of the art of deception during the 1988 campaign turned out to be Finance Minister Michael Wilson, the same Mr. Wilson who has so ardently embraced Ms Kim Campbell as a kindred spirit because she is going to continue his policies, we are told.

First, Mr. Wilson attacked the Liberal campaign platform. The *Globe and Mail* of November 3 reports Wilson as saying:

> All I know, having been Finance Minister for the past four years, is John Turner is going to have to break those promises or we're going to have taxes going sky-high or the deficit going sky-high.

What about the conservative promises? The *Globe and Mail* of November 11 provides an unbelievable answer:

> The Progressive Conservative Party has not made any election promises during this campaign, Finance Minister Michael Wilson said in an extraordinary exchange with reporters last night.
>
> Liberals, he said, have made election promises. Conservatives have made "spending commitments".
>
> According to Mr. Wilson, the current election-promise score in this campaign is $37.7 billion for the Liberals to zero for the Conservatives.
>
> "In the way that I've described it, yes, it's zero", he said.

If they were not promises, but so-called spending commitments, would they be kept by a Conservative government?

> "Forget there's an election," Mr. Wilson added. He said that all Tory promises could be covered by the flexibility written into the five-year "spending track".

Remember those words — "Forget there's an election". Mr. Wilson continued:

> In those reserves, we have sufficient money to handle the announcements that we made prior to the election and those that have been made since the election was called.

The deficit will be a focus. I predict we will soon hear all about being on track, reserves and so on. We will find suddenly that the whole deficit is manageable. We will see. If Ms Campbell turns out to be a good pupil of Mr. Wilson, that is what we can expect.

Late in the campaign, when there were rumours that rising interest rates were pushing up the deficit, Wood Gundy, according to the *Globe and Mail* of November 15, released a study. As I remember it, when I had my offices at the northeast corner of King and Bay, Dominion Securities was across the road on the northwest corner, where, I believe, Mr. Wilson had worked. Just along King Street was Wood Gundy. I had always thought that Charlie Gundy and Wood Gundy were generally very well respected by Mr. Wilson and his colleagues.

Wood Gundy, according to the *Globe and Mail* of November 15 released a study warning:

> "With interest rates already 200 basis points higher than forecast in the current fiscal plan, the government's estimate of a $28.6 billion deficit for 1989-90 is simply unattainable in the context of current tax and expenditure policies."
>
> It estimates that in the absence of changes in expenditure policy, Ottawa's budget deficit next year will soar to $32 billion.

The article also said that some government sources were confidentially predicting the same scenario.

Senator Molgat: But Wilson was not?

Senator Frith: No. What did the Mulroneyites do? They called Wood Gundy liars, of course. "Don't deal with what they say, just call them liars. There's an election on."

Mr. Wilson's response is found in the Ottawa *Citizen* of November 15, 1988.

He says it was all a big lie:

> 'A report that the government now expects the deficit to rise to $32 billion next year is wrong', Finance Minister Michael Wilson said.

That is how he dealt with the Gundy report and how he dealt with the confidential statements made by the finance functionaires.

> 'No that is not accurate', Wilson said as he left a Conservative rally at which Prime Minister Brian Mulroney spoke to about 3,000 business supporters.
>
> Mulroney refused to answer any questions on the report as he left the rally.
>
> ...'I don't know the basis on which anybody is making those assumptions', Wilson said adding, 'I don't buy those assumptions'.

There is nothing about what was said. He says he does not know what the basis was of the assumptions, but he does not buy them. How could he not buy them if he did not even know what they were? The article goes on:

> 'I made it very clear that our program spending track is right on line,' he said.

Yes, on the party line of lies, because it wasn't on track. Following the election, Mr. Wilson all but admitted that he had been less than truthful during the campaign. He announced that higher interest rates had pushed up public debt charges for 1989-90 fiscal year by $6.4 billion. That was twice as high as even Wood Gundy, whom he had called wrong-headed liars, had been predicting.

Senator Molgat: That was after the election.

Senator Frith: This was after the election. Did Mr. Wilson apologize for misleading Canadians? Guess. He didn't. In his April 27, 1989 budget he declared:

> We, as Canadians, have a serious problem: Our large and growing public debt.

He then announced that his so called "commitments" — remember the spending commitments — including the national daycare program, were being cancelled wholesale. Taxes, including income taxes and excise taxes, were increased. During the election, he had said that they would not touch the social programs and that he could do it all without raising taxes. When the election was over, out went the social programs and they raised taxes. Taxes, including income taxes and excise taxes, were increased. Social programs, including UI, family allowance and old age pensions, were cut back. The growth rate of transfers to provincial health care and education programs were curtailed.

During the election he had said to Canadians, "Forget there is an election". Now he was telling Canadians "Forget there was an election and forget everything I said during the election." And he should have added, "Forget also anything that my team members said and everything that the Prime Minister said." For the Mulroney team, however, the important thing was that the election had been won. Repeating what occurred following the 1984 election, there were no apologies for misleading Canadians and the brazen breaking of all promises. In fact, at the Tory leadership convention we saw signs that this government is more than prepared to lie its way into power for a third time when Mulroney declared, "We kept our word".

Let's remember that in the next election. We know the exact opposite is true. The only words he kept were those he uttered during the Throne Speech debate on November 7, 1984, when he said, "Give us 20 years and...you will not recognize this country." Few Canadians now recognize their country or like its fifty-first-state status, among other changes

in social programs and taxes. And it took only nine years, not 20. Let's hope after the next election we can start on the road to restoring it to what Canada should be. I do not adjourn the debate; I have completed my intervention.

Senator Haidasz: Is that all?

Senator Frith: Call for more.

On motion of Senator Molgat, debate adjourned.

VETERANS AFFAIRS

FIFTIETH ANNIVERSARY OF D-DAY

Hon. Jack Marshall, rose pursuant to notice of Monday, June 21, 1993:

> THAT he will call the attention of the Senate to the need of urgency in the planning by the government for the 50th anniversary of D-Day on 6 June, 1994.

He said: Honourable senators, this motion asks that I call the attention of the Senate to the need of urgency in the planning by the government for the fiftieth anniversary of D-Day on June 6, 1944. I do so because my concerns are real and they are concerns shared by many who are interested, including Senator Molgat, who has taken an active role in the Normandy foundation in making sure that Canada is well represented on this historic occasion.

Just under a half century ago the troops of the Third Canadian Infantry Division and the 2nd Canadian Armoured Brigade stormed ashore on June 6, 1944 at Juno Beach as part of that vast Overlord Allied invasion force. On either side, in "Operation Neptune", were Canada's British and American allies all bound for running battles that only 11 months later would smash Adolf Hitler's Third Reich into surrender on May 8, 1945. Over 100 ships of the Royal Canadian Navy, crewed by 10,000 Canadian sailors, first swept mine-free channels, then bombarded the invasion beaches and finally carried our troops into action.

Meanwhile, overhead thousands of Canadian air crew in fighter and bomber groups of the Royal Canadian Air Force and the RAF, provided our ground troops with an air umbrella in the greatest of all combined operations. Before dawn, the first Canadian soldiers to land on the soil of France were from the 1st Canadian Parachute Battalion, dropping to secure the left flank of the Normandy Bridgehead. The 100,000 Canadians engaged at D-Day and in the three-month Normandy campaign which followed, performed one of the most remarkable feats of arms in all Canadian history, considering where it lead and the size of our small nation's participation compared with the principal Allied masses. Thousands more Canadian soldiers were to follow those first 30,000 D-Day assault troops and by May 1945 when the war ended, the First Canadian Army commanded nearly one-quarter of a million troops in Europe, more than twice the numbers of the fabled Canadian corps which had captured Vimy Ridge a quarter of a century earlier. Mercifully, Canadian casualties on June 6 were relatively lighter than feared, with 340 killed and 574 wounded.

Honourable senators, with that background, the 50th anniversary of D-Day is not far off. Soon it will be time to remember the epic Canadian D-Day achievement for its veterans and for the generations of Canadians who have come since and, of course, for the present-day descendants of D-Day, the Canadian Armed Forces. It can be a brilliant occasion to enliven a gallant chapter from the history books of Canada. In these days of the threat of disunity, it can show us who we once were.

It begs the question: What are Canada's plans to honour this great Canadian achievement? Clearly it is much more than an event for veterans. It is, as well, for our present soldiers and for all Canadians. As yet, little is known of any Canadian D-Day anniversary program, although the other allies are already making elaborate plans. Without the considered Canadian action — which the Prime Minister says is underway, and I refer to his letter to me of November 12, 1992 when I showed my concern and wrote to him at that time — our role on June 6, 1944, could well be obscured both at home and abroad.

There is a danger that, in Canadian modesty, the story of Canadians on D-Day may largely be overwhelmed in a welter of British and American commemoration and reenactment, particularly with the overflow of American television into Canada; rather as in the feature film "The Longest Day" which many have seen and in which Canadians were barely visible. This cannot be allowed to happen.

Based on past form and in the light of financial constraints, the Department of Veterans Affairs might be expected to repeat its traditional pilgrimage of veterans to the battle site. I do not think this is good enough on this historic occasion.

In the Canadian Armed Forces, where the 14 Canadian infantry and armoured units which landed on D-Day still exist, all but one as militia regiments, hopefully the Department of National Defence may be expected to assume a supporting role with military pageantry, in remembering Canada's greatest military feat. These traditional approaches may not, however, be equal to so important an occasion in Canada's history, especially when contrasted with our allies' flair already being planned.

Clearly, to tell the Canadian D-Day story with impact, there is a need to mount an imaginative, coordinated communications and operational activity of respectful and accurate showmanship, to recall vividly the story of Canada and D-Day to Canadians today, to veterans who will hardly have forgotten it, but more particularly to their descendants and to all those millions of Canadians who were not born 50 years ago.

The objective is to help solidify national unity by generating a sense of pride in Canada's historic contribution to victory and world peace 50 years ago. As a veteran, I suggest that the anniversary must become important to all Canadians and not merely to the veterans who took part. This was a high point in Canadian history and should not now be underplayed.

Last year, Canada celebrated the 75th anniversary of our great victory at Vimy Ridge and the 50th anniversary of the Dieppe Raid. Both became major communications exercises in recounting Canadian history. In analyzing the extensive media coverage of both the Vimy and Dieppe anniversaries, I note that media accounts of the original events and veterans' verbal testimony in the media greatly outweighed coverage of the relatively modest veterans' ceremonies in France and Ottawa.

Sadly, the planning included few events outside Ottawa which could have swelled the communications harvest and made the events even more relevant to Canadians today. Also in this nation of localities, the achievements of the locally based regiments involved in both events could have appealed to the local news media, as local angles to national and international stories.

The Vimy and Dieppe anniversaries last year were well received by the public and demonstrate the potential of the major D-Day anniversary coming in less than one year.

Still within living memory for older Canadians, the D-Day event can yet communicate a chapter of Canadian history and the story of the march of Canadians to victory amid the ruins of Berlin 11 months later, not with vainglory, but grateful national pride in our history and our valorous young people.

I honestly hope that Canada will not now hide its D-Day light overshadowed by its larger allies. Therefore, I believe the Senate should continue to inquire about and demand D-Day plans from both the Minister of National Defence and the Minister of Veterans Affairs, offering our support for adequate planning for this important anniversary. We should not skimp on resources or imagination in shaping this historic event, for we owe it to present-day Canadians and our future posterity.

As for any ceremonies in France, it is clearly important that Canada's script be presented there with style, to extract world and trans-Atlantic media coverage also beamed back to Canada. Otherwise, the world may not remember that Canadians were there half a century ago.

Since very few Canadians will actually be able to visit Juno Beach on June 6, 1994, coverage of Canadian-based events should inevitably be greater if they are also staged here in Canada.

Local observances by the 14 Canadian D-Day regiments, entitled to the rare battle honour "Normandy Landing", would augment Canadian understanding and remembrance. These would be more likely to move our largely local media to cover what were and still are almost all historical regiments of the militia, considerably manned by local people in that day and now. These activities could complement coverage from Normandy and Ottawa.

Only a short time remains to properly plan this solemn yet informative look back with pride into Canadian history. This is the legacy of June 6, 1944.

Will we be too shy to claim our place in history? Will D-Day be presented largely as a British-American feat? I hope not.

Imaginative planning by the Departments of National Defence and Veterans Affairs, supported by government with adequate resources, can ensure that this does not happen. Canadian national pride can be kindled by the D-Day story in these divided days. Our past can come to the rescue of the present. This is the true message of the D-Day anniversary.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Honourable senators, I want to commend my colleague Senator Marshall for having brought this to the attention of the Senate. It is, indeed, a very important item. As Senator Marshall has stated, he and I are directors of the Canadian Battle of Normandy Foundation, which holds an objective to ensure that Canadians remember this very important event in Canadian history.

Those of us who have had the privilege of visiting the memorial at Caen in the past certainly have been disappointed to find that it says almost nothing about Canada. It is essentially based on American and British forces. Yet there were no American forces in Caen or in the region. It is our hope that the foundation can correct some of that.

It was my good fortune about two weeks ago to be at Juno Beach and to go the memorial at Caen. I was delighted to see an excellent temporary exhibit there. This is the Canadian exhibit that gives an entirely different view of the memorial and of the Canadian participation in the war.

Next year, as Senator Marshall points out, it will be very important that the commemoration at Juno Beach be properly done. This certainly requires advance work. I do not know how much has been done to date. I would hope that, through Senator Marshall's committee or through this inquiry, we may find out what the program is.

I know from my recent visit that there will be some real problems of space. The hotel space in the area is virtually booked. My own regiment started planning two years ago for our pilgrimage on D-Day. Although I was not there, Senator Marshall and my own regiment landed on D-Day. Although we planned early, the closest hotel we could obtain was some 30 kilometres away from the beach.

That gives you an idea of the immense interest by other groups, American groups in particular. Unless Canada moves very quickly to book space, there will be difficulties. I would urge Senator Marshall to put on all the pressure he can in this regard.

He also mentioned commemorations within Canada. This is extremely important because it is what will reach more Canadians. Only a small number will be able to go to Juno Beach, but if we want to instill in our young people here in Canada, and bring back to some of the older ones, a sense of the role that Canada played in world affairs at that point and of how important we were to the liberation of Europe, it has to be done through events here in Canada.

This again will require a great deal of planning. The Battle of Normandy Foundation has this in mind for one of its activities next year.

I urge Senator Marshall, through his committee, to find out everything possible and to put pressure on government circles to realize the importance of this event in order that we properly commemorate a very important part of Canadian history. I assure him that he will have my total support in this regard.

The Hon. the Speaker *pro tempore*: If no other senator wishes to speak, this inquiry is considered debated.

NATIONAL FINANCE

COMMITTEE AUTHORIZED TO STUDY AUDITING PRACTICES OF NATIONAL FILM BOARD

Hon. Jack Marshall, pursuant to notice of June 10, 1993, moved:

> THAT the Standing Senate Committee on National Finance be authorized to examine and report on the financial management and auditing practices of the National Film Board; and
>
> THAT the Committee present its final report no later than 30th September, 1993.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Senator Marshall is asking that the National Finance committee look into the management of the National Film Board and report by the end of September. That is almost an impossible task since, as far as I know, the National Finance committee will not be meeting this summer. The least that could be done would be to extend the deadline. The wisest thing to do would be to adjourn the debate on the motion, and await the return of the chairman and deputy chairman to hear their views on this.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Possibly Senator Marshall would accept an amendment to change the date for reporting to December 31, 1993.

[Senator Molgat]

Senator Marshall: I would accept that. I thank Senator Molgat for his advice.

Motion agreed to, as amended.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—PRODUCTION OF DOCUMENTS AND OTHER RELATED MATERIAL

Hon. Jack Marshall, pursuant to notice of Wednesday, April 28, 1993, moved:

> THAT there be laid before the House copies of all papers, letters, Fax messages, recorded telephone calls, statements to the press or any form of communication between the Prime Minister's Office, the Ministry of Communications, the Minister of National Defence and Veterans Affairs, the Office of the Leader of the Government in the Senate, and any and all officials of the Canadian Broadcasting Corporation, the National Film Board and the Canadian Radio-Television and Telecommunications Commission having to do with their participation in the series of films *The Valour and The Horror*.

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, I should alert Senator Marshall that the way he has phrased his motion will result in very little response, because government policy is to divulge those documents which are identified as government documents, and they are only released subject to the conditions spelled out in the Access to Information Act. Ministerial correspondence is not considered government material and, therefore, is not subject to release under the act.

I am not arguing against this motion, I am just pointing out that, in the way it is worded, much of the information he is requesting would certainly be considered ministerial correspondence and not subject to release. I hope he will not be too disappointed when he sees the incomplete answer which I think he is bound to get.

Senator Marshall: I gave notice of this motion on April 28. Certainly someone from the ministry could have advised me of that before now. I know the answers will be difficult to elicit, but the reason for this notice of motion is that officials of all these agencies have made statements in the press which contradict the information they gave me by official letter. These contradictions have to be explained. They gave the committee one answer, and then gave the press a contradictory answer; an answer contradictory to the truth.

They owe that to us. They have already disregarded the Senate. They have disregarded Parliament. We did not summons them to appear before the committee out of respect for them, but perhaps we should. We may try to do so when we resume.

If we keep making excuses for those who are treating the Senate with contempt, there is no point in us being here. I will wait and take my chances on what the answer will be, if that meets with the approval of honourable senators.

Senator Lynch-Staunton: I am not objecting to the motion, I am just saying that due to the way it is worded Senator Marshall may not be satisfied with the answer.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): It might be very interesting to see what answers the government does not give. That in itself will be extremely revealing. Once we know what the government does not want to give us, maybe we can proceed to find out how we can get that information. Senator Marshall is right. If they have given statements and letters to other people and contradicted some of the things they have said to him or his committee, we ought to know that. Let us find out what they can give us.

Motion agreed to.

PRIVILEGES, STANDING RULES AND ORDERS

GOVERNMENT FAILURE TO COMPLY WITH ORDER OF THE SENATE—MATTER REFERRED TO STANDING COMMITTEE

Hon. Jack Marshall, pursuant to notice of June 21, 1993, moved:

> THAT the matter of the government's failure to comply with the order of the Senate dated February 4, 1993, viz:
>
> > THAT, within 60 days of the adoption of this motion, the Leader of the Government shall provide the Senate with the response of the Government to the Report of the Standing Senate Committee on Social Affairs, Science and Technology entitled: *The Valour and The Horror*, tabled in the Senate January 25th, 1993, be referred to the Standing Senate Committee on Privileges, Standing Rules and Orders; and,
>
> THAT the committee be instructed to report within 60 days upon whether this failure constituted contempt of the Senate.

Hon. John Lynch-Staunton (Deputy Leader of the Government): I am trying to be helpful. Senator Marshall is moving that the committee be instructed to report within 60 days. If it is 60 days from now, that is an impossible task because the committee will not be meeting before we reconvene in the fall, at the earliest. It is to be helpful that I point this out. Perhaps the senator could change his motion to make it more flexible at least.

Senator Marshall: I realize that now.

Senator Lynch-Staunton: At the time you did it, it made sense.

Hon. Gildas L. Molgat (Deputy Leader of the Opposition): Perhaps Senator Marshall would agree to saying 60 days from the beginning of the next session, or the formation of the committee.

Senator Lynch-Staunton: Perhaps it should be 90 days.

The Hon. the Speaker *pro tempore*: Is it agreed that the motion be amended to that effect?

Senator Molgat: We might agree on 60 days from the formation of the committee in the next session.

Senator Lynch-Staunton: Yes.

The Hon. the Speaker *pro tempore*: The point has come up — and I am not sure to what extent it is academic or to what extent it is real — as to whether we can bind a future Parliament. Perhaps we need not get into that. We can just put the motion and it will be up to the committee to decide on that matter.

Senator Molgat: They will know our intent.

Motion agreed to, as amended.

The Senate adjourned until Tuesday, September 28, 1993 at 2 p.m.

THE SENATE

Monday, July 12, 1993

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

Prayers.

NEW SENATOR

The Hon. the Speaker: Honourable senators, I have the honour to inform the Senate that the Clerk Assistant of the Senate has received a certificate from the Registrar General of Canada showing that the following person has been summoned to the Senate:

Gerry St. Germain

INTRODUCTION

The Hon. the Speaker, having informed the Senate that there was a senator without, waiting to be introduced:

The following honourable senator was introduced; presented Her Majesty's writ of summons; took the oath prescribed by law, which was administered by the Clerk; and was seated:

Hon. Gerry St. Germain, of Maple Ridge, British Columbia, introduced between Honourable Lowell Murray and Honourable Terry Stratton.

The Hon. the Speaker informed the Senate that the honourable senator named above had made and subscribed the declaration of qualification required by the Constitution Act, 1867, in the presence of the Clerk Assistant of the Senate, the Commissioner appointed to receive and witness the said declaration.

PRIVILEGES, STANDING RULES AND ORDERS

REPRINTING AND DISTRIBUTION OF RULES OF THE SENATE

The Hon. the Speaker: Honourable senators, I wish to inform you that following the adoption of the amendments contained in the Third and Fourth Reports of the Standing Committee on Privileges, Standing Rules and Orders, the *Rules of the Senate* were reprinted with a new index and distributed to all honourable senators' offices and have also been inserted in the rule books in your desks in the chamber.

SENATORS' STATEMENTS

THE HONOURABLE GERRY ST. GERMAIN

WELCOME TO SENATE

Hon. Lowell Murray (Leader of the Government): Honourable senators, permit me to take just a minute of your time to extend a warm welcome to our newest senator, the Honourable Gerry St. Germain from the province of British Columbia, whose appointment brings the Senate to its full complement. The Honourable Senator St. Germain is a Privy Councillor, former minister of the Crown, a member for five years of the House of Commons, a businessman, a young man.

[*Translation*]

Honourable senators, I am confident that he will make an excellent contribution to Parliament and to the wellbeing of his fellow Canadians. Therefore, I wish him a warm welcome.

[*English*]

I am sure he will prove to be a valued and esteemed colleague and one who will make a great contribution to the deliberations of Parliament and to the welfare of the country.

THE SENATE

LIVING EXPENSE ALLOWANCE—PARALLEL ACTION PROPOSED FOR HOUSE OF COMMONS

Hon. Raymond J. Perrault: Honourable senators, I know I reflect the views of most honourable senators when I welcome to this chamber, many for the very first time, members of the press gallery.

We hope that finding your way here was not too onerous a challenge. Welcome to the Senate, and may you come more often in the future.

Honourable senators in recent days the *Vancouver Sun* newspaper has carried a reply coupon inviting its readers to express their views regarding the Senate; whether it should be reformed or abolished, along with a question pertaining to the Senate's living expenses proposal.

In the spirit of Voltaire, I may not agree with all aspects of the Sun's initiative or with the precise wording of its questionnaire, but I shall defend the right of the *Sun* to seek the views of its readers in any form that the *Sun* may choose. Indeed, it is in that spirit that I brought to Ottawa this afternoon a box of over 4,000 replies received by the *Sun*.

They have been delivered to the office of the Honourable the Speaker of the Senate who was gracious enough to receive them.

Whether the perceptions of the *Sun's* readers are valid, most of the replies are very angry — reflecting the status today of politicians of all parties and those who serve in all levels of public life.

Honourable colleagues, we have much work to do to re-establish respect and confidence in the parliamentary and political system. By the time this evening is over, may I express the hope that the proposed Senate accommodation allowance will be rescinded and that there will be early parallel action in the other chamber of Parliament to give up the expense allowances they are currently paid. Action by both chambers would constitute recognition of a practical and symbolic nature to the people of Canada that members of both houses understand some of the problems besetting Canadians in all parts of the nation. I urge all of the national party leaders particularly to show leadership here by example and be the first to come forward and make this sacrifice; to come forward in support of these proposed parallel actions of restraint. I hope that I may speak to this question later in debate.

[*Translation*]

TRANSPORTATION

STATUS OF CANADIAN RAILWAY LINE ABANDONMENTS—PROPOSED COMMITTEE STUDY

Hon. Jean-Maurice Simard: Honourable senators, as you know, Canada's railways are faced with a situation that threatens their very survival on the North American market. Because of this crisis situation, our carriers will have to bring their labour costs and productivity levels more in line with those of the trucking industry and U.S. railways, and drastically reduce their infrastructure costs.

[*English*]

In pursuing this latter element, railways in Canada have been attempting to abandon and\or sell off components of their networks. Nowhere has this been more evident than in Atlantic Canada. Currently, CN is attempting to sell the Truro-Sydney line in Nova Scotia and CP is seeking to abandon its line between Sherbrooke, Quebec and Saint John, New Brunswick.

While it must be recognized that Canadian railways should have the freedom to manage their operations in an efficient and competitive manner, it also must be acknowledged that public interest implications and impacts on regional economies have to be considered prior to allowing abandonments to take place. One way to accomplish this is through the determination of an essential national rail network prior to any major rail rationalization.

For the past 18 months, a federal-provincial task force has been working on the development of such a network. While there has been no indication of when the task force will complete its work, the House of Commons Transport Committee suggested that, because of the crisis facing our rail carriers, this should be accomplished within one year. To this end they recommended that the Minister of Transport place a moratorium on all abandonment applications for secondary and main line trackage until a basic national rail network has been established. This is to be done by July 1, 1994.

At that time, the House of Commons Committee suggested that the rail abandonment could be accelerated, but that a broad and rigorous public interest test be applied to such abandonments.

Because of the importance of these matters to the economy of Atlantic Canada, this moratorium is urgently needed before any further abandonments take place. During this period, I think we must take the opportunity to examine what the public interest is and how it can be assessed when rail lines come up for abandonment.

We have been attempting to develop a coherent and coordinated transportation policy since Confederation. While some have said that this is not realistic, others have stated that we have no choice but to develop such a policy because the survival of the industry depends upon it. Geography, great diversity and the federal structure have all played a role in making it difficult to achieve a fair balance between the forces of competition and the protection of the public interest.

In closing, colleagues, as part of this policy development, I believe the Standing Senate Committee on Transport and Communications can play a significant role in the development of such a policy, particularly in the area of public interest issues as they relate to rail line abandonment. To this end, I propose that the Standing Senate Committee on Transport and Communications undertake a study of the broad public interest implications of rail line abandonments, with particular reference to the possible impact on Atlantic Canada and that this report form part of the basis for assessing whether or not a rail line be abandoned.

At the appropriate time later on today, I will present a motion to that effect, and I will be seeking leave so that this matter can be dealt with urgently, tonight, so that we can start this in New Brunswick, Quebec, and possibly elsewhere later on this summer.

Hon. Eymard G. Corbin: Honourable senators, I would like to congratulate Senator Simard and welcome him aboard our train. Senator Graham and I have been debating this very issue for the last two years by way of inquiry and special studies in committee. This is the first time in those two years that we have had someone over there jump aboard our train.

I welcome Senator Simard. I believe his motives are basically honest. I sincerely regret that he did not listen to our numerous appeals in the past months respecting this issue of rail line closure and abandonment. Nevertheless, he has seen the light, and I say "Bravo".

However, I am not sure I detect the will over there to get the committee going this summer. We will see. We will see.

CANADIAN BROADCASTING CORPORATION

QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, I have given written notice to the clerk that I intend to raise a question of privilege later today.

The question of privilege regards a letter to the editor of *Saturday Night* magazine written by Mr. R. A. Pattillo, CBC Vice-president of Communications, Toronto, Ontario. In the letter, printed in the July/August 1993 issue of *Saturday Night*, Mr. Pattillo accuses me of dishonesty. He refers to an aide-mémoire my office prepared regarding a meeting between Mr. Pattillo, myself and two staff members.

• (2010)

Mr. Pattillo states in his letter that the aide-mémoire "...seems to have been written long after the event and apparently from bad memory (but powerful, imaginative capabilities.)..."

Honourable senators, copious notes were taken by staff members during the October 2, 1992 meeting with Mr. Pattillo. A three-page "note to file" regarding the meeting was prepared the same day. In addition, the aide-mémoire was prepared on November 20, 1992 detailing, in chronological order, exchanges between my office and CBC officials. The aide-mémoire documents exchanges of correspondence, telephone calls, for which detailed notes to file exist, and notes to file regarding meetings.

In light of this, I believe Mr. Pattillo's accusation constitutes a breach of my privileges as a parliamentarian. As such, I will rise on a question of privilege later this evening.

[*Translation*]

THE HONOURABLE GERRY ST. GERMAIN

WELCOME TO SENATE

Hon. Marcel Prud'homme: Honourable senators, like all of you, I took note of the admission of a new senator, a colleague and friend, Mr. Gerry St. Germain. He will sit next to me for several years, or at least for as many years as Canadians, and only Canadians, will allow the Senate to exist.

I know Mr. Gerry St. Germain very well. It might interest honourable senators and perhaps even members of the press, with whom I always hope to maintain good relations, to know that he was a member, with Francis Fox, of the commission set up in 1989 to look into allowances for members of Parliament.

[*English*]

I hope none of you will be too scared to note that among his multiplicity of recommendations, there was one to reduce the number of days of excuse from 21 per session to seven per year and that the fine should go from $60 to $500 per day per absence.

A report of this kind would provide a good topic for us to discuss this summer.

[*Translation*]

A report was also produced by William Clark and Colleen Campbell in 1985, and I want to mention it because some honourable senators may not have had the honour and pleasure of knowing them. I get the feeling that nobody has ever read either of those reports or that very little attention was paid to them. I hope that, in view of all that is going on and has brought us back here tonight—and I believe it was called for—the people concerned will feel compelled to read, if not the entire reports, at least their recommendations. In fact, I think that it is all in there.

I am very happy to welcome our new colleague. I am not the official opposition, but a member of the opposition. Let it be known again that I am a member of the opposition. I think it is fitting for a senator from the opposition to bid him a hearty welcome.

As for my honourable friend, Senator Simard, I would like to tell him that I for one am not only talking about the train, because I see him very often on the train between Montreal and Ottawa. Every one knows that I have never taken the plane to Montreal in 30 years. Over these 30 years, I no doubt have been the member of Parliament who has used the train the most often. And now that I am a senator I am not about to stop using it, especially since I do not own a car.

[*English*]

ROUTINE PROCEEDINGS

INTERNAL ECONOMY, BUDGETS AND ADMINISTRATION

FIFTY-SECOND REPORT OF COMMITTEE PRESENTED AND ADOPTED

Hon. Thérèse Lavoie-Roux, Chairperson of the Standing Senate Committee on Internal Economy, Budgets and Administration, presented the following report:

FIFTY-SECOND REPORT

Your Committee has re-considered its recommendation respecting the recently established policy to reimburse Senators up to $6,000 annually for reasonable travel expenses for their personal accommodation while on travel status in Ottawa. The

original recommendation, approved by a majority of the members of this Committee, was presented to the Senate in the Fifty-first Report of the Committee on June 21, 1993, and adopted by the Senate on June 23, 1993.

Your Committee now recommends that the policy be cancelled effective July 1st, 1993.

Respectfully submitted,

THÉRÈSE LAVOIE-ROUX
Chairperson

The Hon. the Speaker: Honourable senators, when shall this report be taken into consideration?

Senator Lavoie-Roux: With leave of the Senate and notwithstanding rule 59(1)(*g*), I move that the report be adopted now.

The Hon. the Speaker: Is leave granted honourable senators?

Hon. Senators: Agreed.

[*Translation*]

Hon. Lowell Murray (Leader of the Government in the Senate): Honourable senators, by invoking rule 17(1), I started the process that has brought us back here tonight. The reasons that motivate this decision are well known, so there is no need to enumerate them.

I would like to point out, however, that the recall of the Senate this evening was supported by a very broad consensus among Conservative senators, and from my consultations with the Leader of the Opposition I have every reason to believe that the same consensus exists among Liberal senators.

The vote on June 23, by which the fifty-first report of the Standing Committee on Internal Economy, Budgets and Administration was adopted, provoked a very negative response from Canadian public opinion.

As I bring this matter before you again, I may say that, first of all, the results on June 23 were very close — 26 to 24, with 8 abstentions — and, second, that the vote was held while nearly half the members of this House were absent.

In the circumstances and considering public opinion, it is not surprising that during the past two weeks, many senators have spoken out in favour of a recall of the Senate and of revoking the decision made on June 23.

I do not intend to offer a lengthy analysis of public opinion this evening. Nevertheless, there are three aspects we should consider in this debate on the report tabled by Senator Lavoie-Roux.

First of all, there is the question of timing. The Canadian economy, which went through the painful experience of a cyclical recession, is also being forced to cope with global restructuring, a process that is only partially completed. In the course of restructuring, jobs, companies and entire industries may disappear, not temporarily, as during a cyclical recession, but permanently. There will of course be some very positive aspects for Canada, but the transition is difficult for thousands of our fellow citizens. The need to relieve the public debt burden has led to numerous cuts in funding for services, and for federal, provincial and municipal programs.

Parliament has imposed a wage freeze on collective bargaining in the Public Service, and many provinces, including Ontario, have had to resort to even more drastic policies in the public sector.

All international experts may be saying that in the near future, Canada will experience prosperity and growth unequalled by any G-7 country, and all the figures may support this forecast, but the prevailing psychology in Canada today is one of economic insecurity. Nowhere is this psychology more obvious than in the slow recovery of consumer spending, something that baffles many economists.

People who feel insecure about the future are upset when parliamentarians exercise the right to improve their own living and working conditions. Their protests are impervious to any argument, justification or logic. That is pretty clear.

In addition to the current state of the economy and the less than confident attitude of Canadians, there is a second aspect of the question of timing, to which I referred in my speech on June 23.

It is a matter of dealing separately with only one aspect of allowances and expenses, namely accommodation expenses. I know that the House of Commons set a precedent in 1990. I also know that this initiative, as well as the recommendation approved by the Senate on June 23, was the result of the fact that Parliament has not addressed the global issue since 1981. Nevertheless, this is not the traditional way, nor the most logical one, of dealing with these issues, especially since we know that after the general election expected this fall, the government will have to appoint an independent commission to review all the allowances and expenses of parliamentarians.

[*English*]

As I pointed out in my intervention in the debate of June 23, the independent commission will have the benefit of a technical study of overall remuneration of senators and MPs announced on May 12 by the then President of the Treasury Board, the Honourable Gilles Loiselle. The study is to examine pensions, salaries, allowances and benefits. Information will be gathered on equivalent jobs in public life in Canada and abroad. The views of current and former members of both houses will be sought and the report will outline options for adjusting the pay and benefits package.

This is important documentation that will be ready for the commissioners who must be appointed after the election. The mandate of this technical study is obviously broad enough to encompass all the issues discussed over the past several weeks in connection with the remunerations and expense allowances of MPs and senators.

[*Translation*]

Thirdly, honourable senators, the vote held on June 23 triggered, or should I say revived, the oldest debate in our history, namely the one surrounding the role and the very existence of the Senate. Never has there been such support in favour of abolishing the Senate. Some commentators are demanding that a referendum be held on that particular issue during the next federal election.

I do not think it would be feasible to reopen the constitutional package in the near future. Whatever the results of such a referendum, a constitutional amendment to abolish the Senate would have to be approved by eleven governments and their legislatures. We have to be realistic. As soon as the eleven premiers got together, constitutional negotiations would be reopened.

The Senate does exist. The Senate will continue to exist in the foreseeable future, with all the powers it has been granted by the 1867 Constitution. That is the dilemma we have to resolve. As far as I am concerned, I still think it would be inappropriate in a modern democratic society to have a Senate with all the same legislative powers a House of Lords enjoyed in the 19th century.

I continue to support our former colleagues, especially senators Hayden and Croll, who have suggested pre-study of government bills and various special royal commissions to study important public policy issues.

[*English*]

• (2030)

The policy studies that special Senate committees conducted did not gather dust. Many of them provided the impetus for important reforms in social policy, tax policy, economic and regional policy, and foreign policy. The analyses and the recommendations of such studies under Senators Croll, Hayden, McGrand, van Roggen, Everett and others are truly impressive.

I am sure there are other approaches to the role of the Senate in today's society. The point is that we have to accept our individual responsibilities as office holders and our collective responsibility as an institution to serve the national interest. I continue to believe that while the powerful nineteenth century Senate is an anachronism in a modern democratic society and that we must therefore exercise considerable restraint in the exercise of our power, senators, individually and collectively, can make a constructive contribution to and have a positive influence on the parliamentary process and the democratic process.

Senator Robichaud: You bet!

Senator Murray: The country does not lack for problems to engage the attention, the talents and the experience of members of this place. Between now and the opening of a new Parliament, we have an opportunity to reflect on this and to lay some plans for the future.

Meanwhile, let us tonight acknowledge that the Senate made a mistake on June 23 and that public opinion on a matter of this kind must always be respected.

A number of those who abstained on June 23 immediately regretted their abstentions. A great number of the 45 senators who were absent wished they had remained in Ottawa for the vote. The important thing now is for the Senate, with a large attendance tonight — and I hope by a large majority — to undo the decision of June 23 by adopting the report now before us. In doing so, we will affirm our respect for public opinion on this matter.

In a democracy, honourable senators, this is surely never a humiliating thing to do, but rather always the right thing to do — the proper and responsible course for all who hold public office.

Hon. Senators: Hear, hear!

Hon. Royce Frith (Leader of the Opposition): Honourable senators, a poet might describe tonight's session of the Senate as the "Session of the Charred Lightning Rods", but this is a night not for poets but for pragmatists.

Senator Murray made many appropriate and important points: I quarrel with very few of them.

Honourable senators, I believe Canadians welcome the reconsideration of our earlier decision. After all, they have asked us to be here. Unfortunately, in the square miles of newsprint and tank cars of ink and electronic energy spent on this subject, I never saw the report itself — the one we adopted — reproduced. So many may have formed their judgment on the basis of an interpretation of the report rather than on the wording of the report itself.

For anyone interested, for the record and, perhaps, reflection or M.A. theses, the actual report can be found at page 2242 of the *Minutes of the Proceedings of the Senate* of June 23, 1993.

As Senator Kenny, a member of the committee, told us on the day of the vote, a four-member bi-partisan steering committee — Senators Hébert, Kenny, Doody and Kelly — had been looking at a way to reimburse out-of-town senators for accommodation expenses in Ottawa. The report we adopted here in the Senate on June 23 last represents the consensus reached by the committee.

Though this is the report, I am not so naive as to forget what we are constantly told: The facts are not the reality of politics; perception is. It is this maxim that transformed the reality of a $6,000 limit on reimbursement for some senators into the perception of a $6,000 "raise", "bonus", "tax-free allowance" for us all.

On the merits, honourable senators, I believe it is a good thing for us to yield to public opinion, particularly where that opinion is as widespread and adamant as the one based on those perceptions. The official opposition in the Senate, even when enjoying a majority in this chamber, never embarked on a course of action in the face of, or the teeth of, public opinion. At this time, there is certainly no reason to change that approach. If anything, there is good reason to faithfully adhere to it.

On June 23, the Senate accepted a proposal from the Standing Committee on Internal Economy, Budgets and Administration. Many in this chamber, including the slim majority present that day, believed the recommendation had merit. Canadians, however, disagreed. Whether their disagreement is based on information or misinformation is irrelevant. Frankly, if I, as a non-senator, had relied solely on some of the reports that have appeared on this matter, I too would be outraged and would have joined in this latest outbreak of anti-Senatism just as fiercely as they have.

The reality we face is a public which vehemently opposes what was done. The time for explanations and justification has passed. Our duty is to make the right decision, and Canadians have made clear what they consider to be the right decision. I intend to respect their wishes and vote for adoption of the new report.

One added point: Personally, and because public attention is now focused on the subject, I believe Canadians' rage would be better directed to the now obsolete tax-free expense allowance of $10,000 for senators and $20,000 for members of the House of Commons. That tax-free allowance is something we politicians have that other Canadians do not. Most Canadians think it reasonable to be reimbursed for their out-of-pocket expenses, but not to have a tax-free expense allowance lump sum which they — average Canadians — do not get.

Politicians, whether in the Senate or the House of Commons, should be reimbursed for legitimate expenses on the same basis as any other Canadian. Canadian taxpayers, I believe, support reasonable compensation for everyone and reasonable expense reimbursement for anyone, including law makers. What they object to is special perks for politicians that other Canadians do not receive and cannot award themselves, as can lawmakers.

Honourable senators, I certainly hope that after the election one of the first things the new government does is review the whole subject of expenses and reimbursement for parliamentarians to bring them in line with the system that applies to average Canadians. Until that happens, the potential for highly charged public reaction, like the one that brought us here tonight, will be a dangerous and unnecessary threat.

Hon. Senators: Hear, hear!

Hon. L. Norbert Thériault: Honourable senators, being the odd person out is nothing new for me. I voted in favour of the report presented by the Standing Committee on Internal Economy, Budgets and Administration. I must say that the reimbursement would be of no great benefit to me. God willing, in two-and-a-half years or a few more months, I will be out of here. I voted in favour of the report because I believed — and I still believe — it was the right thing to do. If you check what I said that evening, you will read that I said that the media and the people of Canada would make an issue out of it.

• (2040)

I do not hold anything against the media.I believe that they reported by and large what they heard and what they have been hearing for a number of months. But let us be honest. No one can quarrel with or question the statement made by the Leader of the Government in the Senate, or the statement made by my leader. I know where the leader of my party stands on this. But the leader of my party has not been sitting here for 13 years.

I ask myself: What is it that we want? Who do the people of Canada want to have representing them in this house? Do we want a system in which only the wealthy can afford to be senators?

The Leader of the Opposition in the Senate has stated his position regarding the tax-free allowance. I agree with him. I believe that politicians and legislators have to be forthright. The Canadian people want their representatives to be paid in a manner in which they can perform their duties.

Since June 23, when I went back to my home province, I have accepted invitations from radio stations and TV stations to explain my position. I do not mind telling my colleagues that not all the calls I received were kind and approving. However, I have had a number of calls and letters stating that the position I was taking, while not popular, should be understandable.

The Leader of the Government in the Senate and the Leader of the Opposition in the Senate have just said that there was almost a revolt in Canada. I do not think we should get carried away. I criss-crossed this country with the Senate committee dealing with UI and the prices of drugs and I received thousands and thousands of letters — in fact, boxfuls of letters — supporting our position on that subject, opposing

what the government was doing. But the government proceeded. They had a majority. They had the legal right to do it and they did. In this case, I have had calls from Vancouver to St. John's, Newfoundland. In the last 13 years I did not get many of those — I only received calls when I served on two of those committees.

In my office this afternoon I counted 43 letters I received from Canadian taxpayers. I was surprised. I know that there is nothing I can say that will change the minds of the people who are here and who will vote, which is your right. You feel that it is your duty to reverse the decision that was taken by a majority of senators present on June 23. I am sorry, but I felt in my conscience on June 23 that the way I voted was the proper way to vote. I have seen nothing in the last two weeks that has caused me to change my mind.

Hon. Orville H. Phillips: Honourable senators, I appreciate the remarks made by the Honourable Senator Thériault, who has just resumed his seat, when he referred to his participation in a CBC radio program. I heard that program. The questions were designed to be awkward for him, but I thought that he handled them fairly and honestly. I ended up with a great deal of respect for the way he handled himself and answered the questions. Had we started out that way, perhaps we would not be in this situation today.

When the vote occurred on the committee report, I voted against it. It was not that I felt senators did not need it. I know there are those in the Senate who do not even need their paycheque.

Hon. William M. Kelly: Thank you, Senator Phillips!

Senator Phillips: But then there are others who are feeling the financial pinch. I have a great deal of sympathy for them and can understand their request.

My main reason for voting against the report was the fact that parliamentary salaries, expense allowances and perks are to undergo review immediately following the next election.

I was pleased to hear Senator Murray refer to that review in his remarks. If I understood him correctly, Senator Murray indicated that people would be brought in from outside and the review committee would not be composed of defeated members of Parliament, as has been the practice in the past.

Senator MacEachen: Do not ask him; ask someone over here!

Senator Phillips: If it makes you feel any better, Senator MacEachen, I will be glad to ask for the same assurance from you.

I felt rather annoyed and then angered that, even though I did not vote for the measure, I got tarred with the same brush as everyone else. That includes our party leaders — all parties, not just my party. They all jumped on the band wagon to condemn us. The members of the other place are really hypocrites in the way they condemned the allowance. I must be careful, as I am beginning to use the media term, "pay-raise". It is an expense allowance. I would point out to honourable senators that this action was carried out in the House of Commons in secrecy on October 1, 1990, whereas our efforts were carried out in an open committee. One of the members of the NDP, Mr. Riis, who loves to criticize the Senate, has criticized us for this action, yet he was the sponsor of that motion in the other place.

• (2050)

While none of the leaders or members of the other place referred to the fact that they have been drawing $6,000 a year since 1990, I was also surprised that they did not mention the fact, which I was unaware of until I read the article by Mr. Westin in, I believe, last Saturday's Ottawa *Citizen* entitled, "If you are fed up with Senate spending, fax your M.P.". They have voted themselves $770,000 to provide bedside faxes, both at home and in Ottawa.

It is rather strange that the amount of money voted by the Senate will destroy the Canadian economy but the $770,000 for bedside fax machines has no effect whatsoever on the economy. They remind me of two- or three-year-old children who like to take a favourite toy, probably a teddy bear, to bed with them to comfort them when the lights are turned out. The members down the hall seem to need fax machines to replace teddy bears. Perhaps they look on the fax machine as an electronic teddy bear.

I am sure all honourable senators will be pleased to hear that I am attempting to abbreviate my notes.

However, I would like to refer to the dinner attended by the Prime Minister and the premiers in Vancouver last weekend. A Challenger jet flew three Atlantic premiers to Vancouver. A Challenger jet costs approximately $6,500 an hour to operate. In other words, the return trip of the three premiers was about $72,000. Throw in the limousines and the hotel suites and that figure would reach $78,000. If we include the costs of transporting the other premiers you could easily conclude that the dinner cost $1 million or $100,000 a plate. That is a pretty expensive meal.

Senator Perrault: It was tasty though.

Senator Phillips: Small business firms who complain of high taxes would have held a telephone conference call. Surely some of the premiers have heard of telephone conference calls. They could have accomplished the same thing with a telephone conference call because they came out with the same old announcement we have been hearing for the past 15 to 20 years: That the Canadian economy needs to pick up and we must provide more jobs. That could have been done by a telephone call.

I was pleased to see that a committee of the Ottawa City Council introduced a motion asking for the abolition of the Senate. One councillor who voted for that motion was Councillor O'Neill, who, I believe, is deputy mayor. Honourable senators might be interested to know what her tax free expenses are. As a city councillor, she receives approximately $10,000, and for serving on Regional Council, she receives over $7,000, for a total of $17,250. I presume she lives in the city and has no outside expenses.

Of course, we have had the usual Senate bashing from the premiers. Although it was my intention to mention various premiers, for the sake of brevity I will omit doing so. However, I would state that the Senate costs $50 million per year to run, or approximately $2 per capita. If the premiers are of the opinion that saving $2 per capita by abolishing the Senate will revive the Canadian economy, I do not think they are being very helpful.

Senator Thériault: The poor will stay poorer for a longer time.

Senator Phillips: Honourable senators I had intended to move an amendment but, in view of the statement made by my leader about the coming review, I will not do so.

I would, however, draw a comparison between the tax-free allowance received by a member of the House of Commons and that received by a senator. I must say that this is over a five-year period, which is the life of this Parliament and that some of the figures are my own calculations and probably "guesstimates", because the House of Commons refuses to supply the information. I found that conduct rather surprising. The body that is supposed to be responsible for supervising the public purse has refused to provide any information on the operation of its own chamber. The tax-free allowance for a member of the House of Commons over the past five years has been $131,000. For each senator it has been $48,500. For payment of their meals, I estimate they have received $43 per day for the past 150 days, for a total of $6,900. Senators have received nothing.

• (2100)

In April, 1990 they introduced $1,000 a year miscellaneous, and that amounts to $4,000. Senators received zero.

We then come to the item that has caused such an uproar throughout the nation when it came to the Senate. The House of Commons has been receiving that since October 1, 1990; $6,000 multiplied by four is $24,000. This totals $165,000, and senators have received $48,000.

If anybody pauses and compares these figures, they will see why the occasional senator is feeling the pinch.

I would also point out to you that the same document gives their expense accounts for their offices. An urban/rural member gets $177,600 per year, and that totals in excess of $800,000 and makes a total in excess of $1 million during the five years.

Honourable senators, is it any wonder that a few of us on this side are beginning to get a little tired of the criticism originating down the hall?

The public concensus is that we do not do any constituency work. I would point out that Senator Marshall has an active file of 1,200 to 1,400 veterans who have appealed to him. Most of them have already gone to their MPs and failed, and then, because of his excellent work in Veterans Affairs, they have applied to him for assistance. You would be surprised, honourable senators, how often they do receive pensions.

The Hon. the Speaker: Honourable senators, according to the rules, Senator Phillips has run out of time. As usual, if there is unanimous agreement for him to carry on —

Hon. Senators: Agreed.

Senator Phillips: If I had not spent so much time trying to be brief, I would have already finished my remarks.

I would like to ask a few questions and hope that someone in the House of Commons will answer them, or maybe even some of the media may ask the members of the House of Commons. I would like to know how many of them took the $6,000 travelling allowance. I would like to know how many of them took advantage of the $43 a day for meals. I would like to know the total cost of that.

Our expenses, including our salary, our travelling expenses and our one secretary, are published each year. Is there any good valid reason why the same practice should not be followed in the House of Commons? I hope it will be.

In the last Conservative leadership, all of the candidates were committed to deficit reduction. Opposition party leaders have said they are committed to deficit reduction. It is my firm belief that they must lead by example. There are thousands of people out there who are worried about their jobs. They are facing salary roll-backs. Members of my own family are facing that difficulty, so I can understand that feeling. I hope that the leaders of the three parties and the members of the other place will feel some moral obligation to give some thought to rescinding, if not totally, at least on a voluntary basis, that $6,000 travelling allowance.

There is too much difference between the expenses allowed to senators and members of the House of Commons. I would ask my leader to make those figures known to the commission. The last time the two commissioners were appointed by the government to review the salaries and expenses, they did not even want to visit the Senate and discuss that with us. I can recall that we had to extend an invitation to them on several occasions. I would not want that to happen again with this committee, and I hope you will be able to give us an assurance that it will not.

Hon. Raymond J. Perrault: Honourable senators, I will make some very temperate remarks, and I will not be long and prolonged.

The last time I spoke on this, I noted that some members of the Press Gallery were here for the first time, and we were glad they came. I have been informed that a number of the media representatives are from out of the city. I only hope that their employers provided them with a liveable per diem in order to survive here in Ottawa and a budget that covers their expenses.

I support rescinding the action taken the other day. The message which I predict will be sent this evening will be very clear: In view of the economic situation of the nation, honourable senators, at least most of them, do not believe that the time is right to establish accommodation allowances even though, unlike Commons allowances, they would have been only for senators actually present and working and would require receipts.

There was a big difference between the Commons plan and this proposed Senate plan. We would have had to be here and working to qualify for accommodation allowances. In the other chamber, that is not the case.

The decision which will be taken by the Senate in a few minutes does not mean these allowance are not needed by any senators. Indeed, the whole question of pay allowances and services for Parliamentarians in both houses should be addressed by the next Parliament. I am reassured tonight, as I think all of us are, by the eloquent statement by the Leader of the Government in the Senate and by the Leader of Her Majesty's Loyal Opposition. Perhaps we need input from a citizens' committee. I think that was something touched upon by the leader; the possibility of having some outside and independent advice as far as parliamentary allowances and services are concerned.

Honourable senators, I will not get into the detail of vaious programs because the subject was covered very well by Senator Phillips, but you will recall that on April 1, 1991, all members of the other place were awarded this $6,000 tax-free amount to help cover their accommodation costs in Ottawa. They told the Commons they could not survive unless they got the $6,000 in addition to the $22,000. They said it was becoming impossible. Whether they report for work or whether they are absent, they get the money.

Interestingly enough, the measure was discussed and approved by representatives of all parties in the committee, closed to the media and closed to the public. The representative on the committee from British Columbia was Nelson Riis of the New Democratic Party, who these days condemns the Senate in an outrageous fashion. During the GST debate, Mr. Riis used to come over every afternoon like a friendly spaniel and say, "You senators are doing a marvellous job in your fight on the GST." I don't know what happened on the way back to Kamloops.

• (2110)

When their accommodation allowance was established, there was no debate in the other place, unlike the Senate debate which took place a few days ago, a debate which has precipitated this sitting. Significantly, all members of the Commons have received this $6,000 amount. Since April 1, 1991, it is estimated that almost $2.2 million has been transferred from the taxpayers' pockets to members of the other place to cover their accommodation costs, dollars which the members of the other place say they urgently require if they are to survive in Ottawa. Try surviving on the tax-free allowance available to senators.

Accounts of the meetings held to take the decision in the Commons make for fascinating reading. One member of the Internal Economy Committee of the Commons, when criticized for the secrecy surrounding the increase, said this about the Board of Internal Economy, and I quote his exact words:

> The board operates like the Treasury Board...We oversee the parliamentary staff and much of it is personnel related. You wouldn't ask the Treasury Board to open their meetings, would you?

Another member of the Internal Economy Committee said:

> There's a great amount of negotiating and bargaining going on...You get a lot of posturing and image-protecting when meetings go public...

In effect, he is saying, "Keep the press out." Something the Senate did not do. They brought the press in.

I have searched the records diligently and it appears that all members of the other place have been able to restrain their anger and their outrage at being awarded this $6,000. At the very least, they have succeeded rather well in muting their protests.

I must say that I was particularly surprised to note that one of the eager and grateful recipients of this accommodation allowance is the leader of one of Canada's national parties who, like Joan of Arc, announced yesterday that she is heading a crusade against the "greedy" Senate for daring to claim a much more modest amount for their accommodation needs in Ottawa for working senators. Her personal representative on the Internal Economy Committee of the House of Commons was one of the prime architects for getting the $6,000 passed by that committee with little media attention.

By contrast, senators are in a much more difficult position. They are left with a $10,000 tax-free allowance which must cover everything. They have no offices in the areas in which they represent. I am sure that 80 per cent of the media do not realize that, unlike members of the House of Comons, there are no office facilities for senators in the various provinces which they are supposed to represent. Senators have only 37 per cent of the amount made available for Commons'

members for their living costs. Let us put this matter before the committee which is being contemplated and have them come with their report.

Members of the other place, some of whom have expressed in moving terms their concerns regarding the poor, the unemployed and the dispossessed, have a real opportunity now. They have been writing letters to many people in the Senate saying how outraged they are about the idea that the senators had voted themselves up to $6,000 extra for Ottawa accomodations.

Now these members have a great opportunity. After this evening, I know they will wish to take parallel action in their chamber, in concert or as individuals, by relinquishing their accommodation allowances at least for the time being and, most certainly, until a review of parliamentary salaries and benefits can take place. The savings realized would amount to something like $1.5 million a year. Perhaps we could use the money to help good causes like battered spouses and food banks. Goodness knows there are enough good causes out there.

We would then have both houses working together in a symbolic and, yes, a practical gesture to the people of Canada that members of both houses understand some of the problems besetting Canadians in all parts of the nation.

I urge all national party leaders, including my own, the leader of the Liberal Party, by example, to be the first to come forward to make this sacrifice, to come forward in support of this proposed parallel action of restraint. To those MPs who have written to members of this caucus and members of the caucus opposite expressing their outrage and concern with the Senate action of a few days ago, may I urge them, too, to take leadership roles in the restraint campaign. Indeed, some of them may be willing to give up more than their $6,000 tax free accommodation allowance.

Even with their sacrifice of $6,000, our friends in the other place should still be able to scrape by with their minimum $22,000 tax-free allowance which would remain, together with prime ministerial, party leader, ministerial, and other additional benefits for certain parliamentarians. There is a great opportunity now for the other chamber to act.

Before this evening is over, I can only express the hope — and it may be impossible — that there will be unanimous consent for a resolution that I have drafted. It states:

> THAT, in recognition of the real economic distress being suffered by many Canadians in all provinces at the present time, and considering that there is a special need for those who serve in Parliament to demonstrate their concern practically and symbolically, and considering that, in response to these considerations, the Senate of Canada has cancelled the proposal to pay some Senators up to a maximum of $6,000 per annum as a tax-free travel allowance upon presentation of receipts, a message be sent by the Senate to the House of Commons inviting that House to rescind the tax-free accommodation and living allowance of $6,000 per annum which, since April 1, 1991, has been available to all members of that House.

Some Hon. Senators: Hear, hear!

The Hon. the Speaker: Honourable senators, before we hear Senator Jessiman, I must tell Senator Perrault that we are now debating a motion to adopt the report. I know that he has not moved an amendment but, rather, suggested the text of a resolution which, I think, should properly be proposed under Notice of Inquiries.

Senator Perrault: I will be pleased to move it at the appropriate time.

Hon. Duncan J. Jessiman: Honourable senators, when this matter of the $6,000 expense allowance was discussed on June 23, I said in this chamber that, if it came to a vote, I would abstain. I also said that I thought that the $6,000 should be paid only to those senators who have expenses in excess of $10,100, and to no one else.

Unfortunately, my suggestion was not considered and the motion was passed unamended, much to the embarrassment of us all. Whether or not my amendment had passed that day and we would have had the same results, I cannot say.

I will explain later in my remarks why the $6,000 motion, as passed, was in fact a money grab for some honourable senators. I do not think they understood that or appreciated it at the time, and they may not even now. I hope when I am finished they will understand.

I will also explain that for those senators who have expenses in Ottawa that exceed $10,100, this $6,000 of extra expense allowance would save them from their pocket $2 for each dollar of expense that their expenses exceed $10,100.

Was I correct in abstaining? Some have written me and said that those of us who abstained and those of you who chose to be absent when this vote was taken are worse than those who stood up and were counted, even those who voted for the motion. Notwithstanding what others have said, my conscience is clear in what I did in abstaining. At the time, I did not fully understand the implications of the motion.

I certainly was told that it was costing some senators for their expenses in Ottawa more than the $10,100 given as an expense allowance. I was particularly impressed with Senator Graham's remarks. I also knew at that time that this was being perceived as a money grab by all senators. There was more to this than I really understood. I therefore abstained. I am glad I did.

It gave me the opportunity to look into this matter. What I found is most revealing.

This sitting of the Senate to reconsider the granting of the $6,000 expense allowance is not a matter that should be dealt with lightly. Although I say at the outset that I shall vote to rescind the present $6,000 expense allowance as it presently stands, I also want to explain how the present $10,100 tax-free expense allowance is generous to some of our honourable senators and extremely costly to others.

• (2120)

Since the vote was taken on June 23, 1993, I have read a list of material respecting the role of senators in Canada. I have perused the applicable sections of the Parliament Act of Canada respecting sessional allowances and expenses for senators and members of Parliament. I have read reports of the two commissions held by virtue of section 68 of the Parliament of Canada Act dealing specifically with the adequacy of payment to members of the House of Commons and to senators, namely the report of the commission to reduce salaries of members of the House of Commons and senators, chaired by William C. Clark and Colleen Campbell, the former members of Parliament referred to by Senator Prud'homme. Then the commission to review allowances of members of Parliament was chaired by Honourable Gerry St. Germain, now an honourable senator. Also sitting on that commission was the Honourable Francis Fox. Their report was tabled in the House on October 13, 1989.

I compiled a summary of what the members of the House of Commons and senators received by way of sessional allowances and expense allowances from 1974 to 1993 inclusive and also referred back to 1945 as well. In this summary, I have included the special $6,000 accommodation allowance recommended by the St. Germain commission and given to the members of the House of Commons by their board of internal economy in October 1990.

I attempted through the Library of Parliament to get copies of the minutes of that Commons board of internal economy respecting the $6,000. The answer I received was that the Library does have minutes of the board of internal economy of the Senate, but although the Library has asked the Commons for such minutes from their side, the minutes have never been received.

I did not include in this summary of expenses a per diem allowance of $13.50 given to members of the House of Commons on April 1, 1993, as I just learned of that today.

I re-read Hansard in respect of the comments of those honourable senators who spoke on the matter on June 23. I perused editorial comments respecting the Senate from the *Globe and Mail* and other publications since June 1, 1993, the day after I was sworn into this honourable chamber.

I considered the Supreme Court of Canada reasons for judgment in the case entitled, *In the matter of a reference by the Governor General in Council concerning the legislative authority of the Parliament of Canada in relation to the Upper House*, which case was heard in late 1979 and reported in *1981 Supreme Court Reports* at 54. There were nine judges, and the decision was unanimous. I will refer to it again later.

Let me say this. I know, we all know, that if a referendum were taken today and such referendum had the authority to abolish the Senate, the vote would be substantially in favour of abolition. Why? I will tell you why. Because we are perceived by the public, thanks mostly but not entirely to the press, as being 104 individuals who get paid far too much for contributing far too little — and some may say nothing — to the workings of the government of Canada.

You also know, and I much better than I did a month ago, that this chamber, as long as it continues to exist in its present form, will perform a very useful and valuable service to this great country of Canada. The Senate has the same powers as the House of Commons, except that financial legislation must originate in the Commons.

While the Senate has the authority to veto legislation from the House of Commons, this power was seldom used until just the last few years. To my mind, it should never have been used and should never be used until senators are elected for specific terms or appointed by persons independent of government for specific terms.

I endorse the *Globe and Mail* editorial of June 5, 1993, which, in part, reads:

> After each general election, all senators should endorse a resolution indicating that, because they are appointed, they will not unduly delay and will never seek to overturn a bill passed by the House of Commons.

Some Hon. Senators: Never! Never!

Senator Jessiman:

> This would bleed the Senate of much of the partisanship that can poison its relationship with the government. As a consequence, the Senate could then pursue a much more useful role as policy laboratory, returning to the thoughtful examination of public issues and initiating legislation that, under existing constitutional law, could be sent to the House of Commons for consideration. If we cannot change the Constitution regarding the Senate, we can certainly change the assumptions by which it lives. Then maybe the net for appointments could be cast a little wider and the public value of the chamber increased.

The Senate has in the past made amendments to Commons bills which at times have been substantial; for example, the bankruptcy bill of 1975 and the Maritime Code Act of 1977.

Through the bankruptcy bill, the Senate committee suggested 139 amendments. In 1978, 1979, and 1980, the government brought into the Senate new legislation embodying most of the amendments suggested by the Senate committee. The study of the Maritime Code resulted in a report proposing 80 amendments. These amendments not only rectified technical errors, such as unclear definitions, contradictions in terms, and incorrect translations, but also included substantial changes. The bill subsequently died on the Commons Order Paper after being reported with amendments from the Senate. Legislation incorporating amendments were introduced in the next session and passed by both houses.

The Senate can and does ease the legislative burden of the Commons by introducing all private bills. Private bills — to be distinguished from private members' public bills — confer particular powers or benefits on an individual or body of persons including corporations or charitable organizations; for example, the name change of the Canadian Medical Association.

The Senate in the past has achieved much of its prominence through its investigative work. I agree with Senator Prud'homme when he said on June 23 in this chamber as reported at page 3713 of the *Debates of the Senate* as follows:

> Only the Canadian public can decide about the future of the Senate. When Canadians decide that the Senate should be abolished, should be elected, or should be transformed, then we shall abide. In the meantime, I do not see why anyone should have any objection if we do something concrete.
>
> I am a senator...if the Senate is attacked, I feel personally attacked and I shall defend until I decide to be something other than a senator...I will not duck...There are many more things that the Senate can do very well. We shall see that in the months to come. The press should take notice that many more senators are ready now to stand up and say, "Here are the things that can be done."
>
> Some members of the Lortie Commission called me. They were upset that I said the Lortie Commission cost $20 million. How many Canadians know that $20 million represents 40 per cent of the Senate budget in one year? We could have done what the Lortie Commission did. How many other commissions could we have conducted? Within a year, you can spend less money than what the Senate costs, just by the work that can be done.

Honourable Senator Prud'homme, I say to you, sir, that you may add my name to the list of senators who have agreed to work with you to better serve this honourable institution.

Some examples of issues which could be considered are the use of drugs in the schools; the expansion of gambling in Canada and on the North American continent; the problem of unemployment resulting from opening up trade on a global basis; improving education for Canadian children with a view to convincing all provinces that there should be national standards.

My remark regarding the fairness of the press towards the Senate is illustrated, in particular, in regard to work that this Senate did on the 1971 tax reform legislation. This is what happened. The Standing Senate Committee on Banking, Trade and Commerce spent three months examining the preliminary White Paper, received 443 briefs, heard 118 witnesses, and suggested over 40 changes in the proposals. The government embodied most of these changes in the bill introduced in the House of Commons. The Senate committee then subjected the bill itself to the same meticulous scrutiny for another three months and recommended another nine amendments, all of which were adopted by the House of Commons.

When the bill came to the Senate, therefore, that body had already, in effect, put six months' work into it and secured most of the changes it thought necessary and was able to dispose of the matter in a few days. The press, noting only these few days, attacked the Senate and its committee for shirking its duty on one of the longest, most complex and most important bills in the history of the country. So much for fair reporting.

• (2130)

The fact that we are not elected and not responsible to the electorate for retaining our seats as senators surely does not mean we cannot perform our duties as senators, just as judges, who are also appointed, perform their functions as judges. I know many judges in Canada and I have a great deal of respect for the bench. I also know a lot of senators and I have a great deal of respect for the Senate. As for ability and expertise as a body, the present members of this honourable Senate, on both sides of this chamber, are equally as talented, able and conscientious in serving Canada as senators as are our honourable judges in serving the judiciary.

At best, we should strive to produce better legislation for Canada. It is my strong view from what I have read to date, and it is the view of many thinking Canadians, that as long as we are appointed by the Governor General in Council and not elected we should never defeat bills passed by the House of Commons. I know there are contrary views in this chamber, but if we continue to work independently and try to exercise all the powers the present legislation gives us, we will just be hurrying the day when this institution, which started with Confederation in 1867, will be abolished.

The Hon. the Speaker: Senator Jessiman, according to our rules, your time is up unless there is unanimous agreement to extend it. Is there unanimous consent to extend the time, honourable senators?

Some Hon. Senators: No.

Some Hon. Senators: Agreed.

The Hon. the Speaker: I am in your hands.

Some Hon. Senators: No.

Senator Jessiman: I did mention at the outset that I would be some time.

Earlier I mentioned a Supreme Court case of 1980. In short it was found that the Senate could not be abolished by the House of Commons. That is my understanding. Senator Murray said that he believes such a move would require a resolution of the House of Commons and all ten provinces.

The Hon. the Speaker: I am sorry, Senator Jessiman. I understand that there is not unanimous agreement. I would suggest that you table the remainder of your speech so that it may be on the record.

Honourable senators, with leave of the Senate and notwithstanding rule 59(1)(*g*), it is moved by the Honourable Senator Lavoie-Roux, seconded by the Honourable Senator Beaudoin, that this report be adopted now.

Is it your pleasure, honourable senators to adopt the motion?

Senator Murray: Mr. Speaker, I think I would be correct in stating that there is a desire on both sides of the Senate for a standing vote on this matter.

The Hon. the Speaker: Is that agreed?

Hon. Senators: Agreed.

The Hon. the Speaker: How long a bell would you like, honourable senators?

Senator Kelly: A 15-minute bell, honourable senators.

Some Hon. Senators: Oh, oh.

Senator Robichaud: Two minutes.

The Hon. the Speaker: I understand, Senator Kelly, that you have been out-voted. There will be a five-minute bell.

Senator Kelly: Honourable senators, I would like to insist on a 15-minute bell. All interested senators want their vote to be recorded. I want to be sure that every senator has an opportunity to be in the chamber. We would ask for a 15-minute bell with the vote to be held at five minutes to ten o'clock.

The Hon. the Speaker: Call in the senators.

• (2200)

Motion agreed to and report adopted on the following division:

YEAS

THE HONOURABLE SENATORS

Andreychuk	Kelleher
Angus	Kelly
Atkins	Kenny
Austin	Keon
Balfour	Kinsella
Beaudoin	Kirby
Beaulieu	Kolber
Berntson	Lavoie-Roux
Bolduc	LeBreton
Bonnell	Lewis
Bosa	Lucier
Buchanan	Lynch-Staunton
Chaput-Rolland	MacDonald (*Halifax*)
Charbonneau	MacEachen
Cochrane	Macquarrie
Cogger	Marshall
Cohen	Murray
Comeau	Nolin
Cools	Oliver
Corbin	Olson
Davey	Ottenheimer
De Bané	Perrault
Desmarais	Petten
DeWare	Phillips
Di Nino	Pitfield
Doody	Prud'homme
Doyle	Rivest
Everett	Rizzuto
Eyton	Roberge
Fairbairn	Robichaud
Frith	Rossiter
Ghitter	Sparrow
Gigantès	Spivak
Grafstein	St. Germain
Graham	Stanbury
Gustavson	Stewart
Haidasz	Stollery
Hastings	Stratton
Jessiman	Tkachuk
Johnson	Twinn—80.

NAYS

HONOURABLE SENATOR

Thériault—1.

ABSTENTIONS

HONOURABLE SENATORS

Adams
Simard—2.

ADJOURNMENT

Hon. John Lynch-Staunton (Deputy Leader of the Government): Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*h*), I move:

THAT when the Senate adjourns today, it do stand adjourned until Tuesday, September 28, 1993, at two o'clock in the afternoon.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Senators: Agreed.

Motion agreed to.

THE ECONOMY

NOTICE OF MOTION TO SEND MESSAGE TO HOUSE OF COMMONS INVITING RESCISSION OF TAX-FREE ALLOWANCE

Hon. Raymond J. Perrault: Honourable senators, I give notice that on Tuesday next, July 13, 1993, I will move:

THAT, in recognition of the real economic distress being suffered by many Canadians in all provinces at the present time, and considering that there is a special need for those who serve in Parliament to demonstrate their concern practically and symbolically, and considering that, in response to these considerations, the Senate of Canada has cancelled the proposal to pay some senators up to a maximum of $6,000 per annum as a tax-free travel allowance upon presentation of receipts, a message be sent by the Senate to the House of Commons inviting that House to rescind the tax-free accommodation and living allowance of $6,000 per annum which, since April 1, 1991, has been available to all members of that House.

TRANSPORT AND COMMUNICATIONS

RAIL LINE ABANDONMENTS—NOTICE OF MOTION TO AUTHORIZE COMMITTEE TO UNDERTAKE STUDY

Hon. Jean-Maurice Simard: Honourable senators, with leave of the Senate, and notwithstanding rule 59(1)(*f*), I move:

THAT the Standing Senate Committee on Transport and Communications be empowered to undertake a study of the broad public-interest implications of rail line abandonments, with particular reference to the possible impact on Atlantic Canada and on the applications filed by the Canadian Pacific Limited (C.P. Rail) to abandon operations on the main line east from Sherbrooke, Quebec, to Saint John, New Brunswick; and

That the Committee present its Report no later than September 30, 1993.

The Hon. the Speaker: Is leave granted, honourable senators?

Hon. Royce Frith (Leader of the Opposition): Honourable senators, I wish to note a point of order on that motion.

I have nothing to say about the merits of the motion, because I do not know anything about it. Senator Simard, anticipating that today would be a one-day sitting, wanted to bring forward this motion and to say something about it. Therefore, under Senators' Statements, he gave what amounted to an introductory speech on his Notice of Motion.

Honourable senators, that is a practice that ought to be discouraged, because the purpose of a Notice of Motion is to give senators an opportunity to study the subject matter of the notice and prepare themselves to intervene when the returnable date of the motion arrives. If the precedent is set of making a speech under Senators' Statements and proposing the Notice of Motion later, senators who may wish to intervene will be preempted in their preparation.

I note that point of order for the record.

The Hon. the Speaker: Is leave granted, honourable senators?

Senator Hastings: No.

Senator Simard: You do not want to hear an explanation?

Senator Hastings: No.

The Hon. the Speaker: Honourable senators, leave is not granted.

SENATE REFORM

IMPLEMENTATION OF PROVISIONS OF CHARLOTTETOWN ACCORD—NOTICE OF INQUIRY

• (2210)

Hon. Jack Marshall: Honourable senators, I give notice that on Wednesday next, I will call the attention of the Senate to the advisability of implementing certain provisions in the Charlottetown Accord as they refer to Senate reform, specifically clause 15, which stipulates that key appointments made by the federal government be ratified by the Senate, among others, the Canadian Broadcasting Corporation, the National Film Board, the Canadian Radiotelevision and Telecommunications Commission and Telefilm Canada.

QUESTION PERIOD

TRANSPORT AND COMMUNICATIONS

VANCOUVER INTERNATIONAL AIRPORT—LEGALITY OF TRAVEL LEVY

Hon. Paul Lucier: Honourable senators, I have a question for the Leader of the Government in the Senate. The Vancouver International Airport was recently turned over to a group of highjackers who have set up tollbooths where you enter security. They now are charging $20 to leave Vancouver Airport. That does not affect us because we get our travel paid for, but a family from the Yukon, for example, who are going to Disneyland, have to pay $20 to get out of the Vancouver Airport, which is, for six people, $120.00; and then, when they go back to the Yukon, it is $60.00 because it is $10.00 per head to get back into the Yukon.

Senator Perrault: Shame!

Senator Lucier: That is $180.00 for a family to travel in and out of the Vancouver Airport. If they want to charge a toll for airport improvement, which is what they are calling this, that is fine. Build the airport improvement and then charge the people who use it. That is how toll roads work. That is how everyone does it.

Senator Perrault: Good statement!

Senator Lucier: Build the road and then charge the toll on it. You do not have to charge the people who have already paid for the airport. Canadians have bought that airport and built it. Surely they do not have to go through the exercise of paying for it again. I do not see why that should be occurring. This borders on having a bunch of thieves standing there. You cannot go through security unless you have this money to pay before you get to your airplane.

I question the legality of this, as have others who have sent letters to the Vancouver papers questioning the legality of charging this fee. Would the minister be interested in contacting the Minister of Justice or the Minister of Transport to find out what the situation is. This is an absolute insult. It is a despicable act by the people who have taken over the Vancouver Airport.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I will be glad to ask for a report from my cabinet colleague, Mr. Corbeil, on the situation described by the honourable senator.

TELEFILM CANADA

PROPOSED FILM ON OCTOBER CRISIS—EXCULPATION OF TERRORISTS ON FRENCH CBC RADIO

Hon. Philippe Deane Gigantès: Honourable senators, would the Leader of the Government in the Senate be kind enough to ascertain why CBC French radio chose Canada Day, July 1, at 5 p.m. to broadcast a program on how the terrorists involved in the Laporte and Cross kidnappings were poor, martyred fellows, who were badly treated by Canada?

Secondly, I have heard from sources who have been informing me that Telefilm Canada and the National Film Board are at the stage now where they have indicated to Pierre Falardeau and his producer, Bernadette Payer, that they will go ahead with the funding of a film glorifying the kidnappers, sequesters, torturers and assassins of Pierre Laporte.

Hon. Lowell Murray (Leader of the Government): Honourable senators, although the Senate will not be sitting for several months, I will ask my cabinet colleague, Madam Landry, to obtain a report on this matter immediately and I will send a copy of it to the honourable senator.

ELECTIONS ACT

LORTIE COMMITTEE RECOMMENDATIONS—GOVERNMENT POSITION

Hon. Marcel Prud'homme: Honourable senators, I wish to ask a question for those of us who worked hard on the Elections Act, which was referred to us by the House of Commons in reference to the Lortie Committee, which recommended strongly that the House of Commons should take a position on third-party advertising. The committee recommended that the House of Commons do so. We passed a new election act. The Senate passed it and it is now law, but again to my shock, but not surprise, a group of Canadians from central Canada went to attack the law in Calgary by coincidence again. A judge of the first court decided that this is totally against the Canadian Charter of Rights and Freedoms.

My question to you, contrary to what we did not do in 1984 — and we all agree we erred by not launching an appeal when a judge in Calgary in 1984 decided that a certain part of the election act was illegal. We did not appeal that decision. I am not partisan in this; in fact, I am on record in the House of Commons as having said that I regret that we did not launch an appeal at that time.

Now the same group of Canadians, who pretend not to be political in any way, are attacking a law of Parliament. This will lead to the total Americanization of our Canadian institution, where money will be what counts to be elected. They declared that part of the law illegal.

I was in Edmonton when this took place. I questioned some other judges of the higher courts. I listened to the discussion that took place. I regret that no action was taken at the time. To be practical now, for those who may not have participated in that committee, any third party can now spend any amount of money during the next coming election while members of the House of Commons would be highly limited to dollars and pennies. This is totally against the wishes of the Lortie Committee and the House of Commons and the Senate when we passed the law.

Even though it is partisan for some at this time, the best way to eliminate an appeal would be to ask the Government of Canada — and I see a constitutionalist who will indicate to me whether or not I am wrong — to make a reference to the Supreme Court to render an immediate judgment before the election takes place so that we will not have the first step towards the total and absolute Americanization of our political institution, where third-party advertisement will be in a position to spend any amount of money, while those who run for political office will be limited by the actual act. I would have thought that the Honourable the Leader of the NDP last night in Calgary would not have jumped to another horse. The first horse was that she would ask for an inquiry on members' pensions but, knowing how unpopular that was with the rank and file in the house, she is now on a horse advocating the abolition of the Senate. I was expecting her to say that the Government of Canada of today should ask for a reference so that the matter could be settled. In 1984 we did not ask for an appeal. We came back again when it was the wish of Canadians that there be a limit. It is being attacked again in the lower court in Calgary. The judge has decided that it is totally illegal. I believe that the next Parliament will again revise the Elections Act to include limits for third parties, as was highly recommended by the Lortie Committee.

• (2220)

Would the Leader of the Government in the Senate at least consider putting my wish to the government to make an immediate reference to the Supreme Court?

Hon. Lowell Murray (Leader of the Government): Honourable senators, a decision on whether to appeal the judgment of a lower court is one that is taken by the Attorney General of Canada on the basis of best advice available to him on the legal merits. I presume that the Minister of Justice now has this matter under advisement and will make a decision in due course.

Meanwhile, I will see that the policy considerations, which I am sure are familiar to the minister, as raised by the honourable senator, are brought to the minister's attention.

FISHERIES

VALUE OF SENATE REPORT—IMPORTANCE OF CONTENT—GOVERNMENT POSITION

Hon. John B. Stewart: Honourable senators, I have quite a different kind of question. Some years ago a committee of the Senate, headed by Senator Marshall, presented to the Senate an extremely important report with regard to the conduct of North Atlantic fisheries. If the content of that report had been taken into account properly, some of the distressing, even catastrophic, circumstances now prevailing in certain of the Atlantic provinces would have been avoided. Of course it was neglected and ignored.

On June 23, 1993, another report was presented to the Senate, this time by Senator Rossiter. Absolutely no attention whatsoever has been given to this matter by the media. Indeed, the media seems to have been captivated, possessed, by the matter of the accommodation payment vote which took place on that very same day. To assure that the same sort of neglect does not occur with regard to the Rossiter report that took place with regard to the Marshall report, will the Leader of the Government in the Senate personally undertake to ensure that his new colleague, the Minister of Fisheries, is seized of the report, is impressed by the importance of the content of the report, and gives the Leader of the Government in the Senate a strong assurance that he will examine the evidence which supports the important recommendations in the aforesaid report?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I thank the honourable senator for reminding me of this matter. I will be glad to bring it to the attention of my colleague.

NORTH AMERICAN FREE TRADE AGREEMENT

STATUS OF NEGOTIATIONS ON SIDE AGREEMENTS

Hon. John B. Stewart: Honourable senators, I have another question on a quite different matter. On that famous day, June 23, 1993, some honourable senators may remember that the Senate gave third reading to a bill to approve the North American Free Trade Agreement. Since that event, there have been developments in the United States. Could the Leader of the Government in the Senate tell the house where the negotiations on the side agreements stand, and what progress we can anticipate in view of the decision of the court in Washington D.C. with regard to the environmental study which that judge said ought to have taken place?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not sure there is a great deal I can say about the court judgment in the United States, except to observe that members of the administration of that country continue to express confidence that this is another hurdle that can be quickly overcome.

With regard to the negotiations on the side agreements, I will place on the record a brief statement that has been given to me by the Department of External Affairs and International Trade under today's date. It says that the chief negotiators concluded a round of formal talks in Mexico on July 8 and 9. This is the fourth time negotiators have met since talks began March 17 and 18 in Washington, D.C. All three parties agreed from the outset that NAFTA itself would not be reopened. The fifth meeting is now planned for the week of July 19 in Canada. All parties wish to take advantage of the momentum and accelerated efforts gained at the last meeting. It is hoped that this will be the last session before a full ministerial meeting to finalize the additional agreements.

Canada's approach during these negotiations is unchanged. We believe strong, effective side agreements are in the interests of all three countries and are achievable.

While there has been a recent change in the Canadian ministry, there is no change in Canada's position on the place of trade sanctions, a matter on which we have had several exchanges during the Oral Question Period here. While Canada wishes to see effective side agreements, Canada continues to take a strong position that trade sanctions are not constructive and would detract from the main goal of NAFTA, the liberalization of trade. Other constructive proposals are now actively being considered. A broad measure of agreement has been reached in several areas, such as the establishment of trilateral commissions on the environment and labour comprised of cabinet-level representatives and supported by secretariats.

At the last meeting, held on July 8 and 9 in Mexico, progress was achieved on structural and procedural aspects of this agreement for both environment and labour. That the three sides will continue to meet indicates that they believe there is the prospect of making real progress. The federal government is continuing to consult closely with the provinces, business, labour and environmental, nongovernmental organizations in preparing for the next meeting.

[*Translation*]

FOREIGN AFFAIRS

REESTABLISHMENT OF EMBASSY IN BEIRUT

Hon. Marcel Prud'homme: I have a question for the Leader of the Government in the Senate. It is always a delicate matter and a cause for great frustration for one of our largest and most prosperous communities — I am referring to the Lebanese community — and for the Lebanese people in Lebanon, to have to go to our embassy in Damascus. I know the minister is very much aware of this, and that is why I did not give him notice. I know he has all the facts.

It is a real problem and extremely frustrating for anyone who is interested in international politics to see that the Lebanese have to go all the way to Damascus to get a visa or an immigration permit. In fact, it is extremely dangerous. Nowadays, the situation is becoming extremely difficult, and this is a matter of tremendous concern to the Lebanese community in Canada and to all the political parties. The Lebanese community, which plays a substantial economic role in this country, has asked me to find out whether the government would agree it is time to announce or reconsider — politically speaking, this is the right time to do so just before an election — the opening of an embassy like the one we had before in Beirut. The community would of course appreciate such action. We all know how dangerous it is now for some communities. For one, the Christian Lebanese community is often very reluctant to go through the various check points before getting to Damascus. Of course, I am not criticizing our embassy in Damascus. However, the Department of External Affairs should be able to reorganize our embassies in the Middle East to at least accommodate these extraordinary Canadians who only want what they had before.

As the Minister is well aware, the situation inside Lebanon is improving considerably. It would be an encouraging sign from the Canadian government, if it were to consider this request, which is not a personal one, I may add, but is endorsed by all Lebanese communities of all denominations in Canada.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I think it has been almost ten years since Canada closed its embassy in Beirut and our representatives were relocated to Damascus because of what happened at the time. The most I can say this evening is that I will take note of the question and refer it to my colleague, the Honourable Perrin Beatty, and I will report back to my honourable friend as soon as possible.

[*English*]

FOREIGN AFFAIRS

SOMALIA—INCIDENTS BETWEEN CITIZENS AND MEMBERS OF CANADIAN FORCES—GOVERNMENT POSITION

• (2230)

Hon. Philippe Deane Gigantès: Honourable senators, there have been allegations in the media about reports by the armed forces on incidents involving members of the Canadian Forces and Somali civilians. There have been allegations that the reports have been misleading.

Would the honourable Leader of the Government care to tell us if there is any information on this topic which he could give us to clear up the confusion?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am sorry, but I am not in a position to do so tonight. I can and will ask for a report and let the honourable senator have it as soon as I have received it.

RESIDENCE OF PRIME MINISTER

SALE OF FURNISHINGS—GOVERNMENT POSITION

Hon. Philippe Deane Gigantès: There has been unfortunate and I hope unwarranted discussion in the media about the issue of the sale of furniture from 24 Sussex Drive to the National Capital Commission. There have been questions raised in some of the media as to whether this furniture had been bought with funds donated by the Conservative Party of Canada, funds that stem from contributions by taxpayers and therefore tax deductible funds. It has been an ugly issue.

Is the government planning a report to clear this up?

Hon. Lowell Murray (Leader of the Government): Honourable senators, I must say I do not know any more

about that than the honourable senator does. He has referred to some media reports as to who paid for what in furnishing the official residences. I have seen other reports in the same media on that matter.

The government is not, so far as I am aware, considering making any report on the matter. The Chairman of the National Capital Commission had the furniture in question appraised by two independent appraisers, and on that basis made a proposal to the Mulroneys on the matter. He has already met the media and made a full statement of the circumstances under which all this was done. I do not know if there is anything I can usefully inquire into or add.

Senator Gigantès: The point of my question was not whether the appraisals were or were not suitable appraisals; the point of my question was what funds were used to buy these items. The question is whether these were funds donated by the Conservative Party and therefore funds contributed to the Conservative Party by taxpayers, under tax deductible contributions to political parties. The point is to elicit whether such funds were used to buy these items which have now been bought back by the National Capital Commission.

Senator Murray: Honourable senators, as a minister of the Crown, I am not privy to whatever arrangements may obtain as between the PC Canada Fund, for example, and the national leader of the party, as to whether whatever moneys were advanced for a particular purpose were advanced by way of grant or loan or what it was. Again, I have seen information in the media to the effect that this was done by way of loan, but, in any case, I am not privy to that information.

I make the point, as one who was been around here in my own political party for a good many years, in opposition and in government, that there are arrangements existing in all political parties, as the honourable senator must know, under which the national party fund assists leaders with legitimate expenses related to the activities of those leaders and their expenses, both in and outside Ottawa, including, I believe, expenses related to their lodgings.

Senator Gigantès: That still is not an answer to my question. My point is a serious point. It is painful for all Canadians. There is an allegation that these items were not bought with personal money of the Mulroney family, but were bought with money of the Conservative Party of Canada. In that case, the proceeds from the sale of those items should go to the Conservative Party of Canada and not to the Mulroney family.

If these allegations are untrue, they should be dispelled. They fall upon the person of someone who has until very recently been the head of government of this country. Surely we should not allow the office of the head of government of this country to be besmirched.

Senator Lynch-Staunton: You can say that after listening to your leader for three weeks?

Senator Murray: The honourable senator refers to allegations. What allegations? Who makes them? On what basis? Even if these matters came from my administrative responsibilities as minister of the Crown, I do not think it would be appropriate or proper to ask me to comment on allegations which are really, so far as I can gather from what the honourable senator has said, hypotheses put forward here and there. I am not aware of any allegation or any basis for any allegation made by any particular person on this matter. The world and the media are always full of scuttlebutt and speculation, but I am sure the honourable senator does not expect me to investigate and comment on all these things.

Senator Gigantès: Surely the government could come out with a categorical statement that these items were not bought with funds provided by the Conservative party, funds contributed by taxpayers, but were bought with personal funds of the Mulroney family. That would clear the issue.

Senator Lynch-Staunton: Are you making a statement? Are you making an accusation here?

Senator Gigantès: I am not making an accusation.

Senator Lynch-Staunton: Why do you keep repeating it?

Senator Gigantès: I am making a suggestion.

Senator Lynch-Staunton: No, you are not. You are following in your leader's footsteps. Chapter what? Is this an appendix to Senator Frith's diatribe?

Senator Frith: He is getting so twitchy. There must be something in the air.

Senator Lynch-Staunton: It fits. It matches. We could talk about the swimming pool.

Senator Frith: There is a lot of twitching going on. Why not let the leader deal with it?

Senator Murray: Again, there is no call whatsoever for a statement from the government or any minister thereof.

If it is of any assistance to the honourable senator in regard to these hypothetical allegations, what I would call speculation and scuttlebutt, it is a matter of general information that the PC Canada Fund has said publicly that they do not own nor have any interest in furniture sold to the National Capital Commission by Mrs. Mulroney.

• (2240)

Senator Gigantès: Am I to understand from what you are saying, sir, that these were gifts from the PC Canada Fund to the Mulroney family?

Senator Murray: No.

Senator Lynch-Staunton: He never said that.

Senator Murray: Honourable senators, that is not what I said. What I said is that the fund does not own, has no interest in —

Senator Lynch-Staunton: And never did.

Senator Murray: — the furnishings, or whatever they were, drapes and so forth, that were sold to the NCC by Mrs. Mulroney. I do not think anything could be clearer than that.

Again, this is not a matter for which I should be answering as minister. I am telling you something I happen to know, a statement that was made by the PC Canada Fund. Perhaps that information will complete the record as far as we are concerned and as far as this evening's discussion is concerned.

Senator Gigantès: My last question, and then I will drop the matter: When you say that it does not own, do you mean that they gave it away and therefore they no longer own it? Or do you mean that their funds were not used by the Mulroney family to acquire these items?

Senator Murray: I ask the honourable senator to reflect on the statement that was made. There may have been more to it, but that is as much as I recall of the statement.

They do not own it. They have no interest in it. What that would mean to me is that it is not theirs and that Mrs. Mulroney was at liberty to respond to the request of the National Capital Commission that they buy this stuff from her so as to keep it for succeeding prime ministers in those official residences.

That is really all I know about the matter. I do not think there is really anything that I can or should be asked to add.

AGRICULTURE

STATUS OF NEGOTIATIONS IN URUGUAY ROUND—EFFECT OF MEETING OF GROUP OF SEVEN IN TOKYO

Hon. H.A. Olson: Honourable senators, I should like to ask one question of the Leader of the Government in the Senate about the recent Tokyo Round of the G-7. There was a report that there was some progress made on the negotiations in GATT and that there were further developments in the Uruguay Round, but that whatever agreements were made depended on whether there was to be further agreement on the disagreement, or lack of agreement, on agriculture products that are involved. There was no progress at all made on the lack of agreement for the past seven years on agriculture products between the leaders of the G-7.

Hon. Lowell Murray (Leader of the Government): Honourable senators, I am not sure I can help my friend very much with that. The information I have on agriculture, in terms of the agreement made by trade ministers and G-7 leaders in Tokyo, is that, although agriculture was not the main focus for these negotiations, it has been agreed that access for agriculture products is an essential component of a global and balanced Uruguay Round deal.

The Hon. the Speaker: Honourable senators, according to rule 23(7), Question Period is over.

Senator Olson: Saved by the bell.

VETERANS AFFAIRS

THE VALOUR AND THE HORROR—BEHAVIOUR OF CBC—QUESTION OF PRIVILEGE

Hon. Jack Marshall: Honourable senators, last year as the Senate Sub-Committee on Veterans Affairs prepared to launch its investigation of the CBC war series, *The Valour and The Horror*, I received a letter from one of Canada's most distinguished military historians, Professor Desmond Morton of the University of Toronto. While Professor Morton wished the subcommittee luck in its coming battle with the CBC over the film's inaccurate portrayal of Canada's soldiers and airmen in the Second World War, he also sounded a cautionary note. In particular, he reminded me of Sir John A. Macdonald's famous dictum, "Never wrestle with a skunk."

I have never for a moment regretted my decision to defend the honour and reputation of Canada's veterans. However, I cannot deny that at times Morton's advice has haunted me. Throughout the debate over *The Valour and the Horror*, the Canadian media have adopted a siege mentality and stopped at nothing to defend their professional credibility. In doing so, they have lashed out in all directions with not a thought for principle or fair play. They have even given the public the misleading impression that the Senate subcommittee did not have the authority to carry out its mandate to examine the series of films and to call witnesses.

The behaviour of the CBC in particular has been hypocritical and dishonest. It has been over a year and a half now since the film series was first broadcast, and this behaviour shows no signs of abating. I should like to take this opportunity to relate the latest in a long series of shameful incidents.

In the May issue of *Saturday Night* magazine, Anne Collins wrote a long, in-depth article entitled, "The Battle Over *The Valour and the Horror*". Ms Collins is a well-respected journalist. Granted, she has a definite bias in favour of the media, which is her right, but unlike many other journalists who have written about *The Valour and the Horror*, she at least makes an attempt to explore both sides of a complicated story. For that reason, I believe she wrote a reasonably well balanced and intelligent piece.

Mr. Robert Pattillo, CBC's Vice-President of Communications disagrees. This is not especially surprising given that the CBC and Mr. Pattillo himself emerge from Ms Collins' article with their credibility in tatters. Mr. Pattillo has decided to defend himself, which is his right, and in a

letter published last week in *Saturday Night* he not only challenges the author's description of his role in the debate, but questions the veracity of the subcommittee documents on which that description is based.

Quite frankly, I have grown accustomed to the lies habitually propagated by the CBC and its senior management, and I would just as soon have ignored them. But when my integrity and that of the Senate Sub-committee on Veterans Affairs is called into question, I feel I have no choice but to respond.

Honourable senators, permit me to lay out the facts. Last fall, Mr. Pattillo visited my office on two separate occasions, on September 4 and October 2. It was clear from the outset at the first meeting that the CBC was concerned over the intense reaction of the veterans and the effect the subcommittee's investigation was having on the whole affair.

• (2250)

Mr. Pattillo seemed prepared to disregard the series' writer-director team of Brian and Terence McKenna and to cut a deal. He promised to circulate the CBC Ombudsman's report on *The Valour and the Horror* before its release which, at the time, was expected in a few weeks. He offered that the CBC would likely be willing to give veterans equal air time to respond to allegations made in the film. Remember, that was September 4.

At the next meeting on October 2, this strategy became even more apparent. Mr. Pattillo informed myself and two committee staff members that a draft of the ombudsman's report had been completed and that he circulated a draft press release that would accompany the report when it was made available to the public.

The press release noted that the ombudsman had concluded that *The Valour and the Horror* contained considerable material that could not be supported by the available evidence and that the use of dramatic sequences had detracted from the producer's claim that this was a serious documentary based on historical fact. CBC President Mr. Gerard Veilleux stated in the press release that, in future, the corporation, while not shying away from controversial subjects, would take greater care in ensuring the accuracy of its research. Mr. Veilleux also promised that the vice-president of news and current affairs would undertake an in-depth examination of CBC procedures for ensuring the authenticity of their productions.

As it turned out, this draft was remarkably similar to the communiqué that was released at the same time as the ombudsman's report on November 10. While I examined the document, Mr. Pattillo added his own comments. He conceded that, if some of the figures portrayed in *The Valour and the Horror* were alive today, being the soldiers and the leaders, they would be in a very strong position to win libel suits. He also informed me and staff members that the ombudsman's report recommended that Brian and Terence McKenna be asked to make substantive changes to the film and that it not be shown in its present form again on the CBC network. Mr. Pattillo also made reference to the possible removal of video cassettes available in homes, public libraries, and high schools. He made the analogy of an unsafe automobile which the manufacturer has no alternative but to recall.

The CBC was clearly distancing itself from the McKennas. Mr. Pattillo informed me that the film makers had already seen a draft of the report and had indicated their displeasure by hiring a lawyer — not surprising given that Mr. Pattillo suggested that the report could possibly ruin Brian McKenna's career as a journalist. At the same time, he thought it unlikely that either of the brothers would agree to any changes. Mr. Pattillo remarked that the entire issue might become bogged down in the courts for years.

Under these circumstances, Mr. Pattillo was very anxious to learn what the subcommittee would do now, clearly hoping that it would dispense with the hearings planned for November. He indicated that, if the proceedings went ahead, the CBC would only appear *in camera*. The ombudsman's report, in other words, would be their final word. However, if, during the *in camera* meeting, the subcommittee were to ask the CBC to give veterans an on-air forum to respond to the film's allegations, Pattillo was optimistic that some arrangement could be made.

Before asking for the return of all copies of the draft press release, Mr. Pattillo suggested that we schedule another meeting for October 13, at which time I would be permitted to see a copy of the ombudsman's report. In the meantime, I would consult the members of the subcommittee and seek their advice. I also said their advice would have to be sanctioned by the veterans of Canada.

As it happened, the meeting never took place. Mr. Pattillo told one of the committee staff there had been a glitch. The McKennas learned soon afterwards of Mr. Pattillo's visit to my office, and CBC in-fighting delayed the release of the ombudsman's report until November 10. By that time, the subcommittee had resumed its hearings and the CBC had changed its mind and decided not to appear.

Senator Frith: November 10 of what year?

Senator Marshall: That was 1992. It is this version of events, with some minor changes, which appears in Ms Collins' article. Mr. Pattillo states in his letter that the description of his role is riddled with mistakes. This response was to be expected, honourable senators. Ever since our meetings took place, Mr. Pattillo has used a highly selective memory and outright lies to fabricate his own account. For example, he has consistently failed to mention that there were, in fact, two meetings, not one. The meeting of September 4 is never mentioned as it demonstrates just how determined the CBC was to come to an arrangement with the subcommittee.

Mr. Pattillo alleged in the *Globe and Mail* of November 19, 1992, that he told me that the hearings were:

> ...stupid and served nobody. I was quite strong on that point.

Honourable senators, at no time at either of our meetings did Pattillo utter those words or make such a suggestion. There are two witnesses to back that up.

Mr. Pattillo also claimed in the same newspaper article that I was "quite outraged" that we were not treating my committee properly. Again, I never made such a suggestion. I did inform Mr. Pattillo that the veterans, many of whom are prominent in Canadian public life, were incensed with the CBC. Mr. Pattillo maintains that he said the following words in response:

> I believe that and two bucks would get you on the subway.

I certainly do not remember such a statement, and I should point out that Mr. Pattillo was anything but cavalier during our meeting.

However, Mr. Pattillo's most outrageous statement, repeated in his recent letter to *Saturday Night*, is that he had not seen the ombudsman's report before our meeting of October 2 and that he did not circulate a draft press release because one did not exist at the time. This, honourable senators, is a total corruption of the truth. In fact, he passed the press release around the room and then insisted on its return at the end of the meeting.

Finally, Mr. Pattillo states in his letter that Ms Collins' account of the October 2 meeting relies on the subcommittee aide-memoire:

> ...that seems to have been written long after the event and apparently from bad memory (but powerful, imaginative capabilities).

He is seriously mistaken. The aide-memoire was written on November 20, and much of it is taken from a memorandum written by a committee staff member on the same day as our second meeting with Mr. Pattillo. This individual was in the room with Mr. Pattillo and wrote his memo immediately after Mr. Pattillo's departure. Both I and the staff member who was there fully confirmed the substance of the document. Throughout the subcommittee investigation, staff were instructed to keep detailed notes of all meetings and phone calls.

In reality, it is Mr. Pattillo's powerful imaginative capabilities which stand out. He has followed in the footsteps of other CBC executives who have consistently twisted the truth over the last 18 months. In a desperate attempt to save their credibility, they have in fact produced the opposite effect. CBC seems to have taken pride in sacrificing not only our veterans, the real victims in this tragic episode, but also the truth itself. They are now questioning my honesty and integrity.

Your Honour, if you rule in favour of my question of privilege, I am prepared to move the appropriate motion to call Mr. Pattillo before the Bar of the Senate to answer these allegations at the earliest possible opportunity.

The Hon. the Speaker: Honourable senators, I will take the point of privilege under advisement.

Senator Stewart: Are we to adjourn with that question pending?

Senator Lynch-Staunton: The speaker has decided.

The Senate adjourned until Tuesday, September 28, 1993, at 2 p.m.

The Thirty-fourth Parliament was dissolved
by Proclomation of His Excellency the Governor General
on Wednesday, September 8, 1993.

ABBREVIATIONS

1r, 2r, 3r	=	first, second, third reading
amdts	=	amendments
com	=	committee
div	=	division
m	=	motion
neg	=	negatived
qu	=	question
ref	=	referred
rep	=	report
r.a.	=	Royal Assent
st	=	statement

Acts passed during the Session

PUBLIC ACTS

Chapter *Bill No.*

Assented to June 14, 1991

25 British Columbia Grain Handling Operations Act C-25

Assented to June 21, 1991

26 Proceeds of Crime (Money Laundering) Act C-9
27 National Energy Board Act amendment C-2
28 Exporting, Importing, Manufacturing, Buying or Selling of or Other Dealing with Certain Weapons Act C-6
29 Appropriation Act No. 2, 1991-92 ..... C-24

Assented to October 2, 1991

30 Public Sector Compensation Act C-29

Assented to October 11, 1991

31 Thunder Bay Grain Handling Operations Act C-37

Assented to October 29, 1991

32 Appointment of Port Warden for the Harbour of Quebec, and to amend and consolidate Acts Relating to Office of Port Warden for the Harbour of Montreal amendment C-14
33 Canadian Wheat Board Act amendment C-23
34 Agricultural Products Marketing Act amendment C-16
35 Postal Services Continuation Act, 1991 ..... C-40
36 National Day of Remembrance Act C-202

Assented to November 26, 1991

37 Railway Act (grain and flour subsidies) amendment C-11
38 Crown Corporations Dissolution or Transfer Authorization Act C-8

Assented to December 5, 1991

39 Canada Labour Code (geographic certification) amendment C-44
40 Criminal Code and the Customs Tariff amendment C-17
41 Foreign Missions and International Organizations Act C-27

Acts passed during the Session—*Cont'd*

PUBLIC ACTS—*Cont'd*

Assented to December 13, 1991

42 Excise Tax Act and the Excise Act amendment C-10
43 Criminal Code (mental disorder), National Defence Act and Young Offenders Act amendment C-30
44 Canada Pension Plan, Family Allowances Act and Old Age Security Act amendment C-39
45 Trust and Loan Companies Act C-4
46 Bank Act C-19
47 Insurance Companies Act C-28
48 Cooperative Credit Associations Act C-34

Assented to December 17, 1991

49 Income Tax Act, Canada Pension Plan, Cultural Property Export and Import Act, Income Tax Conventions Interpretation Act, Tax Court of Canada Act, Unemployment Insurance Act, Canada-Newfoundland Atlantic Accord Implementation Act, Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation and certain related Acts amendments C-18
50 Federal Real Property Act C-3
51 Budget Implementation Act C-20
52 Telesat Canada Reorganization and Divestiture Act C-38
53 Appropriation Act No. 3, 1991-92 ..... C-47

Assented to February 28, 1992

1 Miscellaneous Statute Law Amendment, 1991 ..... C-35
2 Canada Pension Plan C-57
3 Income Tax Conventions S-2

Assented to March 19, 1992

4 Aeronautics Act amendment C-5
5 Airport Transfer (Miscellaneous Matters) C-15

Assented to March 31, 1992

6 Northwest Territories Act amendment C-64
7 Appropriation Act No. 4, 1991-92 ..... C-65
8 Appropriation Act No. 1, 1992-93 ..... C-66
9 Canada Assistance Plan C-32

Assented to April 9, 1992

10 Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act C-60
11 Young Offenders Act C-12
12 Borrowing Authority Act, 1992-93 ..... C-61

Assented to June 4, 1992

13 Extradition Act amendment C-31
14 Competition Act amendment C-68
15 National Public Service Week Act C-328
16 National Defence Act amendment C-77
17 Special Economic Measures Act C-53

Assented to June 18, 1992

18 Debt Servicing and Reduction Account Act C-21
19 Spending Control Act C-56
20 Correctional and Conditional Release Act C-36
21 Persons with Disabilities C-78
22 Criminal Records Act amendment C-71
23 National Parks Act amendment C-59
24 Civilian War Pensions and Allowances Act amendment C-84
25 Electoral Boundaries Readjustment Suspension Act C-67

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PUBLIC ACTS—*Cont'd*

Assented to June 23, 1992

26 Canada Deposit Insurance Corporation Act amendment C-48
27 Bankruptcy Act amendment C-22
28 Customs Act amendment C-74
29 Excise Tax Act, Income Tax amendment C-75
30 Referendum Act C-81
31 Coasting Trade Act C-33
32 Canada Mortgage and Housing Corporation Act amendment C-82
33 Status of the Artist Act C-7
34 Transportation of Dangerous Goods Act, 1992 ..... C-45
35 Oil and Gas Production and Conservation Act amendment C-58
36 Energy Efficiency Act C-41
37 Canadian Environment Assessment Act C-13
38 Criminal Code (sexual assault) amendment C-49
39 Northwest Territories Waters Act C-51
40 Yukon Territory Waters Act C-52
41 Criminal Code (jury) amendment C-70
42 Airport Transfer (Miscellaneous Matters) Act amendment S-11
43 Appropriation Act No. 2, 1992-93 ..... C-87

Assented to September 29, 1992

44 Department of Forestry Act amendment C-306
45 Electoral district of Timiskaming C-351
46 Pensions, Special Retirement Arrangements Act, Pension Benefits Division Act amendment C-55

Assented to October 15, 1992

47 Contraventions Act C-46
48 Income Tax Act, Children's Special Allowances Act, Family Allowances Act amendment C-80

Assented to December 17, 1992

49 Immigration Act amendment C-86
50 Appropriation Act No. 3, 1992-93 ..... C-100
51 Nova Scotia Courts Amendment Act, 1992 ..... C-96
52 Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act C-42
53 Gwich'in Land Claim Settlement C-94
54 Public Service Employment Act amendment C-26

Assented to February 4, 1993

1 Certain corporations, to dissolve or terminate C-63
2 Patent Act amendment C-91

Assented to February 25, 1993

3 Farm Products Marketing Agencies Act amendment C-54
4 Borrowing Authority Act, 1992-93 (No. 2) C-98

Assented to March 25, 1993

5 Tobacco Sales to Young Persons Act C-111
6 Small Businesses Loans Act amendment C-99
7 Criminal Code (air and maritime safety) amendment C-69
8 Divorce Act amendment C-79

Assented to March 30, 1993

9 Appropriation Act No. 4, 1992-93 ..... C-119
10 Appropriation Act No. 1, 1993-94 ..... C-120
11 Saskatchewan Treaty Land Settlement Act C-104

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Assented to April 2, 1993

12 Budget Implementation (fiscal measures) Act, 1992 ..... C-76
13 Government Expenditures Restraint Act, 1993 No. 2 ..... C-113
14 Farm Credit Corporation Act C-95

Assented to May 6, 1993

15 Intellectual Property Law Improvement Act S-17
16 Motor Vehicle Safety Act S-8
17 Canada Post Corporation Act amendment C-73
18 Child Day Act C-371
19 Canada Elections Act amendment C-114
20 Borrowing Authority, 1993-94 ..... C-117
21 Carriage of Goods by Water Act C-83
22 Marine Insurance Act C-97
23 Copyright Act amendment C-88

Assented to June 10, 1993

24 Income Tax Act, Canada Pension Plan, Income Tax Conventions Interpretation Act, Tax Rebate Discounting Act, Unemployment Insurance Act amendment C-92
25 Customs Tariff, Excise Act, Excise Tax Act, Customs Act, Criminal Code amendment C-102
26 Export Development Act amendment C-118
27 Excise Tax Act, Access to Information Act, Canada Pension Plan, Customs Act, Federal Court Act, Income Tax Act, Tax Court of Canada Act, Tax Rebate Discounting Act, Unemployment Insurance Act amendment C-112
28 Nunavut Act C-132
29 Nunavut Land Claims Agreement Act C-133
30 Appropriation Act No. 2, 1993-94 ..... C-134

Assented to June 23, 1993

31 National Round Table on the Environment and the Economy Act C-72
32 Explosives Act amendment C-107
33 Currency Act amendment C-124
34 Miscellaneous Statute Law Amendment Act, 1993 ..... C-125
35 Investment Canada Act amendment C-89
36 Canada Shipping Act amendment C-121
37 Seized Property Management Act C-123
38 Telecommunications Act C-62
39 Customs Tariff amendment C-122
40 Criminal Code, Crown Liability and Proceedings Act, Radiocommunication Act amendment C-109
41 Land Titles Repeal Act C-103
42 Canada Labour Code, Public Service Staff Relations Act amendment C-101
43 Northumberland Strait Crossing Act C-110
44 North American Free Trade Agreement Implementation Act C-115
45 Criminal Code, Young Offenders Act amendment C-126
46 Criminal Code, Customs Tariff (child pornography and corrupting morals) amendment C-128
47 Petroleum-related Acts amendment C-106

PRIVATE ACTS

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Assented to October 2, 1991

54 University of Emmanuel College Act S-4

Assented to October 29, 1991

55 Seventh-Day Adventists Church in Canada Act S-3

Assented to December 13, 1991

56 Metropolitan General Insurance Company Act S-6

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Assented to June 23, 1992

55 Northwest Canada Conference Evangelical Church S-9
56 Green Shield Canada S-10
57 Montreal Board of Trade S-12

Assented to September 29, 1992

58 Royal Society of Canada .....

Assented to December 17, 1992

59 United Grain Growers S-16

Assented to June 23, 1993

48 Canadian Medical Association S-20

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THE SENATE OF CANADA

PROGRESS OF LEGISLATION

(3rd Session, 34th Parliament)

Monday, 12th July, 1993

GOVERNMENT BILLS (HOUSE OF COMMONS)

BILL C–2

An Act to amend the National Energy Board Act

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), June 20, 1991. Third reading and Royal Assent, June 21. *Chapter 27, 1991.*

BILL C–3

An Act respecting the acquisition, administration and disposition of real property by the Government of Canada

First reading, November 26, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, December 5. Report from Committee (without amendment), December 12. Third reading, December 16. Royal Assent, December 17. *Chapter 50, 1991.*

BILL C–4

An Act to revise and amend the law governing federal trust and loan companies and to provide for related and consequential matters

First reading, December 10, 1991. Second reading and referral to Banking, Trade and Commerce Committee, December 12. Report from Committee (without amendment), third reading and Royal Assent, December 13. *Chapter 45, 1991.*

BILL C–5

An Act to amend the Aeronautics Act and to amend An Act to amend the Aeronautics Act

First reading, December 9, 1991. Second reading and referral to Transport and Communications Committee, December 11. Report from Committee (without amendment), March 18, 1992. Third reading and Royal Assent, March 19. *Chapter 4, 1992.*

BILL C–6

An Act respecting the exporting, importing, manufacturing, buying or selling of or other dealing with certain weapons

First and second readings and referral to Foreign Affairs Committee, June 20, 1991. Report from Committee (without amendment), third reading and Royal Assent, June 21. *Chapter 28, 1991.*

BILL C–7

An Act respecting the status of the artist and professional relations between artists and producers in Canada

First reading, June 12, 1992. Second reading and referral to Social Affairs, Science and Technology Committee, June 18. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 33, 1992.*

BILL C–8

An Act to provide for the dissolution or transfer of certain Crown corporations and to amend certain Acts in consequence thereof

First reading, May 28, 1991. Second reading and referral to Banking, Trade and Commerce Committee, June 18. Report from Committee (without amendment), October 29. Third reading, November 21. Royal Assent, November 26. *Chapter 38, 1991.*

BILL C–9

An Act to facilitate combatting the laundering of proceeds of crime

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), June 20, 1991. Third reading and Royal Assent, June 21. *Chapter 26, 1991.*

BILL C–10

An Act to amend the Excise Tax Act and the Excise Act

First reading, October 22, 1991. Second reading and referral to Banking, Trade and Commerce Committee, November 26. Report from Committee (without amendment), December 5. Third reading, December 9. Royal Assent, December 13. *Chapter 42, 1991.*

BILL C–11

An Act to amend the Railway Act (grain and flour subsidies)

First and second readings and referral to Transport and Communications Committee, October 2, 1991. Report from Committee (without amendment), October 23. Third reading, November 19. Royal Assent, November 26. *Chapter 37, 1991.*

BILL C–12

An Act to amend the Young Offenders Act and the Criminal Code

First reading, November 26, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, December 5. Report from Committee (without amendment), April 8, 1992. Third reading and Royal Assent, April 9. *Chapter 11, 1992.*

BILL C–13

An Act to establish a federal environmental assessment process

First reading, March 24, 1992. Second reading and referral to Energy, the Environment and Natural Resources Committee, April 7. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 37, 1992.*

BILL C–14

An Act to amend An Act to provide for the appointment of a Port Warden for the Harbor of Quebec and An Act to amend and consolidate the Acts relating to the office of Port Warden for the Harbour of Montreal, and to validate certain fees and charges established pursuant thereto

First reading, May 30, 1991. Second reading and referral to Transport and Communications Committee, September 18. Report from Committee (without amendment), October 11. Third reading, October 22. Royal Assent, October 29. *Chapter 32, 1991.*

BILL C–15

An Act to provide for certain matters respecting official languages, employees' pensions and labour relations in connection with the transfer of certain airports

First reading, June 11, 1991. Second reading and referral to Transport and Communications Committee, September 18. Report from Committee (without amendment), November 28. Third reading and Royal Assent, March 19, 1992. *Chapter 5, 1992.*

BILL C–16

An Act to amend the Agricultural Products Marketing Act and to provide for other matters in relation thereto

First reading, October 11, 1991. Second reading and referral to Agriculture and Forestry Committee, October 23. Report from Committee (without amendment), third reading and Royal Assent, October 29. *Chapter 34, 1991.*

BILL C–17

An Act to amend the Criminal Code and the Customs Tariff in consequence thereof

First reading, November 19, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, November 26. Report from Committee (without amendment), third reading and Royal Assent, December 5. *Chapter 40, 1991.*

BILL C–18

An Act to amend the Income Tax Act, the Canada Pension Plan, the Cultural Property Export and Import Act, the Income Tax Conventions Interpretation Act, the Tax Court of Canada Act, the Unemployment Insurance Act, the Canada–Newfoundland Atlantic Accord Implementation Act, the Canada–Nova Scotia Offshore Petroleum Resources Accord Implementation Act and certain related Acts

First reading, December 5, 1991. Second reading and referral to Banking, Trade and Commerce Committee, December 9. Report from Committee (without amendment), December 12. Third reading, December 16. Royal Assent, December 17. *Chapter 49, 1991.*

BILL C–19

An Act respecting banks and banking

First reading, December 10, 1991. Second reading and referral to Banking, Trade and Commerce Committee, December 12. Report from Committee (without amendment), third reading and Royal Assent, December 13. *Chapter 46, 1991.*

BILL C–20

An Act to amend certain statutes to implement the budget tabled in Parliament on February 26, 1991

First reading, December 10, 1991. Second reading and referral to National Finance Committee, December 16. Report from Committee (without amendment), third reading and Royal Assent, December 17. *Chapter 51, 1991.*

BILL C–21

An Act relating to the accounting of certain payments for the servicing and reduction of the debt of Canada

First reading, March 31, 1992. Second reading and referral to National Finance Committee, May 6. Report from Committee (without amendment), June 4. Third reading, June 10. Royal Assent, June 18. *Chapter 18, 1992.*

BILL C–22

An Act to amend the Bankruptcy Act and to amend the Income Tax Act in consequence thereof

First reading, June 11, 1992. Second reading and referral to Banking, Trade and Commerce Committee, June 16. Report from Committee (without amendment), June 19. Third reading, June 22. Royal Assent, June 23. *Chapter 27, 1992.*

BILL C–23

An Act to amend the Canadian Wheat Board Act

First reading, October 11, 1991. Second reading and referral to Agriculture and Forestry Committee, October 22. Report from Committee (without amendment), third reading and Royal Assent, October 29. *Chapter 33, 1991.*

BILL C–24

An Act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1992

First reading, June 14, 1991. Second reading, June 19. Third reading, June 20. Royal Assent, June 21. *Chapter 29, 1991.*

BILL C–25

An Act to provide for the resumption and continuance of grain handling operations in the ports of Vancouver and Prince Rupert, British Columbia

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), third reading and Royal Assent, June 14, 1991. *Chapter 25, 1991.*

BILL C–26

An Act to amend the Public Service Employment Act, the Public Service Staff Relations Act and other Acts in relation to the public service of Canada

First reading, December 1, 1992. Second reading and referral to National Finance Committee, December 8. Report from Committee (without amendment), December 16. Third reading and Royal Assent, December 17. *Chapter 54, 1992.*

BILL C–27

An Act respecting the privileges and immunities of foreign missions and international organizations

First reading, October 11, 1991. Second reading and referral to Foreign Affairs Committee, October 22. Report from Committee (without amendment), December 4. Third reading and Royal Assent, December 5. *Chapter 41, 1991.*

BILL C–28

An Act respecting insurance companies and fraternal benefit societies

First reading, December 10, 1991. Second reading and referral to Banking, Trade and Commerce Committee, December 12. Report from Committee (without amendment), third reading and Royal Assent, December 13. *Chapter 47, 1991.*

BILL C–29

An Act respecting compensation in the public sector of Canada and to amend another Act in relation thereto

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), third reading and Royal Assent, October 2, 1991. *Chapter 30, 1991.*

BILL C–30

An Act to amend the Criminal Code (mental disorder) and to amend the National Defence Act and the Young Offenders Act in consequence thereof

First reading, November 26, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, December 3. Report from Committee (without amendment), December 5. Third reading, December 10. Royal Assent, December 13. *Chapter 43, 1991.*

BILL C–31

An Act to amend the Extradition Act

First reading, April 7, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, May 6. Report from Committee (without amendment), May 13. Third reading, May 14. Royal Assent, June 4. *Chapter 13, 1992.*

BILL C–32

An Act to amend the Canada Assistance Plan

First reading, February 11, 1992. Second reading and referral to National Finance Committee, February 28. Report from Committee (without amendment), March 19. Third reading and Royal Assent, March 31. *Chapter 9, 1992.*

BILL C–33

An Act respecting the use of foreign ships and non–duty paid ships in the coasting trade

First reading, May 5, 1992. Second reading and referral to Transport and Communications Committee, May 21. Report from Committee (with three amendments), June 22. Report defeated, third reading and Royal Assent, June 23. *Chapter 31, 1992.*

BILL C–34

An Act to revise and amend the law governing cooperative credit associations and to provide for related and consequential matters

First reading, December 9, 1991. Second reading and referral to Banking, Trade and Commerce Committee, December 12. Report from Committee (without amendment), third reading and Royal Assent, December 13. *Chapter 48, 1991.*

BILL C–35

An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non–controversial and uncomplicated nature therein and to repeal certain provisions thereof that have expired or lapsed or otherwise ceased to have effect

First reading, February 11, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, February 18. Report from Committee (without amendment), February 27. Third reading and Royal Assent, February 28. *Chapter 1, 1992.*

BILL C–36

An Act respecting corrections and the conditional release and detention of offenders and to establish the office of Correctional Investigator

First reading, May 19, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, June 2. Report from Committee (without amendment), June 15. Third reading, June 16. Royal Assent, June 18. *Chapter 20, 1992.*

BILL C–37

An Act to provide for the resumption and continuance of grain handling operations at Thunder Bay, Ontario

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), third reading and Royal Assent, October 11, 1991. *Chapter 31, 1991.*

BILL C–38

An Act to provide for the continuance of Telesat Canada under the Canada Business Corporations Act and for the disposal of the shares therein of Her Majesty in right of Canada

First reading, December 12, 1991. Second reading and referral to Banking, Trade and Commerce Committee, December 16. Report from Committee (without amendment), third reading and Royal Assent, December 17. *Chapter 52, 1991.*

BILL C–39

An Act to amend the Canada Pension Plan, the Family Allowances Act and the Old Age Security Act

First reading, December 3, 1991. Second reading and referral to Social Affairs, Science and Technology Committee, December 5. Report from Committee (without amendment), December 10. Third reading, December 12. Royal Assent, December 13. *Chapter 44, 1991.*

BILL C–40

An Act to provide for the continuation of postal services

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), third reading and Royal Assent, October 29, 1991. *Chapter 35, 1991.*

BILL C–41

An Act respecting the energy efficiency of energy–using products and the use of alternative energy sources

First reading, June 12, 1992. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 18. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 36, 1992.*

BILL C–42

An Act respecting the protection of certain species of wild animals and plants and the regulation of international and interprovincial trade in those species

First reading, December 14, 1992. Second reading and referral to a Committee of the Whole for next sitting, December 16. Report from Committee (without amendment), third reading and Royal Assent, December 17. *Chapter 52, 1992.*

BILL C–44

An Act to amend the Canada Labour Code (geographic certification)

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), December 3, 1991. Third reading, December 4. Royal Assent, December 5. *Chapter 39, 1991.*

BILL C–45

An Act to promote public safety in the transportation of dangerous goods

First reading, June 11, 1992. Second reading and referral to Transport and Communications Committee, June 16. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 34, 1992.*

BILL C–46

An Act respecting contraventions of federal enactments

First reading, June 19, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, September 16. Report from Committee (without amendment), September 22. Third reading, October 14. Royal Assent, October 15. *Chapter 47, 1992.*

BILL C–47

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992

First reading, December 11, 1991. Second reading, December 13. Third reading, December 16. Royal Assent, December 17. *Chapter 53, 1991.*

BILL C–48

An Act to amend the Canada Deposit Insurance Corporation Act and to amend other Acts in consequence thereof

First reading, June 11, 1992. Second reading and referral to Banking, Trade and Commerce Committee, June 16. Report from Committee (without amendment), June 19. Third reading, June 22. Royal Assent, June 23. *Chapter 26, 1992.*

BILL C–49

An Act to amend the Criminal Code (sexual assault)

First reading, June 15, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, June 18. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 38, 1992.*

BILL C–51

An Act respecting water resources in the Northwest Territories

First reading, June 15, 1992. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 22. Withdrawn from the said Committee and referred to a Committee of the Whole; Report from Committee (without amendment), third reading and Royal Assent, June 23. *Chapter 39, 1992.*

BILL C–52

An Act respecting water resources in the Yukon Territory

First reading, June 15, 1992. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 22. Withdrawn from the said Committee and referred to a Committee of the Whole; Report from Committee (without amendment), third reading and Royal Assent, June 23. *Chapter 40, 1992.*

BILL C–53

An Act to provide for the imposition of special economic measures

First reading, May 7, 1992. Second reading and referral to Foreign Affairs Committee, May 14. Report from Committee (without amendment), May 22. Third reading, June 3. Royal Assent, June 4. *Chapter 17, 1992.*

BILL C–54

An Act to amend the Farm Products Marketing Agencies Act and other Acts in consequence thereof

First reading, May 5, 1992. Second reading and referral to Agriculture and Forestry Committee, May 7. Report from Committee (with two amendments), June 10. Adoption of Report and third reading, as amended, June 11. Amendments agreed to by Commons, February 10, 1993. Royal Assent, February 25. *Chapter 3, 1993.*

BILL C–55

An Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act

First reading, June 18, 1992. Second reading and referral to National Finance Committee, June 23. Report from Committee (without amendment), September 22. Third reading, September 24. Royal Assent, September 29. *Chapter 46, 1992.*

BILL C–56

An Act respecting the control of government expenditures

First reading, May 5, 1992. Second reading and referral to National Finance Committee, May 12. Report from Committee (without amendment), June 4. Third reading, June 10. Royal Assent, June 18. *Chapter 19, 1992.*

BILL C–57

An Act to amend the Canada Pension Plan

First and second readings and referral to a Committee of the Whole; report from Committee (without amendment), February 27, 1992. Third reading and Royal Assent, February 28. *Chapter 2, 1992.*

BILL C–58

An Act to amend the Oil and Gas Production and Conservation Act and other Acts in consequence thereof

First reading, June 12, 1992. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 16. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 35, 1992.*

BILL C–59

An Act to amend the National Parks Act

First reading, June 11, 1992. Second reading and referral to Aboriginal Peoples Committee, June 17. Report from Committee (without amendment), third reading and Royal Assent, June 18. *Chapter 23, 1992.*

BILL C–60

An Act to amend the Federal–Provincial Fiscal Arrangements and Federal Post–Secondary Education and Health Contributions Act

First reading, April 8, 1992. Second reading and referral to a Committee of the Whole; report from Committee (without amendment), third reading and Royal Assent, April 9. *Chapter 10, 1992.*

BILL C–61

An Act to provide borrowing authority for the fiscal year commencing on April 1, 1992

First reading, March 26, 1992. Second reading and referral to National Finance Committee, April 1. Report from Committee (without amendment), April 7. Third reading and Royal Assent, April 9. *Chapter 12, 1992.*

BILL C–62

An Act respecting telecommunications

First reading, June 10, 1993. Second reading and referral to Transport and Communications Committee, June 15. Report from Committee (without amendment), June 17. Third reading, June 21. Royal Assent, June 23. *Chapter 38, 1993.*

BILL C–63

An Act to dissolve or terminate certain corporations and other bodies

First reading, December 1, 1992. Second reading and referral to National Finance Committee, December 9. Report from Committee (without amendment), December 16. Third reading, February 3, 1993. Royal Assent, February 4. *Chapter 1, 1993.*

BILL C–64

An Act to amend the Northwest Territories Act

First reading, March 24, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, March 25. Report from Committee (without amendment), March 26. Third reading, March 30. Royal Assent, March 31. *Chapter 6, 1992.*

BILL C–65

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1992

First reading, March 26, 1992. Second reading, March 30. Third reading and Royal Assent, March 31. *Chapter 7, 1992.*

BILL C–66

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993

First reading, March 26, 1992. Second reading, March 30. Third reading and Royal Assent, March 31. *Chapter 8, 1992.*

BILL C–67

An Act to suspend the operation of the Electoral Boundaries Readjustment Act

First reading, May 5, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, May 14. Report from Committee (without amendment), June 15. Third reading and Royal Assent, June 18. *Chapter 25, 1992.*

BILL C–68

An Act to amend the Competition Act (multi–level marketing plans and pyramid selling)

First reading, May 5, 1992. Second reading and referral to Banking, Trade and Commerce Committee, May 11. Report from Committee (without amendment), May 20. Third reading, May 21. Royal Assent, June 4. *Chapter 14, 1992.*

BILL C–69

An Act to amend the Criminal Code (air and maritime safety)

First reading, February 23, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, March 1. Report from Committee (without amendment), March 4. Third reading, March 23. Royal Assent, March 25. *Chapter 7, 1993.*

BILL C–70

An Act to amend the Criminal Code (jury)

First reading, June 15, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, June 18. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 41, 1992.*

BILL C–71

An Act to amend the Criminal Records Act and other Acts in consequence thereof

First reading, June 12, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, June 17. Report from Committee (without amendment), third reading and Royal Assent, June 18. *Chapter 22, 1992.*

BILL C–72

An Act to establish the National Round Table on the Environment and the Economy

First reading, May 25, 1993. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 9. Report from Committee (without amendment), June 10. Third reading, June 14. Royal Assent, June 23. *Chapter 31, 1993.*

BILL C–73

An Act to amend the Canada Post Corporation Act

First reading, March 23, 1993. Second reading and referral to National Finance Committee, April 1. Report from Committee (without amendment), May 3. Third reading, May 4. Royal Assent, May 6. *Chapter 17, 1993.*

BILL C–74

An Act to amend the Customs Act, the Customs Tariff and the Excise Tax Act

First reading, June 11, 1992. Second reading and referral to Banking, Trade and Commerce Committee, June 16. Report from Committee (without amendment), June 19. Third reading, June 22. Royal Assent, June 23. *Chapter 28, 1992.*

BILL C–75

An Act to amend the Excise Tax Act and the Income Tax Act

First reading, June 11, 1992. Second reading and referral to Banking, Trade and Commerce Committee, June 17. Report from Committee (without amendment), June 19. Third reading, June 22. Royal Assent, June 23. *Chapter 29, 1992.*

BILL C–76

An Act to amend certain statutes to implement certain fiscal provisions of the budget tabled in Parliament on February 25, 1992

First reading, February 23, 1993. Second reading and referral to National Finance Committee, March 2. Report from Committee (without amendment), March 25. Third reading, April 1. Royal Assent, April 2. *Chapter 12, 1993.*

BILL C–77

An Act to amend the National Defence Act

First reading, May 7, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, May 21. Report from Committee (without amendment), June 1. Third reading, June 2. Royal Assent, June 4. *Chapter 16, 1992.*

BILL C–78

An Act to amend certain Acts with respect to persons with disabilities

First reading, June 10, 1992. Second reading and referral to Social Affairs, Science and Technology Committee, June 15. Report from Committee (without amendment), June 16. Third reading, June 17. Royal Assent, June 18. *Chapter 21, 1992.*

BILL C–79

An Act to amend the Divorce Act and the Family Orders and Agreements Enforcement Assistance Act

First reading, February 23, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, March 1. Report from Committee (without amendment), March 4. Third reading, March 23. Royal Assent, March 25. *Chapter 8, 1993.*

BILL C–80

An Act to amend the Income Tax Act, to enact the Children's Special Allowances Act, to amend certain other Acts in consequence thereof and to repeal the Family Allowances Act

First reading, September 17, 1992. Second reading and referral to Social Affairs, Science and Technology Committee, September 29. Report from Committee (without amendment), October 13. Third reading and Royal Assent, October 15. *Chapter 48, 1992.*

BILL C–81

An Act to provide for referendums on the Constitution of Canada

First reading, June 4, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, June 10. Report from Committee (without amendment), June 18. Third reading, June 22. Royal Assent, June 23. *Chapter 30, 1992.*

BILL C–82

An Act to amend the Canada Mortgage and Housing Corporation Act and the National Housing Act and to amend another Act in consequence thereof

First reading, June 15, 1992. Second reading and referral to Social Affairs, Science and Technology Committee, June 17. Report from Committee (without amendment), June 19. Third reading and Royal Assent, June 23. *Chapter 32, 1992.*

BILL C–83

An Act respecting the transportation of goods by water

First reading, April 27, 1993. Second reading and referral to Transport and Communications Committee, May 3. Report from Committee (without amendment), third reading and Royal Assent, May 6. *Chapter 21, 1993.*

BILL C–84

An Act to amend the Civilian War Pensions and Allowances Act, the War Veterans Allowance Act and the Pension Act and to amend other Acts in consequence thereof

First reading, June 11, 1992. Second reading and referral to a Committee of the Whole for next sitting, June 16. Report from Committee (without amendment), June 17. Third reading and Royal Assent, June 18. *Chapter 24, 1992.*

BILL C–86

An Act to amend the Immigration Act and other Acts in consequence thereof

First reading, December 1, 1992. Second reading and referral to Social Affairs, Science and Technology Committee, December 7. Report from Committee (without amendment), December 14. Third reading, December 15. Royal Assent, December 17. *Chapter 49, 1992.*

BILL C–87

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993

First reading, June 17, 1992. Second reading, June 19. Third reading, June 22. Royal Assent, June 23. *Chapter 43, 1992.*

BILL C–88

An Act to amend the Copyright Act

First reading, February 23, 1993. Second reading and referral to Transport and Communications Committee, March 25. Report from Committee (without amendment), third reading and Royal Assent, May 6. *Chapter 23, 1993.*

BILL C–89

An Act to amend the Investment Canada Act

First reading, June 8, 1993. Second reading and referral to Banking, Trade and Commerce Committee, June 14. Report from Committee (without amendment), June 15. Third reading, June 16. Royal Assent, June 23. *Chapter 35, 1993.*

BILL C–91

An Act to amend the Patent Act, to amend another Act in consequence thereof and to provide for other related matters

First reading, December 10, 1992. Second reading and referral to Banking, Trade and Commerce Committee, December 16. Report from Committee (without amendment), January 25, 1993. Third reading, February 3. Royal Assent, February 4. *Chapter 2, 1993.*

BILL C–92

An Act to amend the Income Tax Act, the Canada Pension Plan, the Income Tax Conventions Interpretation Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and certain related Acts

First reading, April 1, 1993. Second reading and referral to Banking, Trade and Commerce Committee, May 6. Report from Committee (without amendment), May 25. Third reading, May 31. Royal Assent, June 10. *Chapter 24, 1993.*

BILL C–93

An Act to implement certain government organization provisions of the budget tabled in the House of Commons on February 25, 1992

First reading, April 28, 1993. Second reading and referral to National Finance Committee, May 6. Report from Committee (without amendment), May 27. Third reading negatived, June 10.

BILL C–94

An Act to approve, give effect to and declare valid the Agreement between Her Majesty the Queen in right of Canada and the Gwich'in, as represented by the Gwich'in Tribal Council, and to amend an Act in consequence thereof

First reading, December 14, 1992. Second reading and referral to a Committee of the Whole for next sitting, December 16. Report from Committee (without amendment), third reading and Royal Assent, December 17. *Chapter 53, 1992.*

BILL C–95

An Act to continue the Farm Credit Corporation and to repeal certain Acts in consequence thereof

First reading, March 23, 1993. Second reading and referral to Agriculture and Forestry Committee, March 29. Report from Committee (without amendment), April 1. Third reading and Royal Assent, April 2. *Chapter 14, 1993.*

BILL C–96

An Act to amend the Judges Act and other Acts to give effect to the reconstitution of the courts in Nova Scotia

First reading, December 14, 1992. Second reading and referral to a Committee of the Whole; report from Committee (without amendment), December 16. Third reading and Royal Assent, December 17. *Chapter 51, 1992.*

BILL C–97

An Act respecting marine insurance

First reading, April 27, 1993. Second reading and referral to Transport and Communications Committee, May 4. Report from Committee (without amendment), third reading and Royal Assent, May 6. *Chapter 22, 1993.*

BILL C–98

An Act to provide additional borrowing authority for the fiscal year beginning on April 1, 1992

First and second readings and referral to National Finance Committee, February 23, 1993. Report from Committee (without amendment), third reading and Royal Assent, February 25. *Chapter 4, 1993.*

BILL C–99

An Act to amend the Small Businesses Loans Act and another Act in consequence thereof

First reading, March 1, 1993. Second reading and referral to Banking, Trade and Commerce Committee, March 3. Report from Committee (without amendment), March 4. Third reading, March 23. Royal Assent, March 25. *Chapter 6, 1993.*

BILL C–100

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993

First reading, December 7, 1992. Second reading, December 16. Third reading and Royal Assent, December 17. *Chapter 50, 1992.*

BILL C–101

An Act to amend the Canada Labour Code and the Public Service Staff Relations Act

First reading, June 8, 1993. Second reading and referral to Social Affairs, Science and Technology Committee, June 10. Report from Committee (without amendment), June 17. Third reading, June 21. Royal Assent, June 23. *Chapter 42, 1993.*

An Act to amend the Customs Tariff, the Excise Act, the Excise Tax Act, the Customs Act, the Criminal Code and a related Act

First reading, April 27, 1993. Second reading and referral to Banking, Trade and Commerce Committee, April 29. Report from Committee (without amendment), June 1. Third reading, June 2. Royal Assent, June 10. *Chapter 25, 1993.*

BILL C–103

An Act to provide for the repeal of the Land Titles Act and to amend other Acts in relation thereto

First reading, June 14, 1993. Second reading and referral to Aboriginal Peoples Committee, June 16. Report from Committee (without amendment), June 17. Third reading, June 21. Royal Assent, June 23. *Chapter 41, 1993.*

BILL C–104

An Act respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 22, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Keeseekoose, Muskowekwan, Ochapowace, Okanese, Piapot, Star Blanket, Yellowquill, Beardy's & Okemasis, Flying Dust, Little Pine, Moosomin, Mosquito Grizzly Bear's Head, Muskeg Lake, One Arrow, Pelican Lake, Red Pheasant, Saulteaux, Sweetgrass, Thunderchild, Witchekan Lake, Canoe Lake and English River bands, and respecting an agreement regarding treaty land entitlement in Saskatchewan entered into on September 23, 1992 among Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of Saskatchewan and the Nekaneet band

First reading, March 23, 1993. Second reading and referral to Aboriginal Peoples Committee, March 25. Report from Committee (without amendment), third reading and Royal Assent, March 30. *Chapter 11, 1993.*

BILL C–106

An Act to amend certain petroleum-related Acts in respect of Canadian ownership requirements and to confirm the validity of a certain regulation

First reading, June 14, 1993. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 17. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 47, 1993.*

BILL C–107

An Act to amend the Explosives Act

First reading, June 3, 1993. Second reading and referral to Energy, the Environment and Natural Resources Committee, June 9. Report from Committee (without amendment), June 10. Third reading, June 14. Royal Assent, June 23. *Chapter 32, 1993.*

BILL C–109

An Act to amend the Criminal Code, the Crown Liability and Proceedings Act and the Radiocommunication Act

First reading, May 4, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, May 31. Report from Committee (without amendment), June 16. Third reading, June 21. Royal Assent, June 23. *Chapter 40, 1993.*

BILL C–110

An Act respecting the Northumberland Strait Crossing

First reading, June 15, 1993. Second reading and referral to Transport and Communications Committee, June 17. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 43, 1993.*

BILL C–111

An Act prohibiting the sale of tobacco products to persons under the age of eighteen

First reading, February 23, 1993. Second reading and referral to Social Affairs, Science and Technology Committee, February 25. Report from Committee (without amendment), March 3. Third reading, March 4. Royal Assent, March 25. *Chapter 5, 1993.*

BILL C–112

An Act to amend the Excise Tax Act, the Access to Information Act, the Canada Pension Plan, the Customs Act, the Federal Court Act, the Income Tax Act, the Tax Court of Canada Act, the Tax Rebate Discounting Act, the Unemployment Insurance Act and a related Act

First reading, May 25, 1993. Second reading and referral to Banking, Trade and Commerce Committee, June 3. Report from Committee (without amendment), June 8. Third reading, June 9. Royal Assent, June 10. *Chapter 27, 1993.*

BILL C–113

An Act to provide for government expenditure restraint

First reading, March 25, 1993. Second reading and referral to National Finance Committee, March 30. Report from Committee (without amendment), April 1. Third reading and Royal Assent, April 2. *Chapter 13, 1993.*

BILL C–114

An Act to amend the Canada Elections Act

First reading, April 27, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, May 4. Report from Committee (without amendment), third reading and Royal Assent, May 6. *Chapter 19, 1993.*

BILL C–115

An Act to implement the North American Free Trade Agreement

First reading, May 27, 1993. Second reading and referral to Foreign Affairs Committee, June 3. Report from Committee (without amendment), June 10. Third reading and Royal Assent, June 23. *Chapter 44, 1993.*

BILL C–117

An Act to provide borrowing authority for the fiscal year beginning on April 1, 1993

First reading, May 3, 1993. Second reading and referral to National Finance Committee, May 5. Report from Committee (without amendment), third reading and Royal Assent, May 6. *Chapter 20, 1993.*

BILL C–118

An Act to amend the Export Development Act

First reading, May 3, 1993. Second reading and referral to Banking, Trade and Commerce Committee, May 5. Report from Committee (with one amendment), May 25. Adoption of Report, May 26. Third reading, as amended, May 27. Amendment agreed to by Commons, June 7. Royal Assent, June 10. *Chapter 26, 1993.*

BILL C–119

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1993

First reading, March 23, 1993. Second and third readings, March 29. Royal Assent, March 30. *Chapter 9, 1993.*

BILL C–120

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994

First reading, March 23, 1993. Second reading and referral to National Finance Committee, March 25. Report from Committee (without amendment), third reading and Royal Assent, March 30. *Chapter 10, 1993.*

BILL C–121

An Act to amend the Canada Shipping Act and to amend another Act in consequence thereof

First reading, June 8, 1993. Second reading and referral to Transport and Communications Committee, June 10. Report from Committee (without amendment), June 16. Third reading, June 17. Royal Assent, June 23. *Chapter 36, 1993.*

BILL C–122

An Act to amend the Customs Tariff (textile tariff reduction)

First reading, June 8, 1993. Second reading and referral to Banking, Trade and Commerce Committee, June 14. Report from Committee (without amendment), June 17. Third reading, June 21. Royal Assent, June 23. *Chapter 39, 1993.*

BILL C–123

An Act respecting the management of certain property seized or restrained in connection with certain offences, the disposition of certain property on the forfeiture thereof and the sharing of the proceeds of disposition therefrom in certain circumstances

First reading, June 3, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, June 14. Report from Committee (without amendment), June 17. Third reading, June 21. Royal Assent, June 23. *Chapter 37, 1993.*

BILL C–124

An Act to amend the Currency Act

First reading, June 3, 1993. Second reading and referral to Banking, Trade and Commerce Committee, June 8. Report from Committee (without amendment), June 10. Third reading, June 14. Royal Assent, June 23. *Chapter 33, 1993.*

BILL C–125

An Act to correct certain anomalies, inconsistencies, archaisms and errors in the Statutes of Canada, to deal with other matters of a non-controversial and uncomplicated nature in those Statutes and to repeal certain provisions of those Statutes that have expired or lapsed or otherwise ceased to have effect

First reading, June 3, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, June 8. Report from Committee (without amendment), June 10. Third reading, June 14. Royal Assent, June 23. *Chapter 34, 1993.*

BILL C–126

An Act to amend the Criminal Code and the Young Offenders Act

First reading, June 14, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, June 17. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 45, 1993.*

BILL C–128

An Act to amend the Criminal Code and the Customs Tariff (child pornography and corrupting morals)

First reading, June 16, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, June 17. Report from Committee (without amendment), June 22. Third reading and Royal Assent, June 23. *Chapter 46, 1993.*

BILL C–132

An Act to establish a territory to be known as Nunavut and provide for its government and to amend certain Acts in consequence thereof

First reading, June 8, 1993. Second reading and referral to Aboriginal Peoples Committee, June 8. Report from Committee (without amendment), third reading and Royal Assent, June 10. *Chapter 28, 1993.*

BILL C–133

An Act respecting an Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada

First reading, June 8, 1993. Second reading and referral to Aboriginal Peoples Committee, June 8. Report from Committee (without amendment), third reading and Royal Assent, June 10. *Chapter 29, 1993.*

BILL C–134

An Act for granting to Her Majesty certain sums of money for the public service of Canada for the financial year ending the 31st March, 1994

First reading, June 3, 1993. Second and third readings and Royal Assent, June 10. *Chapter 30, 1993.*

MEMBERS' PUBLIC BILLS (HOUSE OF COMMONS)

BILL C–202

An Act respecting a national day of remembrance and action on violence against women

First reading, October 11, 1991. Second and third readings, October 22. Royal Assent, October 29. *Chapter 36, 1991.*

BILL C–280

An Act to amend the Canada Pension Plan Act (disability pension)

First reading, November 27, 1991. Bill ruled out of order and withdrawn, February 13, 1992.

BILL C–306

An Act to amend the Department of Forestry Act and to make related amendments to other Acts

First reading, September 10, 1992. Second reading and referral to Agriculture and Forestry Committee, September 16. Report from Committee (without amendment) and third reading, September 22. Royal Assent, September 29. *Chapter 44, 1992.*

BILL C–328

An Act respecting National Public Service Week: Serving Canadians Better

First reading, May 11, 1992. Second reading and referral to Social Affairs, Science and Technology Committee, May 19. Report from Committee (without amendment), May 21. Third reading, May 22. Royal Assent, June 4. *Chapter 15, 1992.*

BILL C–351

An Act to change the name of the electoral district of Timiskaming

First reading, September 17, 1992. Second and third readings, September 22. Royal Assent, September 29. *Chapter 45, 1992.*

BILL C–371

An Act respecting a national child day

First reading, March 23, 1993. Second reading and referral to a Committee of the Whole; report from Committee (without amendment), May 4. Third reading, May 5. Royal Assent, May 6. *Chapter 18, 1993.*

GOVERNMENT BILLS (SENATE)

BILL S–2

An Act to implement conventions between Canada and Finland, Canada and the Czech and Slovak Federal Republic and Canada and the United Mexican States for the avoidance of double taxation with respect to income tax and the prevention of fiscal evasion and a convention between Canada and the United Mexican States for the exchange of information with respect to taxes

First reading, May 23, 1991. Second reading and referral to Foreign Affairs Committee, May 30. Report from Committee (without amendment), June 20. Third reading, June 21. Passed by the Commons, February 25, 1992. Royal Assent, February 28. *Chapter 3, 1992.*

BILL S–8

An Act to regulate the manufacture and importation of motor vehicles and motor vehicle equipment to reduce the risk of death, injury and damage to property and the environment

First reading, March 17, 1992. Second reading and referral to Transport and Communications Committee, March 30. Withdrawn from the said Committee and referred to Legal and Constitutional Affairs Committee, May 7. Report from Committee (with four amendments), June 17. Adoption of Report and third reading, June 19. Message from Commons with two amendments, March 29, 1993. Referred to Transport and Communications Committee, March 30. Report from Committee agreeing with Commons' amendments without amendment, April 29. Adoption of Report, May 3. Royal Assent, May 6. *Chapter 16, 1993.*

BILL S–11

An Act to amend the Airport Transfer (Miscellaneous Matters) Act

First reading, May 22, 1992. Second reading and referral to Transport and Communications Committee, June 3. Report from Committee (without amendment), June 15. Third reading, June 16. Passed by the Commons, June 19. Royal Assent, June 23. *Chapter 42, 1992.*

BILL S–17

An Act to amend the Copyright Act, the Industrial Design Act, the Integrated Circuit Topography Act, the Patent Act, the Trade–marks Act and other Acts in consequence thereof

First reading, December 8, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, December 14. Report from Committee (with certain amendments), March 1, 1993. Adoption of Report, March 2. Third reading, March 3. Passed by the Commons, April 26. Royal Assent, May 6. *Chapter 15, 1993.*

BILL S–18

An Act to amend the Currency Act

First reading, December 14, 1992. Bill ruled out of order and withdrawn, April 28, 1993.

SENATORS' PUBLIC BILLS

BILL S–5

An Act to amend certain statutes of Canada to recognize the war–time service of the veterans of the Canadian merchant navy (Senator Marshall)

First reading, June 21, 1991. Bill ruled out of order and withdrawn, October 23.

BILL S–14

An Act to amend the Excise Tax Act (Senator Frith)

First reading, September 23, 1992.

BILL S–15

An Act to amend the Canadian Human Rights Act (sexual orientation) (Senator Kinsella)

First reading, December 1, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, March 1, 1993. Report from Committee (without amendment), June 2. Third reading, June 3.

BILL S–19

An Act to amend the Tobacco Restraint Act and to amend the Tobacco Products Control Act (Senator Haidasz, P.C.)

First reading, December 17, 1992.

SENATORS' PRIVATE BILLS

BILL S–3

An Act to amend the Act of incorporation of the Seventh–day Adventist Church in Canada (Senator Frith)

First reading, May 23, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, May 30. Report from Committee (with one amendment), June 18. Adoption of Report and third reading, June 19. Passed by the Commons, October 23. Royal Assent, October 29.

BILL S–4

An Act to amend the Act of incorporation of the University of Emmanuel College (Senator Buckwold)

First reading, May 29, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, May 30. Report from Committee (without amendment), June 18. Third reading, June 19. Passed by the Commons, October 1. Royal Assent, October 2.

BILL S–6

An Act to amend the Act of incorporation of Metropolitan General Insurance Company in order to authorize its continuance under the laws of the Province of Quebec (Senator Sylvain)

First reading, November 20, 1991. Second reading and referral to Legal and Constitutional Affairs Committee, November 26. Report from Committee (without amendment), December 4. Third reading, December 5. Passed by the Commons, December 6. Royal Assent, December 13.

BILL S–7

An Act to amend An Act to incorporate the Royal Society of Canada (Senator Tremblay)

First reading, February 12, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, March 31. Report from Committee (with two amendments), May 6. Adoption of Report, May 11. Third reading, May 12. Passed by the Commons, September 16. Royal Assent, September 29.

BILL S–9

An Act to amend An Act to incorporate the Northwest Canada Conference Evangelical Church (Senator Olson, P.C.)

First reading, April 8, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, May 5. Report from Committee (without amendment), May 13. Third reading, May 14. Passed by the Commons, June 19. Royal Assent, June 23.

BILL S–10

An Act to incorporate Green Shield Canada (Senator Doyle)

First reading, May 20, 1992. Second reading and referral to Banking, Trade and Commerce Committee, May 22. Report from Committee (with four amendments), June 3. Adoption of Report and third reading, June 4. Passed by the Commons, June 19. Royal Assent, June 23.

BILL S–12

An Act to amalgamate The Montreal Board of Trade and The Chamber of Commerce of Metropolitan Montreal (Senator Lynch–Staunton)

First reading, June 16, 1992. Second reading and referral to Legal and Constitutional Affairs Committee, June 18. Report from Committee (without amendment) and third reading, June 19. Passed by the Commons, June 22. Royal Assent, June 23.

BILL S–13

An Act to incorporate the *Dai al–Mutlaq* as a corporation sole in Canada (Senator Atkins)

First reading, September 17, 1992.

BILL S–16

An Act to restructure United Grain Growers, Limited (Senator Barootes)

First and second readings and referral to Agriculture and Forestry Committee, December 1, 1992. Report from Committee (without amendment), December 8. Third reading, December 9. Passed by the Commons, December 10. Royal Assent, December 17.

BILL S–20

An Act to change the name of The Canadian Medical Association (Senator Beaudoin)

First reading, June 2, 1993. Second reading and referral to Legal and Constitutional Affairs Committee, June 9. Report from Committee (without amendment) and third reading, June 15. Passed by the Commons, June 15. Royal Assent, June 23.